

C3 IMAGING (GLASGOW) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2005

(Registered Number SC239943)



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C3 IMAGING (GLASGOW) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

CONTENTS	Page
Directors' Report	1
Independent Auditors' Report	2
Profit and Loss Account	3
Balance Sheet	4
Notes to the Financial Statements	5 11

C3 IMAGING (GLASGOW) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

COMPANY INFORMATION

DIRECTORS:

B Molloy
P Wynne
D O'Dowda
C McRobert

SECRETARY AND REGISTERED OFFICE:

P Wynne
126 Hydepark Street
Glasgow
G3 8BW

COMPANY NUMBER:

SC239943

AUDITORS.

haysmacintyre
Fairfax House
15 Fulwood Place
London
WC1V 6AY

C3 IMAGING (GLASGOW) LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their first report and the audited financial statements for the year ended 31 December 2005

PRINCIPAL ACTIVITY

The principal activity of the company is the provision of colour reprographics and digital imaging

REVIEW OF THE BUSINESS

The directors are satisfied with the performance of the company in the year. The company's trade assets and undertakings were transferred to C3 Imaging Limited on 31 December 2005 (see note 19) at which time the company ceased to trade and became a non trading, dormant Company

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 3. No dividend has been paid in the year and the directors do not propose the payment of a final dividend for the year

DIRECTORS

The directors of the company during the year were as follows

B. Molloy
P. Wynne
C. McRobert
D. O'Dowda

None of the directors held shares in the company during the year. B. Molloy is a director of The Kelvinside Group Limited, the ultimate parent company, and his interest in the share capital of that company are shown in its financial statements. P. Wynne holds 56,500 £3 ordinary shares and 25,000 £2.01 deferred ordinary shares in The Kelvinside Group Limited at 31 December 2005.

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 year. 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

AUDITORS

Messrs Haysmacintyre have expressed their willingness to continue in office

BY ORDER OF THE BOARD

P. Wynne
Secretary

25 April 2006

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
C3 IMAGING (GLASGOW) LIMITED**

We have audited the financial statements of C3 Imaging (Glasgow) Limited for the year ended 31 December 2005 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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

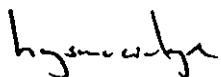
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985.


haysmacintyre
Chartered Accountants
Registered Auditors

Fairfax House
15 Fulwood Place
London
WC1V 6AY

25 April 2006

C3 IMAGING (GLASGOW) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 £ Discontinued	2004 £
TURNOVER	2	473,884	368,845
Cost of sales		(232,016)	(215,681)
GROSS PROFIT		241,868	153,164
Distribution expenses		(8,701)	(11,452)
Administrative expenses		(235,523)	(234,258)
OPERATING LOSS	3	(2,356)	(92,546)
Net interest payable	5	(9,898)	(3,763)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(12,254)	(96,309)
Taxation	6	3,730	31,307
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(8,524)	(65,002)
RETAINED LOSS BROUGHT FORWARD		(90,916)	(25,914)
RETAINED LOSS CARRIED FORWARD		<u>£(99,440)</u>	<u>£(90,916)</u>

All recognised gains and losses are included in the profit and loss account

The notes of pages 5 to 11 form part of these financial statements

C3 IMAGING (GLASGOW) LIMITED**BALANCE SHEET****AT 31 DECEMBER 2005**

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	7		65,979
CURRENT ASSETS			
Deferred tax	12		2,098
Stocks & WIP	8		15,862
Debtors	9		96,697
Cash at bank and in hand			111
			114,768
CREDITORS amounts falling due within one year	10	(99,438)	(194,384)
NET CURRENT LIABILITIES		(99,438)	(79,616)
TOTAL ASSETS LESS CURRENT LIABILITIES		(99,438)	(13,637)
CREDITORS amounts falling due after more than one year	11		(77,277)
NET LIABILITIES		£(99,438)	£(90,914)
CAPITAL AND RESERVES			
Called up share capital	13	2	2
Profit and loss account		(99,440)	(90,916)
SHAREHOLDERS' DEFICIT	14	£(99,438)	£(90,914)

The financial statements were approved by the Board of directors on 25 April 2006 and signed on its behalf by


C McRobert
Director


B Molloy
Director

The notes on pages 5 to 11 form part of these financial statements

C3 IMAGING (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention

The financial statements have been prepared on a going concern basis assuming that the parent company will continue to provide the necessary facilities to enable the company to continue to trade and meet its liabilities as they fall due

