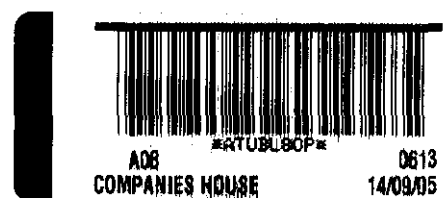


Signs & Labels Limited (formerly Signs &
Labels Group Limited)
Annual report
for the 53 weeks ended 4 December 2004

Registered Number 03318384



Signs & Labels Limited (formerly Signs & Labels Group
Limited)

Annual report

for the 53 weeks ended 4 December 2004

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Signs & Labels Limited (formerly Signs & Labels Group Limited)

Directors and advisers

Executive Directors

R G Storey

M G Higham

S L Roche (appointed 1 December 2003)

D O Ashley (appointed 23 September 2004)

Non-Executive Directors

J H Scholes

A M Hyams

Secretary and Registered Office

M G Higham

Douglas Bruce House

Corrie Way

Bredbury Business Park

Bredbury

Stockport

SK6 2RR

Auditors

PricewaterhouseCoopers LLP

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

Bankers

Royal Bank of Scotland plc

6th Floor

1 Spinningfields Square

Manchester

M3 3AP

Solicitors

Brabners Chaffe Street

Brook House

70 Spring Gardens

Manchester

M2 2BE

Registered Number

03318384

Signs & Labels Limited (formerly Signs & Labels Group Limited)

Directors' report for the 53 weeks ended 4 December 2004

The directors present their report and the audited financial statements of the company for the 53 weeks ended 4 December 2004.

Principal activities

The group's principal activities during the year were the manufacture and distribution of signs and labels together with associated products for the safety and premises management markets.

On 1 December 2003, all the assets, trade and liabilities of S&L Signmakers Limited (a subsidiary undertaking, formerly called Signs & Labels Limited) were transferred to Signs & Labels Limited (formerly Signs & Labels Group Limited).

Review of business and future developments

The directors regard the financial performance and the year end state of affairs of the group as satisfactory and view the future prospects of the business with confidence.

Results and dividends

The group profit after tax for the year was £723,000 (2003: £178,000). The directors recommend a final dividend of £406,000 (2003: £299,000). The group profit after dividends for the financial year of £317,000 (2003: loss £121,000) will be transferred to (2003: from) reserves.

Change of Name

On 4 December 2003, Signs & Labels Group Limited changed its name to Signs & Labels Limited.

Directors and their interests

The directors who held office during the year, and their interests in shares of the company, are given below:

	Ordinary 1p shares	
	2004 Number	2003 Number
R G Storey	360,000	360,000
J H Scholes	-	-
A M Hyams	-	-
M G Higham	-	-
S L Roche	-	_*
D O Ashley	-	_*

* at date of appointment

Interests in share options

Details of options, in the ordinary 1p shares of Signs & Labels Limited, held by directors are set out below:

	Date of grant	Earliest exercise date	Expiry date	Exercise price	Number
M G Higham	1 April 1999	1 April 1999	1 April 2009	£3.09	15,000
	6 August 1999	6 August 1999	6 August 2009	£3.09	15,000
Total holding at 4 December 2004 and 30 November 2003					30,000

Share options are granted on a discretionary basis by the company.

Signs & Labels Limited (formerly Signs & Labels Group Limited)

Directors' report for the 53 weeks ended 4 December 2004 (continued)

Changes in fixed assets

The movements in fixed assets during the year are set out in Notes 9 to 11 to the financial statements.

Employees

Employees are informed regularly about aspects of the business and its progress which are considered relevant to them. The group operates a personnel policy which ensures that employees are consulted and involved in decisions which affect them and their jobs. The group endeavours to encourage employees to maintain a sense of identity with its aims and objectives.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, taking into account the aptitudes and abilities of the applicant concerned. Where employees become disabled, the group endeavours to continue to employ such people, provided there are duties which they can perform, bearing in mind the disability. It is the policy of the group that training, career development and promotion of disabled employees should, as far as possible, be identical to that of able bodied employees.

Charitable donations

The group made general charitable donations of £2,180 (2003: £812) in the year.

