

CLARITY PRINT LIMITED

ANNUAL REPORT

YEAR ENDED 31 AUGUST 2003



PKF

CLARITY PRINT LIMITED

COMPANY INFORMATION

Directors	J W Liggins S J Liggins
Secretary	S J Liggins
Company Number	02372873
Registered Office	Electrium Point Forge Road Willenhall West Midlands WV12 4HD
Auditors	PKF New Guild House 45 Great Charles Street Queensway Birmingham B3 2LX
Bankers	HSBC Bank plc Market Place Willenhall West Midlands WV13 2AF

CLARITY PRINT LIMITED

CONTENTS

	Page
DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2
AUDITORS' REPORT	3 - 4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 13

CLARITY PRINT LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 AUGUST 2003

The directors submit their report and the financial statements for the year ended 31 August 2003.

Results and dividends

The loss for the year, after taxation, amounted to £16,575 (2002 - £49,904 profit).

Principal activity and review of the business

The principal activity of the company during the year was that of printing and facilities management.

The Board are disappointed with progress over the year, but believe the company is positioned to achieve long term growth, whilst maintaining a high level of customer and product service. The company will continue to invest in the training and recruitment of quality people and technological advancements.

Directors

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year were:

	Ordinary shares of £1 each	
	2003	2002
J W Liggins	1	1
A B Williams (resigned 9 December 2003)	-	-
M J Bennett (resigned 14 November 2003)	-	-

The directors are also directors of the ultimate parent undertaking, Clarity Group Limited, and their interests in the share capital of that company are reflected in its financial statements.

S J Liggins was appointed as a director after the year end.

On behalf of the board


J W Liggins
Director

3 June 2004

CLARITY PRINT LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CLARITY PRINT LIMITED**

We have audited the financial statements of Clarity Print Limited for the year ended 31 August 2003 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, consisting of a large, stylized loop followed by the letters 'KF'.

PKF

Registered Auditors

Birmingham, UK
10 June 2004

CLARITY PRINT LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 AUGUST 2003

	Notes	2003 £	2002 £
TURNOVER	2	3,557,123	3,123,918
Cost of sales		<u>(2,513,734)</u>	<u>(2,103,650)</u>
GROSS PROFIT		1,043,389	1,020,268
Distribution costs		<u>(443,471)</u>	<u>(397,751)</u>
Administrative expenses		<u>(585,306)</u>	<u>(558,845)</u>
OPERATING PROFIT	3	14,612	63,672
Loss on disposal of fixed assets		<u>(32,908)</u>	<u>-</u>
		<u>(18,296)</u>	<u>63,672</u>
Interest payable and similar charges	5	<u>(6,474)</u>	<u>(9,978)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(24,770)	53,694
TAXATION	6	8,195	(3,790)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	15,16	<u>(16,575)</u>	<u>49,904</u>

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

CLARITY PRINT LIMITED

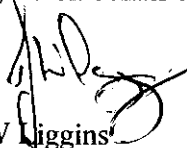
BALANCE SHEET

31 AUGUST 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible	7	763,376	872,069
CURRENT ASSETS			
Stocks	8	213,308	195,597
Debtors	9	390,171	178,172
Cash at bank and in hand		9,051	194,963
		<u>612,530</u>	<u>568,732</u>
CREDITORS: amounts falling due within one year	10	<u>(571,512)</u>	<u>(658,435)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>41,018</u>	<u>(89,703)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>804,394</u>	<u>782,366</u>
CREDITORS: amounts falling due after more than one year	11	(51,227)	(12,524)
PROVISIONS FOR LIABILITIES AND CHARGES	13	<u>(107,600)</u>	<u>(107,700)</u>
NET ASSETS		<u><u>645,567</u></u>	<u><u>662,142</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	321,675	321,675
Profit and loss account	15	323,892	340,467
SHAREHOLDERS' FUNDS	16	<u><u>645,567</u></u>	<u><u>662,142</u></u>

The financial statements were approved by the board on 3 June 2004

Signed on behalf of the board of directors



J W Higgins

Director

CLARITY PRINT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2003

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	5-10 years reducing balance
Fixtures, fittings, tools & equipment	3-7 years reducing balance
Computer equipment	3-5 years straight line
Motor vehicles	4 years reducing balance

(d) Finance and operating leases

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(e) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

(f) Deferred taxation

Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax balances are not discounted.

