



Avon Imaging Limited

Accounts for the year ended 29 March 1998
together with directors' and auditors' reports

Registered number: 2902986



Directors' report

For the year ended 29 March 1998

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 29 March 1998.

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

Principal activities

The principal activity of the company throughout the year was to undertake contract typesetting and reprographic work.

Business review and dividends

The loss for the year after taxation amounted to £267,753 (1997: loss £41,074). The directors do not propose a dividend.

The directors expect the level of activity to increase in the future.

Directors and their interests

The directors who served during the year were as follows:

P Newton (resigned 9 December 1997)

S Hodgson

M Gwyther

G Luff

Directors' report (continued)

Directors and their interests (continued)

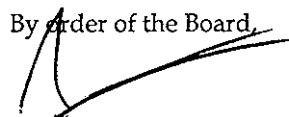
The directors held the following beneficial interest in the shares of the company.

	Class of share	Interest at end of year No of shares	Interest at beginning of year No of shares
P Newton	Ordinary	-	49
M Gwyther	Ordinary	49	49
		<u>49</u>	<u>98</u>

Auditors

The directors will place a resolution before the annual general meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

Auto Trader House
Reading
Berkshire
RG6 4UT

By order of the Board

S Hodgson

26 June 1998

Director

ARTHUR ANDERSEN

Auditors' report

Reading

To the Shareholders of Avon Imaging Limited:

We have audited the accounts on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

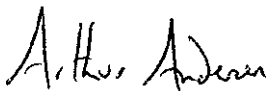
Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 29 March 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD

26 June 1998

Profit and loss account

For the year ended 29 March 1998

	Note	1998 £	1997 £
Turnover	1	1,571,978	1,521,753
Cost of sales		(1,252,746)	(1,030,026)
Gross profit		319,232	491,727
Distribution costs		(43,487)	(43,533)
Administrative expenses		(507,331)	(429,625)
Operating profit		(231,586)	18,569
Interest payable and similar charges	5	(63,017)	(54,892)
Interest receivable and similar income		14,061	8,038
Loss on ordinary activities before taxation	2	(280,542)	(28,285)
Tax on loss on ordinary activities	6	12,789	(12,789)
Loss on ordinary activities after taxation being retained deficit for the financial year		(267,753)	(41,074)
Retained profit brought forward		9,193	50,267
Retained (deficit) profit carried forward		(258,560)	9,193

There were no recognised gains or losses in either year other than those shown above.

The accompanying notes are an integral part of this profit and loss account.

All results for both periods derived from continuing operations.

Balance sheet

29 March 1998

	Note	1998 £	1997 £
Fixed assets			
Tangible assets	7	<u>419,314</u>	<u>610,659</u>
Current assets			
Stocks	8	30,484	31,282
Debtors	9	418,207	379,768
Cash at bank		<u>286,266</u>	<u>135,335</u>
		734,957	546,385
Creditors: Amounts falling due within one year	10	<u>(751,109)</u>	<u>(424,627)</u>
Net current (liabilities) assets		<u>(16,152)</u>	<u>121,758</u>
Total assets less current liabilities		403,162	732,417
Creditors: Amounts falling due after more than one year	11	(661,522)	(710,235)
Provision for liabilities and charges	12	<u>-</u>	<u>(12,789)</u>
Net (liabilities) assets		<u>(258,360)</u>	<u>9,393</u>
Capital and reserves			
Called-up share capital	14	200	200
Profit and loss account		<u>(258,560)</u>	<u>9,193</u>
Equity shareholders' funds	13	<u>(258,360)</u>	<u>9,393</u>

Signed on behalf of the Board

S Hodgson



Director

26 June 1998

The accompanying notes are an integral part of this balance sheet.

Statement of accounting policies

For the year ended 29 March 1998

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are set out below.

Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

At 29 March 1998 the company had net liabilities of £258,360 (1997: net assets - £9,393). The directors are of the opinion that the going concern basis continues to be the appropriate basis for the preparation of the accounts as a fellow group undertaking has confirmed its intention and ability to provide such financial support as may be necessary to enable the company to continue to operate as a going concern and to meet all of its obligations in full for the next twelve months. The company's ultimate parent company has also confirmed that the company will not be required to pay amounts due to other group undertakings unless the company has sufficient funds to pay other creditors in full.

Cash flow statement

Under the provisions of Financial Reporting Standard 1, the company is exempt from the requirement to present a cash flow statement as it is a small company as defined in the Companies Act.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Motor vehicles	4 years
Plant and machinery	5 years
Computers, fixtures and fittings	3 - 5 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Statement of accounting policies (continued)

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Turnover

Turnover represents the amounts (excluding value added tax and trade discounts) derived from the provision of goods and services to customers during the period.

Notes to accounts

29 March 1998

1 Turnover

Turnover is attributable to the principal activity of the company and is earned entirely within the United Kingdom.