(b) Turnover

Turnover represents the amount derived from the company's activities after deduction of trade discounts and value added tax

(c) Depreciation

Depreciation of fixed asset is calculated to write off their cost less any residual value over their estimated useful lives as follows

Leasehold additions	over the remaining year of lease
Plant and equipment	20% 50% straight line basis

(d) Lease and Hire Purchase Contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the year of the lease in such a way as to give a reasonably constant charge on the outstanding liability. Rentals paid under operating leases are charged to the profit and loss account as incurred

(e) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal

(f) Deferred Taxation

Deferred taxation is provided using the full provision method to take account of timing differences between the treatment of certain items for accounting purposes and their treatment for tax purposes. Tax deferred or accelerated is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

(g) Cash Flow Statement

The directors have taken advantage of the exemptions available in Financial Reporting Standard No. 1 and have chosen not to present a cash flow statement on the grounds that the company is a wholly owned subsidiary undertaking of the Kelvininside Group Limited, who's consolidated accounts are filed with the Registrar of Companies

2. TURNOVER

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK

C3 IMAGING (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

3. OPERATING LOSS	2005	2004
	£	£
Operating loss is stated after charging		
Auditors' remuneration Audit	3,456	2,750
Other	204	200
Operating lease rentals – land and buildings	8,050	17,684
Depreciation of tangible fixed assets (note 7)		
Owned Assets	37,026	31,861
Leased Assets	6,667	
	<u> </u>	<u> </u>
4. DIRECTORS AND EMPLOYEES	2005	2004
	£	£
Staff costs (including directors) were		
Wages and salaries	147,788	163,314
Social security costs	15,215	15,470
Pension Costs	2,875	
	<u> </u>	<u> </u>
	£165,878	£178,784
	<u> </u>	<u> </u>
Average monthly number employed including executive directors	No.	No.
Production staff	5	4
Administration	3	3
	<u> </u>	<u> </u>
	8	7
	<u> </u>	<u> </u>
	£	£
Directors' Emoluments:		
Remuneration	£49,002	£28,521
	<u> </u>	<u> </u>
5. INTEREST PAYABLE	2005	2004
	£	£
Bank loans and overdrafts	7,191	3,763
Finance Lease and HP Contracts	2,707	
	<u> </u>	<u> </u>
	£9,898	£3,763
	<u> </u>	<u> </u>

C3 IMAGING (GLASGOW) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

6. TAX ON ORDINARY ACTIVITIES	2005	2004
	£	£
(a) Analysis of tax charge for the year:		
UK Corporation tax at current rates	141	(25,740)
Under provision in previous years	(488)	1,225
Total current tax (note (b))	(347)	(24,515)
Deferred tax (Note 12)	(3,383)	(6,792)
Tax charge on ordinary activities	<u>£(3,730)</u>	<u>£(31,307)</u>
(b) Factors affecting tax charge for year:		

The corporation tax assessed for the year is different from the full rate of corporation tax in the UK of 30%. The differences are explained below

	2005	2004
	£	£
Loss on ordinary activities before tax	<u>£(12,254)</u>	<u>£(96,309)</u>
Loss on ordinary activities before tax multiplied by the full rate of corporation tax in the UK of 30%	(3,676)	(28,893)
Effects of		
Expenses not deductible for tax purposes	974	166
Capital allowances for the year less than of depreciation	2,843	2,987
Adjustment in respect of prior years	(488)	
Current tax charge for the year (note (a))	<u>£(347)</u>	<u>£(25,740)</u>

7. TANGIBLE FIXED ASSETS	Leasehold Additions	Plant and Equipment	Total
	£	£	£
Cost			
At 1 January 2005	32,012	72,767	104,779
Transferred on Group Reorganisation	(43,542)	(139,764)	(183,306)
Additions	11,530	66,997	78,527
At 31 December 2005			
Depreciation			
At 1 January 2005	12,399	26,401	38,800
Provided for the year	14,218	29,475	43,693
Transferred on Group Reorganisation	(26,617)	(55,876)	(82,493)
At 31 December 2005			
Net Book Value			
At 31 December 2005	<u>£</u>	<u>£</u>	<u>£</u>
At 31 December 2004	<u>£19,613</u>	<u>£46,366</u>	<u>£65,979</u>