Insurance of directors

The group maintains insurance for Signs & Labels Limited's directors in respect of their duties as directors.

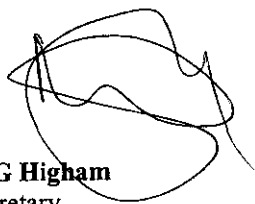
Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company and group will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the 53 weeks ended 4 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



M G Higham
Secretary
21 June 2005

Signs & Labels Limited (formerly Signs & Labels Group Limited)

Independent Auditors' report to the members of Signs & Labels Limited

We have audited the financial statements which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 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 affairs of the company and the group at 4 December 2004 and of the profit and cash flows of the group for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
21 June 2005

Signs & Labels Limited (formerly Signs & Labels Group Limited)

Consolidated profit and loss account for the 53 weeks ended 4 December 2004

	Note	2004 £'000	2003 £'000
Turnover	2	14,438	13,310
Cost of sales		(6,485)	(5,959)
Gross profit		7,953	7,351
Administrative expenses		(6,757)	(6,860)
Operating profit	3	1,196	491
Net interest payable and similar charges	4	(237)	(273)
Profit on ordinary activities before taxation		959	218
Taxation charge	7	(236)	(40)
Profit for the financial year		723	178
Dividends – including non-equity	8	(406)	(299)
Profit/(loss) for the financial year transferred to/ (from) reserves	19	317	(121)

All of the results relate to continuing activities.

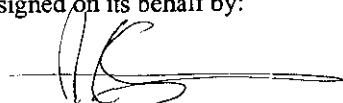
The group has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

Signs & Labels Limited (formerly Signs & Labels Group Limited)

Balance sheets as at 4 December 2004

		Group		Company	
	Note	2004	2003	2004	2003
		£'000	(restated) £'000	£'000	£'000
Fixed assets					
Intangible assets	9	1,651	1,745	5,551	-
Tangible assets	10	555	704	555	-
Investments	11	-	-	8,002	5,815
		2,206	2,449	14,108	5,815
Current assets					
Stock	12	489	404	489	-
Debtors	13	3,134	2,922	3,296	172
Cash at bank and in hand		1	6	1	-
		3,624	3,332	3,786	172
Creditors: amounts falling due within one year	14	(4,954)	(4,966)	(12,939)	(1,526)
Net current liabilities		(1,330)	(1,634)	(9,153)	(1,354)
Total assets less current liabilities		876	815	4,955	4,461
Creditors : amounts falling due after more than one year	15	(382)	(638)	(382)	-
Provisions for liabilities and charges	17	-	-	-	-
Net assets		494	177	4,573	4,461
Capital and reserves					
Called up share capital	18	553	553	553	553
Share premium account	19	3,199	3,199	3,199	3,199
Capital redemption reserve	19	683	683	683	683
Profit and loss account	19	(3,941)	(4,258)	138	26
Total shareholders' funds	19	494	177	4,573	4,461
Analysis of shareholders'(deficit)/funds					
Equity		(3,212)	(3,529)	867	755
Non-equity		3,706	3,706	3,706	3,706
	19	494	177	4,573	4,461

The financial statements on pages 6 to 25 were approved by the board of directors on 21 June 2005 and were signed on its behalf by:



R G Storey, Director

Signs & Labels Limited (formerly Signs & Labels Group Limited)

Consolidated cash flow statement for the 53 weeks ended 4 December 2004

	Note	2004 £'000	2003 £'000
Net cash inflow from operating activities	21	1,342	1,016
Returns on investment and servicing of finance			
Interest paid on bank loans and overdrafts		117	181
Interest paid on finance leases		8	31
Interest paid on overdue dividends		169	-
Dividend paid		648	-
Net cash outflow from returns on investment and servicing of finance		(942)	(212)
Taxation		30	11
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(94)	(122)
Sale of tangible fixed assets		27	882
Net cash (outflow)/ inflow from capital expenditure and financial investment		(67)	760
Net cash inflow before financing		363	1,575
Financing			
Repayment of principal under finance leases		(94)	(186)
Repayment of other borrowings		(15)	(35)
Repayment of loans		(250)	(1,200)
Net cash (outflow) / inflow from financing	23	(359)	(1,421)
Increase / (decrease) in net cash	23	4	154

Signs & Labels Limited (formerly Signs & Labels Group Limited)

Accounting policies

The financial statements have been prepared on a going concern basis, in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 1985. A summary of the more important accounting policies, which have been applied consistently, except as stated, is set out below.

