

**AGFA MONOTYPE LIMITED**

**Report and Financial Statements**

**31 December 2000**

**Deloitte & Touche  
South East Regional Office  
63 High Street  
Crawley  
West Sussex  
RH10 1BQ**



**REPORT AND FINANCIAL STATEMENTS 2000**

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**REPORT AND FINANCIAL STATEMENTS 2000**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

I Mirochnick (USA)  
J H McCallum  
T M Fraser

**SECRETARY**

T M Fraser

**REGISTERED OFFICE**

Unit 2  
Perrywood Business Park  
Salfords  
Redhill  
Surrey  
RH1 5DZ

**BANKERS**

Lloyds TSB Bank plc  
Fleet Bank

**SOLICITORS**

Stack & Filpi  
Chicago  
USA

Downs & Co  
Dorking  
Surrey

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
South East Regional Office  
63 High Street  
Crawley  
West Sussex  
RH10 1BQ

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

### **ACTIVITIES**

The company's principal activity is the design, manufacture and marketing of typefaces and other type related products. There have been no changes in these activities during the year.

### **REVIEW OF DEVELOPMENTS**

The directors are satisfied with the performance of the company during the year.

### **RESULTS AND DIVIDENDS**

Details of the company's performance are shown in the Profit and Loss Account on page 5 and the notes to the accounts on pages 9 to 10. The position of the company at the year end is shown on the Balance Sheet on page 7 and the notes to the accounts on pages 11 to 13.

The directors do not propose any dividends in respect of the year (1999 - £nil).

### **FUTURE PROSPECTS**

Given favourable economic conditions the directors are optimistic about the company's future prospects.

### **DIRECTORS AND THEIR INTERESTS**

The present membership of the board is set out in page 1. All directors served throughout the year.

None of the directors had any interests in the shares of the company or other group companies.

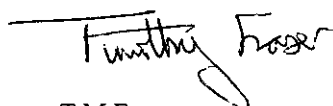
### **RESEARCH AND DEVELOPMENT**

The company has a programme of research and development of existing products. All research and development costs are charged through the profit and loss account as incurred. Further details can be found in note 3 to the accounts.

### **AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



T M Fraser  
Secretary

23 March 2001

**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 as at the end of the financial year 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 to 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.



## **AGFA MONOTYPE LIMITED**

### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 8.

#### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of 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 judgements 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.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and  
Registered Auditors

26 March 2001

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2000**

	<b>Note</b>	<b>2000</b> <b>£</b>	<b>1999</b> <b>£</b>
<b>TURNOVER</b>	2	3,179,975	3,095,416
Cost of sales		<u>979,607</u>	<u>791,057</u>
Gross profit		2,200,368	2,304,359
Distribution costs		723,660	693,172
Administrative expenses		<u>1,096,493</u>	<u>927,729</u>
<b>OPERATING PROFIT</b>	3	380,215	683,458
Interest receivable and similar income		104,675	50,533
Interest payable and similar charges	5	<u>(822)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		484,068	733,991
Tax charge on profit on ordinary activities	6	<u>(176,149)</u>	<u>(225,264)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>307,919</u></u>	<u><u>508,727</u></u>

All activities are considered to be continuing.

There have been no recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account.

**COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
AND STATEMENT OF MOVEMENTS ON RESERVES****Year ended 31 December 2000**

	Share capital £	Profit and loss account £	2000 £	1999 £
At the beginning of the financial year	2	1,172,341	1,172,343	663,616
Profit for the financial year	-	307,919	307,919	508,727
At the end of the financial year	2	1,480,260	1,480,262	1,172,343



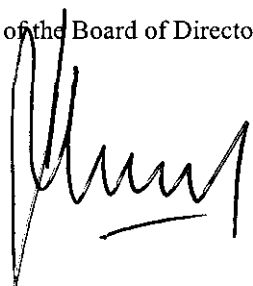
**BALANCE SHEET**  
**31 December 2000**

	Note	£	2000 £	£	1999 £
<b>FIXED ASSETS</b>					
Tangible assets	7		60,529		39,526
<b>CURRENT ASSETS</b>					
Debtors	8	2,298,371		666,255	
Cash at bank and in hand		195,511		1,665,351	
		<u>2,493,882</u>		<u>2,331,606</u>	
<b>CREDITORS: amounts falling due within one year</b>	9	<u>1,021,456</u>		<u>1,198,789</u>	
<b>NET CURRENT ASSETS</b>			<u>1,472,426</u>		<u>1,132,817</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,532,955		1,172,343
<b>CREDITORS: amounts falling due after more than one year</b>	10		<u>52,693</u>		<u>-</u>
<b>NET ASSETS</b>			<u>1,480,262</u>		<u>1,172,343</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		2		2
Profit and loss account			<u>1,480,260</u>		<u>1,172,341</u>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>			<u>1,480,262</u>		<u>1,172,343</u>

These financial statements were approved by the Board of Directors on 23 March 2001.

Signed on behalf of the Board of Directors

J H McCallum  
Director



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Tangible fixed assets are stated in the balance sheet at cost less depreciation. Depreciation is provided at rates calculated to write down the cost of the assets to their estimated residual values over the estimated useful economic lives. The rates of depreciation are as follows:

Short-term leasehold improvements	Over the term of the lease
Office equipment, fittings and computer equipment	Between 10% and 20% per annum
Motor vehicles	25% per annum

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

**Foreign exchange**

Normal trading activities denominated in foreign currency are recorded in sterling at the actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are dealt with in the profit and loss account.

**Royalties**

Royalties receivable are accounted for on an accruals basis.

**Research and development**

Research and development expenditure is written off in the year in which it is incurred.