Deferred tax assets are only recognised where they arise from timing differences where their recoverability in the short term is regarded as more likely than not.

(g) Pensions

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

CLARITY PRINT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2003

2 TURNOVER

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

3 OPERATING PROFIT

The operating profit is stated after charging:

	2003 £	2002 £
Depreciation of tangible fixed assets:		
- owned by the company	79,675	99,579
- held under finance lease or hire purchase contracts	33,971	21,045
Audit fees	5,000	5,000
Operating lease rentals:		
- plant & machinery	7,922	26,574
- other	30,000	30,000
	<u>2003</u>	<u>2002</u>

No directors received any emoluments (2002 - £nil).

4 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

	2003 £	2002 £
Wages and salaries	845,521	764,189
Social security costs	75,002	64,126
Other pension costs	5,914	4,550
	<u>2003</u>	<u>2002</u>
	<u>926,437</u>	<u>832,865</u>

The average monthly number of employees, including executive directors, during the year was:

	No	No
Production and delivery	29	30
Management	1	1
Sales and administration	19	21
	<u>49</u>	<u>52</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Bank loans and overdrafts	-	138
Finance charges under finance lease and hire purchase contracts	6,474	9,840
	<u>6,474</u>	<u>9,978</u>

CLARITY PRINT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2003

6 TAXATION

(a) Analysis of charge in year	2003	2002
	£	£
UK corporation tax		
Current tax on income for the year	(13,095)	675
Adjustments in respect of prior periods	-	(4,085)
	<u>(13,095)</u>	<u>(3,410)</u>
Total UK taxation		
	<u>(13,095)</u>	<u>(3,410)</u>
Deferred tax		
Changes in deferred tax balances arising from:		
Origination or reversal of timing differences	4,900	7,200
	<u>4,900</u>	<u>7,200</u>
Tax on profit on ordinary activities	<u>(8,195)</u>	<u>3,790</u>

The tax assessed for the year does not reflect a credit equivalent to the loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2003	2002
	£	£
(Loss)/profit on ordinary activities before tax	(24,770)	53,694
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax of 19% (2002: 19.58%)	(4,706)	10,513
Effects of:		
Expenses not deductible for tax purposes	(10,340)	42
Depreciation more/(less) than capital allowances for the year	1,951	(5,698)
Difference on deferred tax rate	-	120
Marginal relief	-	(143)
Group relief	-	(4,159)
Adjustments in respect of prior periods	-	(4,085)
Current tax credit for the year	<u>(13,095)</u>	<u>(3,410)</u>

CLARITY PRINT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2003

7 TANGIBLE FIXED ASSETS

	Motor vehicles, plant & machinery £	Fixtures, fittings, tools & equipment £	Total £
Cost			
At 1 September 2002	1,753,286	302,776	2,056,062
Additions	138,418	52,255	190,673
Disposals	(192,246)	(38,893)	(231,139)
Transfers	(262,614)	-	(262,614)
At 31 August 2003	<u>1,436,844</u>	<u>316,138</u>	<u>1,752,982</u>
Depreciation			
At 1 September 2002	966,711	217,282	1,183,993
Charge for year	87,206	26,440	113,646
On disposals	(114,486)	(31,001)	(145,487)
Revaluations	(162,546)	-	(162,546)
At 31 August 2003	<u>776,885</u>	<u>212,721</u>	<u>989,606</u>
Net book amount			
At 31 August 2003	<u>659,959</u>	<u>103,417</u>	<u>763,376</u>
At 31 August 2002	<u>786,575</u>	<u>85,494</u>	<u>872,069</u>

Transfers relate to assets transferred to Clarity Gazebo Limited, a fellow subsidiary.