Basis of accounting

The consolidated financial statements comprise the financial statements of the company and its subsidiaries made up to 4 December 2004 and have been prepared on the historical cost basis of accounting.

Basis of consolidation

The group financial statements consolidate the financial statements of Signs & Labels Limited and all of its subsidiary undertakings. The method used for combining the entities is that of acquisition accounting. The goodwill on consolidation, being the excess of the fair value of the consideration over the fair value of net assets acquired, has been capitalised in accordance with FRS 10 and is shown under Note 9. Goodwill arising in prior periods was written-off to reserves in the consolidated balance sheet.

Employee share ownership trust ("ESOT")

The assets and liabilities of Signs & Labels Limited's Employee Share Ownership Trust are included on the balance sheet. Previously, the ESOT's investment in the shares of Signs & Labels Limited was classified under fixed asset investments (note 11), but in accordance with UITF 38, this is now deducted from reserves. This has been dealt with as a prior year adjustment (note 19).

Investments, other than ESOT

Fixed asset investments represent the shares in subsidiaries and have been valued at the lower of cost and net realisable value.

Tangible fixed assets

Tangible fixed assets are stated at cost, less depreciation as noted below. Depreciation is provided on a straight line basis to write off the cost of fixed assets over their estimated useful lives, the principal annual rates being as follows:

Long leasehold land and buildings	- 4%
Plant and equipment	- 10% – 33%
Fixtures and fittings	- 10% – 33%
Motor vehicles	- 25%

Intangible assets

Intangible assets are stated at cost. Amortisation is provided on a straight line basis to write off the cost over the estimated economic life of 20 years.

Finance and operating leases

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Depreciation on the relevant assets is charged to the profit and loss account. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account using the annuity basis.

All other leases are 'operating leases', and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

Stocks and work in progress

Stocks, which comprise goods purchased for resale and those manufactured by the group, have been valued at the lower of cost and net realisable value. Net realisable value represents sales value less appropriate selling expenses.

Turnover

Turnover represents the amounts invoiced, excluding value added tax, net of trade discounts, in respect of goods and services supplied to customers during the year, including carriage and packaging charges.

Signs & Labels Limited (formerly Signs & Labels Group Limited)

Accounting policies (continued)

Foreign currencies translation

Transactions in foreign currencies are translated at the rate of exchange on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange at the balance sheet date or, where appropriate, at the relevant contract rate of exchange. Differences on exchange are recognised in the profit and loss account.

Deferred taxation

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefit is uncertain. Deferred tax liabilities recognised are not discounted.

Pensions

The group contributes to employees' personal pension plans under a group money purchase arrangement. The pension costs charged in the financial statements represent the contributions payable during the year.

Related party transactions

In accordance with Financial Reporting Standard No. 8, the directors have taken advantage of the exemption from disclosing related party transactions with group companies.

Signs & Labels Limited (formerly Signs & Labels Group Limited)

Notes to the financial statements for the 53 weeks ended 4 December 2004

1 Profit for the year

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the holding company is not presented with those financial statements. The company's retained profit for the year was £112,000 (2003: £176,000 loss).

2 Turnover analysis by geographical area

The analysis by geographical area of the group's turnover is set out below:

	2004	2003
	£'000	£'000
UK	14,249	13,099
Overseas	189	211
	14,438	13,310

3 Operating profit

	2004	2003
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Depreciation charged for the year:		
Tangible fixed assets – owned	128	160
Tangible fixed assets – held under finance leases and hire purchase contracts	103	121
Amortisation of goodwill	94	95
Auditors' remuneration for:		
Audit (company £2,000 (2003: £2,000))	22	20
Other services	14	21
Operating lease rentals for the year:		
Buildings	293	236
Plant and machinery	172	116
Profit on disposal of fixed assets	(15)	(7)

Signs & Labels Limited (formerly Signs & Labels Group Limited)