2 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	1998 £	1997 £
Depreciation and amounts written off tangible fixed assets		
- owned	216,285	177,648
- held under finance leases and hire purchase contracts	26,919	29,669
Auditors' remuneration	3,859	2,496
Operating lease rentals		
- plant and machinery	3,183	7,059
- other	47,431	45,838

3 Remuneration of directors

	1998 £	1997 £
Directors' emoluments:	100,861	96,388

Notes to accounts (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	1998 Number	1997 Number
Sales and marketing	2	3
Administration and management	7	4
Production	76	80
	<u>85</u>	<u>87</u>

The aggregate payroll costs of these persons were as follows:

	1998 £	1997 £
Wages and salaries	912,855	719,735
Social security costs	46,665	59,119
	<u>959,520</u>	<u>778,854</u>

5 Interest payable and similar charges

	1998 £	1997 £
Finance charges on leased assets	8,409	7,958
Interest on loans repayable within five years	54,608	46,934
	<u>63,017</u>	<u>54,892</u>

6 Taxation

Taxation (credit) charge in:

	1998 £	1997 £
Deferred taxation	<u>(12,789)</u>	<u>12,789</u>

Notes to accounts (continued)

7 Tangible fixed assets

	Motor vehicles £	Plant and machinery £	Computers, fixtures and fittings £	Total £
Cost				
Beginning of year	63,311	856,997	51,553	971,861
Additions	10,464	127,965	2,582	141,011
Disposals	(24,716)	(160,589)	-	(185,305)
End of year	<u>49,059</u>	<u>824,373</u>	<u>54,135</u>	<u>927,567</u>
Depreciation				
Beginning of year	37,528	304,229	19,445	361,202
Charge for year	17,107	214,278	11,819	243,204
Disposals	(21,127)	(75,026)	-	(96,153)
End of year	<u>33,508</u>	<u>443,481</u>	<u>31,264</u>	<u>508,253</u>
Net book value				
Beginning of year	<u>25,783</u>	<u>552,768</u>	<u>32,108</u>	<u>610,659</u>
End of year	<u>15,551</u>	<u>380,892</u>	<u>22,871</u>	<u>419,314</u>

Included in fixed assets were assets held under finance leases with a net book value of £1,096 (1997: £28,015).

8 Stocks

	1998 £	1997 £
Raw materials	15,979	23,376
Work in progress	<u>14,505</u>	<u>7,906</u>
	<u>30,484</u>	<u>31,282</u>

Notes to accounts (continued)

9 Debtors: Amounts falling due within one year

	1998 £	1997 £
Trade debtors	131,584	204,127
Amounts owed by group undertakings	178,149	128,971
Amounts owed by associated undertakings	63,170	32,116
ACT recoverable	5,000	5,000
Other debtors	4,941	-
Prepayments and accrued income	35,363	9,554
	<u>418,207</u>	<u>379,768</u>

10 Creditors: Amounts falling due within one year

	1998 £	1997 £
Obligations under finance leases and hire purchase contracts	51,797	22,078
Other loans	-	11,985
Trade creditors	158,092	106,099
Amounts owed to group undertakings	455,861	221,168
Other creditors including taxation and social security:		
- Other taxes and social security	50,048	39,447
- Other creditors	9,775	1,110
Accruals and deferred income	25,536	22,740
	<u>751,109</u>	<u>424,627</u>

Other loans are secured by a fixed charge over certain plant and machinery.

11 Creditors: Amounts falling due after more than one year

	1998 £	1997 £
Obligations under finance leases and hire purchase contracts	-	15,754
Other loans	-	32,959
Amounts owed to parent company	661,522	661,522
	<u>661,522</u>	<u>710,235</u>

Obligations under finance leases and hire purchase contracts are payable within five years and are secured by a fixed charge over certain plant and machinery.

Notes to accounts (continued)

12 Provision for liabilities and charges

	£
Deferred taxation	
At beginning of year	12,789
Released during year	(12,789)
At end of year	-

The amounts provided for deferred taxation are as set out below:

	1998 £	1997 £
Accelerated capital allowances	-	12,789

13 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Opening equity shareholders' funds	9,393	50,467
Loss for the financial year	(267,753)	(41,074)
Closing equity shareholders' funds	(258,360)	9,393

14 Called up share capital

	1998	1997
<i>Authorised</i>		
Ordinary shares of £1 each	200	200
<i>Allotted, issued, called-up and fully paid</i>		
Ordinary shares of £1 each	200	200

Notes to accounts (continued)

15 Financial commitments

a) Capital commitments

The company had no capital commitments at 29 March 1998 (1997: £nil).

b) Annual commitments under non-cancellable operating leases are as follows:

	1998		1997	
	Land and buildings £	Other £	Land and buildings £	Plant £
Within 1 year	15,479	-	-	2,389
Within 2 - 5 years	-	-	46,454	3,695
	<u>15,479</u>	<u>-</u>	<u>46,454</u>	<u>6,084</u>

16 Related party transactions

During the year the company purchased goods and services from group companies and associated undertakings in the ordinary course of business at a cost of £2,398. The company sold goods and services to group companies and associated undertakings in the ordinary course of business for £996,309. Amounts owed by and to group companies and associated undertakings are disclosed in notes 10, 11 and 12.

17 Ultimate parent company

The company's ultimate parent company is Hurst Publishing Limited, a company registered in England and Wales. The accounts of the group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CR4 3UZ.