The net book amounts of assets held under finance lease or hire purchase contracts included above were:

	2003 £	2002 £
Plant and machinery	162,042	92,213
Fixtures and fittings	11,700	22,500
	<u>173,742</u>	<u>114,713</u>

8 STOCKS

	2003 £	2002 £
Raw materials	16,158	16,939
Work in progress	6,905	7,636
Finished goods	190,245	171,022
	<u>213,308</u>	<u>195,597</u>

CLARITY PRINT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2003

9 DEBTORS

	2003 £	2002 £
Due within one year		
Trade debtors	344,344	107,315
Other debtors	6,098	25,180
Prepayments and accrued income	39,729	45,677
	<u>390,171</u>	<u>178,172</u>

10 CREDITORS

	2003 £	2002 £
Amounts falling due within one year		
Trade creditors	454,366	515,488
Amounts owed to group undertakings	3,146	-
Corporation tax	-	675
Other tax and social security	-	26,623
Net obligations under finance lease and hire purchase contracts(note 12)	42,249	66,476
Other creditors	71,751	49,173
	<u>571,512</u>	<u>658,435</u>

11 CREDITORS

	2003 £	2002 £
Amounts falling due after more than one year		
Net obligations under finance lease and hire purchase contracts(note 12)	51,227	12,524

12 FINANCE LEASES

Net obligations under finance lease and hire purchase agreements fall due as follows:

	2003 £	2002 £
Within one year	42,249	66,476
Between one and five years	51,227	12,524
	<u>93,476</u>	<u>79,000</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

CLARITY PRINT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2003

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £	Other provisions £	Total £
At 1 September 2002	77,700	30,000	107,700
Charged to profit and loss	4,900	(5,000)	(100)
At 31 August 2003	82,600	25,000	107,600

Deferred tax is analysed as follows:

	2003 £	2002 £
Capital allowances	82,600	88,700
Other timing differences	-	(11,000)
	82,600	77,700

Other provisions relate to a dilapidations provision for repairs required to a leasehold building.

14 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No	£
At 1 September 2002 and 31 August 2003			
Ordinary shares of £1 each	500,000	321,675	321,675

15 RESERVES

	£
Profit and loss account	
At 1 September 2002	340,467
Loss for the year	(16,575)
At 31 August 2003	323,892

16 SHAREHOLDERS' FUNDS

	2003 £	2002 £
Shareholders' funds at 1 September 2002	662,142	612,238
(Loss)/profit for the year	(16,575)	49,904
Shareholders' funds at 31 August 2003	645,567	662,142

CLARITY PRINT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2003

17 CAPITAL COMMITMENTS

At 31 August 2003 the company had entered into contracts for capital expenditure not provided for in these accounts amounting to approximately £NIL (2002 - £83,700).

18 OTHER COMMITMENTS

At 31 August 2003 the company had annual commitments under operating leases as follows:

	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Expiry date:				
Within one year	-	-	4,183	1,088
Between one and five years	30,000	30,000	687	20,002

19 CONTINGENT LIABILITIES

The company has entered into a multi-party cross guarantee with other members of the group in respect of bank overdrafts and loan facilities. At 31 August 2003 this contingent liability amounted to £3,005,215 (2002 - £1,762,206).

20 TRANSACTIONS WITH RELATED PARTIES

The company paid £30,000 (2002: £30,000) in respect of the rental of property from a pension fund of which the main beneficiary is J W Liggins.

The company has had no other transactions with related parties other than with members of the group and the holding company. Consolidated financial statements are prepared by the holding company and therefore there are no disclosures required under FRS 8 in these financial statements.

21 PENSION COSTS

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund.

22 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The company is controlled by Clarity Group Limited.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Clarity Group Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

In the opinion of the directors this is the company's ultimate parent company. Clarity Group Limited is ultimately controlled by J W Liggins.