4 Net interest payable and similar charges

	2004	2003
	£'000	£'000
Interest payable:		
- Bank overdrafts	47	68
- Bank loans repayable wholly or partly in less than five years	69	99
- Finance leases and hire purchase contracts	8	27
- Other	113	82
	237	276
Interest receivable	-	(3)
	237	273

5 Employee information

The average weekly number of persons (including executive directors) employed by the group during the year was:

	2004	2003
	Number	Number
Production	101	99
Administration	98	99
	199	198

Staff costs (for the above persons)	2004	2003
	£'000	£'000
Wages and salaries	4,529	4,364
Social security costs	449	413
Pension costs	135	144
	5,113	4,921

Signs & Labels Limited (formerly Signs & Labels Group Limited)

6 Directors' emoluments

	2004	2003
	£'000	£'000
Aggregate emoluments (including pension contributions of £16,534 (2003: £22,023))	432	312

	2004	2003
	£'000	£'000
Emoluments include amounts paid to:		
Outgoing Chairman	n/a	8
Incoming Chairman	28	21
The highest paid director (including pension contributions of £6,360 (2003: £10,987))	162	149

During the year, J H Scholes and A M Hyams provided non-executive services to the company. These were invoiced through firms in which they had an interest and amounted to £27,500 and £14,022 respectively. (2003: £20,625 and £13,508). Benefits under money purchase pension schemes are accruing to four (2003: two) directors.

7 Taxation charge

	2004	2003
	£'000	£'000
United Kingdom corporation tax at 30% (2003:19%)		
Current	252	19
Deferred	13	38
Over provision in respect of prior years:		
Current	(29)	(17)
	236	40

Signs & Labels Limited (formerly Signs & Labels Group Limited)

7 Taxation charge (continued)

The tax assessed for the period is lower than the standard companies' rate of UK corporation tax. The differences are explained below:

	2004	2003
	£'000	£'000
Profit on ordinary activities before tax	959	218
Profit on ordinary activities multiplied by the standard companies' rate in the UK of 30% (2003: 19%)	288	41
Effects of:		
- Depreciation in excess of capital allowances	13	7
- Expenses not deductible for tax purposes	36	23
- Utilisation of losses	(68)	(52)
- Adjustment in respect of prior years	(29)	(17)
- Tax at marginal rate	(17)	-
Current tax charge for the year	223	2

There are no factors that may have a significant impact on future tax charges.

8 Dividends

	2004	2003
	£'000	£'000
Paid		
Preferred ordinary	-	-
'A' preference shares 6% per annum	15	-
'B' preference shares 8% per annum	-	-
Total paid dividends	15	-
Proposed		
Preferred ordinary	144	37
'A' preference shares 6% per annum	16	31
'B' preference shares 8% per annum	231	231
Total proposed dividends	391	299
Total dividends	406	299

Signs & Labels Limited (formerly Signs & Labels Group Limited)

9 Intangible Assets

Group	Goodwill £'000
Cost at 1 December 2003 and 4 December 2004	1,895
Amortisation	
At 1 December 2003	150
Charge for the year	94
At 4 December 2004	244
Net book value	
At 4 December 2004	1,651
At 30 November 2003	1,745

Company	Goodwill £'000
Cost	
Goodwill arising on acquisition of subsidiary's net assets and trade	5,850
At 4 December 2004	5,850
Amortisation	
Charge for the year	299
At 4 December 2004	299
Net book value	
At 4 December 2004	5,551
At 30 November 2003	-

Signs & Labels Limited (formerly Signs & Labels Group Limited)

10 Tangible fixed assets

Group	Long leasehold land and buildings £'000	Motor Vehicles £'000	Plant, fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 December 2003	218	157	1,915	2,290
Additions	-	-	94	94
Disposals	-	(96)	(2)	(98)
At 4 December 2004	218	61	2,007	2,286
Depreciation				
At 1 December 2003	31	88	1,467	1,586
Charge for the year	8	47	176	231
Disposals	-	(85)	(1)	(86)
At 4 December 2004	39	50	1,642	1,731
Net book value				
At 4 December 2004	179	11	365	555
At 30 November 2003	187	69	448	704

Net book value of tangible fixed assets held under finance lease and hire purchase agreements amount to £108,101 (2003: £222,238).