**Leases**

Rental payments under operating leases are charged to the profit and loss account as incurred.

**Pension costs**

The company operates a money purchase scheme (defined contribution scheme). Pension costs for employees are charged to the profit and loss account in the year in which they become payable.

## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

## 2. TURNOVER

Turnover is wholly attributable to the principal activity of the company and represents the invoiced value of goods and services supplied to customers, including amounts received by way of royalty, excluding value added tax.

The geographical analysis of turnover by destination is as follows:

	2000 £	1999 £
United Kingdom	1,287,431	1,205,121
Europe	1,342,415	636,345
North America	441,048	1,123,931
Other	109,081	130,019
	<u>3,179,975</u>	<u>3,095,416</u>

## 3. OPERATING PROFIT

	2000 £	1999 £
<b>This is stated after charging/(crediting):</b>		
Rentals under operating leases:		
Other operating leases	48,500	45,000
Auditors' remuneration	12,750	17,575
Depreciation		
Own assets	30,906	36,829
Foreign exchange gain	(67,355)	(21,395)
Research and development expenditure (including wages costs of £61,086 (1999 - £63,229))	114,486	125,929
	<u>114,486</u>	<u>125,929</u>

## 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000 £	1999 £
<b>a) Directors:</b>		
Emoluments	149,581	110,100
Pension contributions to defined contribution pension scheme	19,945	62,723
	<u>169,526</u>	<u>172,823</u>
	No.	No.
Number of directors who are members of defined contribution pension scheme	<u>2</u>	<u>2</u>

## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

## 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES(continued)

## b) Employees:

	No.	No.
Average weekly number of persons employed:		
Administration	6	6
Sales	11	11
Production and development	12	11
	<u>29</u>	<u>28</u>
	£	£
Staff costs during the year comprise:		
Wages and salaries	937,849	863,463
Social security costs	99,275	78,853
Pension costs	75,221	91,492
	<u>1,112,345</u>	<u>1,033,808</u>

## 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
Other interest payable	<u>822</u>	<u>-</u>

## 6. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
The tax charge on the profit on ordinary activities for year was as follows:		
UK corporation tax charge at 30%		
(1999 - 30%)	176,131	225,246
Overseas tax	<u>18</u>	<u>18</u>
	<u>176,149</u>	<u>225,264</u>

NOTES TO THE ACCOUNTS  
Year ended 31 December 2000

## 7. TANGIBLE FIXED ASSETS

	Short-term leasehold improvements £	Office equipment & fittings £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2000	55,544	68,696	103,018	28,495	255,753
Additions	15,110	23,788	17,462	-	56,360
Disposals	-	(19,251)	(13,630)	(28,495)	(61,376)
At 31 December 2000	70,654	73,233	106,850	-	250,737
<b>Depreciation</b>					
At 1 January 2000	53,724	58,379	78,409	25,715	216,227
Charge for the year	4,137	10,166	15,454	1,149	30,906
Disposals	-	(18,004)	(12,057)	(26,864)	(56,925)
At 31 December 2000	57,861	50,541	81,806	-	190,208
<b>Net book value</b>					
At 31 December 2000	12,793	22,692	25,044	-	60,529
At 31 December 1999	1,820	10,317	24,609	2,780	39,526

## 8. DEBTORS

	2000 £	1999 £
Trade debtors	455,939	141,566
Amounts owed by immediate parent company	1,687,917	-
Amounts owed by fellow subsidiary	50,541	215,240
Other debtors	2,730	7,199
Prepayments and accrued income	101,244	302,250
	2,298,371	666,255

All debtors are due within one year. Included in prepayments is £18,750 (1999 - £18,750) secured by a rent deposit deed in favour of the landlord in the event of default by the company.

NOTES TO THE ACCOUNTS  
Year ended 31 December 2000

## 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Trade creditors	188,212	104,728
Amounts owed to immediate parent company	-	204,248
Amounts owed to fellow subsidiaries	252,638	25,786
Corporation tax	123,467	179,714
Other taxes and social security	70,982	29,662
Other creditors	58,112	6,686
Accruals	328,045	647,965
	<u>1,021,456</u>	<u>1,198,789</u>

Included within other creditors is £5,117 (1999 - £6,686) of pension contributions payable as at the balance sheet date.

## 10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Other creditors	<u>52,693</u>	<u>-</u>

## 11. CALLED UP SHARE CAPITAL

	2000 £	1999 £
<b>Authorised</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Called up, allotted and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

## 12. LEASE COMMITMENTS

At 31 December 2000, the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings £
Leases which expire within two to five years	<u>49,200</u>

## 13. IMMEDIATE AND ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

The company is a wholly owned subsidiary of AGFA Monotype Corp., a company registered in the State of Illinois, USA. The accounts of the immediate parent company are not available to the public. The ultimate parent and controlling entity of the company is AGFA Gevaert NV. The accounts of AGFA Gevaert NV can be obtained from Septestraat 27, B 2640, Mortsel, Belgium.

**NOTES TO THE ACCOUNTS****Year ended 31 December 2000****14. RELATED PARTY TRANSACTIONS**

- (a) The company has taken advantage of the exemption available under FRS 8 "Related Party Disclosures", in relation to disclosure of transactions with group companies.

**(b) NetSolv Limited**

The company purchases consultancy services from NetSolv Limited of which John McCallum, the company's managing director, was also a director until 31 July 2000. Details of the transactions with NetSolv Limited from 1 January 2000 until 31 July 2000 are as follows:

	2000	1999
	£	£
Recharges of facility costs to NetSolv Limited	666	3,996
Purchases in the normal course of business	5,624	43,697
	<u>          </u>	<u>          </u>