Signs & Labels Limited (formerly Signs & Labels Group Limited)

10 Tangible fixed assets (continued)

Company	Long leasehold land and buildings £'000	Motor Vehicles £'000	Plant, fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 December 2003	-	-	-	-
Transfer from subsidiary undertaking	218	157	1,915	2,290
Additions	-	-	94	94
Disposals	-	(11)	(1)	(12)
At 4 December 2004	218	146	2,008	2,372
Depreciation				
At 1 December 2003	-	-	-	-
Transfer from subsidiary undertaking	31	88	1,467	1,586
Charge for the year	8	47	176	231
Disposals	-	-	-	-
At 4 December 2004	39	135	1,643	1,817
Net book value				
At 4 December 2004	179	11	365	555
At 30 November 2003	-	-	-	-

Net book value of tangible fixed assets held under finance lease and hire purchase agreements amount to £108,101 (2003: £nil).

Signs & Labels Limited (formerly Signs & Labels Group Limited)

11 Fixed asset investments

Company	Shares in subsidiary undertakings £'000
Cost and net book value	
At 1 December 2003	5,815
Transferred from subsidiary undertaking	2,187
At 4 December 2004	8,002

The company holds 100% of the share capital of S&L Signmakers Limited (previously Signs & Labels Limited), Safetyshop Limited, Safetyshop.co.uk Limited, Focal Signs Limited, Focal Display Limited and Southern Sign Systems Limited, all of which were dormant companies at 4 December 2004 and are incorporated in Great Britain.

12 Stocks

	Group and Company 2004 £'000	Group 2003 £'000
Raw materials and consumables	97	110
Work in progress	43	10
Finished goods and goods for resale	349	284
	489	404

13 Debtors

	Group		Company	
Amounts falling due within one year:	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Trade debtors	2,907	2,604	2,907	-
Amounts owed by subsidiary undertakings	-	-	162	172
Other debtors and prepayments	192	270	192	-
Deferred taxation (note 17)	35	48	35	-
	3,134	2,922	3,296	172

Included in group and company other debtors is an amount of £31,000 which falls due after one year (2003 £44,000).

Signs & Labels Limited (formerly Signs & Labels Group Limited)

14 Creditors: amounts falling due within one year

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Bank overdraft	913	922	913	-
Loans (note 16)	250	250	250	-
Other borrowings (note 20)	-	15	-	-
Trade creditors	1,826	1,842	1,826	-
Amounts due to group undertakings	-	-	7,987	582
Obligations under finance leases and hire purchase contracts (note 20)	9	97	9	-
Corporation tax	272	19	272	-
Other taxation and social security	564	456	564	-
Other creditors	41	97	41	97
Accruals and deferred income	474	421	472	-
Dividend payable	605	847	605	847
	4,954	4,966	12,939	1,526

The bank overdraft is secured by a floating charge over trade debtors. Details of loans are given in note 16.

Dividends payable related to the following financial periods:

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Year ended 30 November 2001	26	290	26	290
Year ended 30 November 2002	34	258	34	258
Year ended 30 November 2003	155	299	155	299
53 weeks ended 4 December 2004	390	-	390	-
	605	847	605	847

Signs & Labels Limited (formerly Signs & Labels Group Limited)

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Loans (note 16)	380	630	380	-
Obligations under finance leases and hire purchase contracts (note 20)	2	8	2	-
	382	638	382	-

16 Loans

	Group £'000	Company £'000
At 1 December 2003	880	-
Transferred from subsidiary on 1 December 2003	-	880
Capital repayments in the year	(250)	(250)
At 4 December 2004	630	630

	2004 Group and Company £'000	2003 Group £'000
Term loan		
Repayable as follows:		
Less than one year	250	250
Between one and two years	265	250
Between two and five years	115	380
	630	880

The term loan of £630,000 is repayable in quarterly instalments in less than five years and is secured by a floating charge over the assets of the company. Interest is payable at 2.5% above LIBOR.

Signs & Labels Limited (formerly Signs & Labels Group Limited)

17 Provision for liabilities and charges

Deferred taxation

There is no liability to deferred taxation.

The deferred taxation asset recognised in the financial statements is as follows:

	Group & Company 2004 £'000	Group 2003 £'000
Tax effect of timing differences because of:		
- Losses and other short term timing differences	(35)	(48)

The company did not have any potential liability in respect of deferred taxation.

The movement in the deferred tax asset comprises:

	Group £'000	Company £'000
At 1 December 2003	(48)	-
Transferred from subsidiary on 1 December 2003	-	(48)
Transferred to the profit and loss account (note 7)	13	13
At 4 December 2004 (note 13)	(35)	(35)

18 Share capital

	2004 £'000	2003 £'000
Authorised, allotted, called up and fully paid		
442,500 ordinary shares of 1p each	4	4
307,500 cumulative convertible participating preferred ordinary shares of 1p each (preferred ordinary shares)	4	4
51,600,000 'A' cumulative redeemable preference shares of 1p each ('A' preference shares)	516	516
2,882,750 'B' cumulative redeemable preference shares of 1p each ('B' preference shares)	29	29
	553	553

An indication of the rights of the various shareholdings is provided below; this is not intended to be exhaustive and reliance should not be placed on it by shareholders. Full details of shareholders' rights are set out in the company's Articles of Association.

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18 Share capital (continued)

Ordinary shares

No dividend shall be paid in respect of the ordinary shares without the consent of the 'B' preference shareholders.

Cumulative convertible participating preferred ordinary shares

The preferred ordinary shareholders are entitled to:

- (a) a fixed cumulative participating dividend equal to the greater of the preferred dividend (8% per annum) and a percentage of the profits of the company, as adjusted in accordance with the Articles of Association;
- (b) an amount equal to any dividend declared in respect of the ordinary shares.

These dividends rank below the 'A' and 'B' preference share dividends. Preferred ordinary shareholders do not have any voting rights. In the event of a listing on a recognised stock exchange or sale of these shares, the preferred ordinary shares shall be converted into fully paid ordinary shares. In the event of a winding up, arrears of preferred ordinary dividends have fifth priority and capital repayment of preferred ordinary shares has sixth priority.

Special shares

The special shareholders have no dividend entitlement or rights to vote in general meetings.

Cumulative redeemable preference shares ('A' and 'B' preference shares)

The 'A' preference shareholders are entitled to a first priority annual fixed dividend of 0.06p per share, equivalent to 6% of the issue price. The 'B' preference shareholders are entitled to a second priority annual fixed dividend of 8p per share, equivalent to 8% of the issue price.

The 'A' preference shares and 'B' preference shares are due for redemption, subject to the company meeting predetermined profit and liquidity tests, no later than as follows:

Date	'A' preference shares		'B' preference shares	
	Number	£000	Number	£000
30 April 2004	23,500,000	235	-	-
4 December 2004	28,100,000	281	-	-
4 December 2005	-	-	576,550	6
4 December 2006	-	-	576,550	6
4 December 2007	-	-	576,550	6
4 December 2008	-	-	576,550	5
4 December 2009	-	-	576,550	6
	51,600,000	516	2,882,750	29

The company has the right to redeem 'A' preference shares and 'B' preference shares at earlier dates. 'A' and 'B' preference shareholders do not have any voting rights. All outstanding 'A' and 'B' preference shares become redeemable in the event of a change in control over the company.

In the event of a winding up, arrears of dividends of 'A' preference shares have first priority, arrears of dividends of 'B' preference shares have second priority, capital repayment of 'A' preference shares has third priority and capital repayment of 'B' preference shares has fourth priority.

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19 Reserves and reconciliation of movement in shareholders' funds

Group	Share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 1 December 2003					
- as previously reported	553	3,199	683	(4,096)	339
- restatement of ESOT investment	-	-	-	(162)	(162)
- as restated	553	3,199	683	(4,258)	177
Profit for the financial year	-	-	-	723	723
Dividends	-	-	-	(406)	(406)
At 4 December 2004	553	3,199	683	(3,941)	494

Cumulative goodwill arising prior to 1998, which has been eliminated against reserves, amounts to £4,081,000 (2003:£4,081,000).

The ESOT owns 52,500 ordinary 1p shares in the company. These shares were acquired in exchange for shares in S & L Signmakers Limited (formerly Signs & Labels Limited), which were themselves funded by a loan from S & L Signmakers Limited to the ESOT, which is repayable on demand. They are held for the purpose of granting options to the directors and employees of S & L Signmakers Limited. In accordance with UITF 38 the carrying value of these shares has been deducted from reserves as a prior year adjustment.

Company	Share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 4 December 2003	553	3,199	683	26	4,461
Profit for the financial year	-	-	-	518	518
Dividends	-	-	-	(406)	(406)
At 4 December 2004	553	3,199	683	138	4,573

Analysis of non-equity shareholders' funds

	2004	2003
	£'000	£'000
Cumulative convertible participating ordinary shares:		
Nominal value	3	3
Share premium	304	304
'A' cumulative redeemable preference shares:		
Nominal value	517	517
Share premium	-	-
'B' cumulative redeemable preference shares:		
Nominal value	29	29

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Share premium	2,853	2,853
	3,706	3,706

20 Financial commitments

At 4 December 2004 annual commitments under operating leases were as follows:

	Group & Company 2004		Group 2003	
	Building rentals	Other	Building rentals	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	-	40	-	29
Between two to five years	-	133	54	101
After five years	257	-	230	-
	257	173	284	130

Obligations under finance leases

At 4 December 2004, net obligations under finance leases were payable as follows:

	2004	2003
	£'000	£'000
Within one year	9	97
In more than one year, but not more than five years	2	8
	11	105

The movement in the net obligations under finance leases may be analysed as:

	2004	2003
	£'000	£'000
Capital amounts repaid	(94)	(186)

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20 Financial commitments (continued)

Other borrowings

Other borrowings represent an unsecured loan which was repaid in the year.

	2004	2003
	£'000	£'000
In one to two years	-	-
In more than two years but not more than five years	-	-
Amounts falling due after more than one year	-	-
Within one year	-	15
Total	-	15

The movement in other borrowings may be analysed as:

	2004	2003
	£'000	£'000
Capital amounts paid	(15)	(35)

21 Reconciliation of operating profit to net cash inflow from operating activities

	2004	2003
	£'000	£'000
Operating profit	1,196	491
Profit on disposal of tangible fixed assets	(15)	(7)
Depreciation of tangible fixed assets	231	281
Amortisation of goodwill	94	95
(Increase)/decrease in debtors	(225)	80
(Decrease)/increase in trade creditors	(16)	210
Increase/(decrease) in other creditors	54	(63)
Increase/(decrease) in other taxation and social security	108	(36)
Increase in stock	(85)	(35)
Net cash inflow from operating activities	1,342	1,016

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22 Reconciliation of net cash flow to movement in net debt

	£'000
Net debt at 1 December 2003	(1,916)
Increase in cash in the year	4
Movement in borrowings and finance leases	359
Net debt at 4 December 2004	(1,553)

23 Analysis of changes in net debt

	At 4 December 2003 £'000	Cash flows £'000	At 4 December 2004 £'000
Cash			
Cash at bank and in hand	6	(5)	1
Bank overdraft	(922)	9	(913)
	(916)	4	(912)
Debt			
Finance leases	(105)	94	(11)
Loans falling due in less than one year	(250)	-	(250)
Loans falling after one year	(630)	250	(380)
Other borrowings falling due in less than one year	(15)	15	-
	(1,000)	359	(641)
Net debt	(1,916)	363	(1,553)

24 Pension commitments

The group pension schemes cover the obligations to provide pensions to eligible employees.

The schemes are defined contribution money purchase schemes and monies deducted from employees and paid to the scheme are charged to the profit and loss account as the liability arises. The amounts charged to profit and loss are shown in note 5.

25 Related party transactions

Barclays Private Equity and 3i Group plc, hold 100% of the company's issued 'B' preference shares and 98% of the company's preferred ordinary shares. The directors consider that the investment of Barclays Private Equity and 3i Group plc are held in their normal course of business as a provider of finance and that their influence over the company's financial and operating policies is limited. Accordingly, the directors consider that these investors should not be regarded as the ultimate controlling party, as defined in FRS 8.