C3 IMAGING (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2005

8.	STOCKS	2005	2004
		£	£
	Raw materials		13,751
	Work in progress		2,111
		<u>£</u>	<u>£15,862</u>
9.	DEBTORS	2005	2004
		£	£
	Trade debtors		63,007
	Amounts owed by group undertakings		62
	Corporation tax losses		25,740
	Prepayments		7,888
		<u>£</u>	<u>£96,697</u>
10.	CREDITORS: amounts falling due within one year	2005	2004
		£	£
	Trade creditors		48,130
	Amount owed to group undertakings	99,438	25,989
	Bank overdraft		99,352
	Other taxation and social security		4,392
	Accruals and deferred income		14,941
	Obligations to finance leases and hire purchase contracts		1,580
		<u>£99,438</u>	<u>£194,384</u>
11	CREDITORS: amounts falling due after more than one year	2005	2004
		£	£
	Amount owed to parent company		70,957
	Obligations to finance leases and hire purchase contracts		6,320
		<u>£</u>	<u>£77,277</u>

C3 IMAGING (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2005

12. PROVISIONS FOR LIABILITIES AND CHARGES	2005	2004
	£	£
The provision deferred taxation is based on a corporation tax rate of 30%		
The movement in deferred taxation in the year is as follows		
Balance at 1 January	(2,098)	4,694
Charge to the profit and loss account	(3,383)	(6,792)
Transfer on group re organisation	5,481	
Balance at 31 December	<u>£</u>	<u>£(2,098)</u>
13. CALLED UP SHARE CAPITAL	2005	2004
	£	£
Authorised:		
100 Ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
Allotted called up and fully paid:		
2 Ordinary shares of £1 each	<u>£2</u>	<u>£2</u>
14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2005	2004
	£	£
Loss for the year after taxation	(8,524)	(65,002)
Net movements in shareholders' funds	(8,524)	(65,002)
Opening shareholder's funds	(90,914)	(25,912)
Closing shareholders' funds	<u>£(99,438)</u>	<u>£(90,914)</u>
15. CONTINGENT LIABILITIES AND GUARANTEES		
The company in common with the other members of The Kelvinside Holdings Limited Group has entered into cross guarantees in respect of the loan facilities granted to the Group by the consortium of banks led by IIB Bank Limited in an amount of £7,142,298 (2004 £8,481,907) of which £6,542,298 (2004 £7,881,907) was outstanding at 31 December 2005. These cross guarantees are supported by fixed and floating charges over the assets of the company.		
Included in the IIB Bank Limited facilities is a guarantee £600,000 (2004 £600,000) issued to the NatWest Bank in respect of Group overdraft facilities amounting to £800,000 (2004 £800,000) of which £Nil (2004 £Nil) was drawn at 31 December 2005.		
16. ULTIMATE PARENT UNDERTAKING		
The company's ultimate parent undertaking is The Kelvinside Group Limited, a company registered and incorporated in England and Wales.		

C3 IMAGING (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2005

17. RELATED PARTY TRANSACTIONS

The company has had related party dealings with the companies listed below. Each of these companies are wholly owned subsidiaries of The Kelvininside Group Limited, the company's ultimate holding company. The related party transactions were all arms length normal course of trading dealings.

Company	Sales to Group Companies		Purchases from Group Companies	
	2005 £	2004 £	2005 £	2004 £
C3 Imaging (Nottingham) Limited			60	
C3 Imaging (Liverpool) Limited	5,143		1,465	10,292
C3 Imaging (Manchester) Limited	650		9,070	9,037
C3 Imaging (London City) Limited			360	220
C3 Imaging (Bristol) Limited			281	631
C3 Imaging (Newcastle) Limited	234	28	8,098	18,543
C3 Imaging (Dublin) Limited	315		0	291
C3 Imaging (Cardiff) Limited	16	25	52	
RAS Cards Limited				299
C3 Imaging (Colchester) Limited	290		31,685	1,679
	<u>£6,648</u>	<u>£53</u>	<u>£51,071</u>	<u>£40,992</u>
	Debtors		Creditors	
	2005 £	2004 £	2005 £	2004 £
C3 Imaging Limited			99,438	
C3 Imaging (Dublin) Limited				329
C3 Imaging (Manchester) Limited				1,074
C3 Imaging (Liverpool) Limited				1,660
C3 Imaging (Bristol) Limited				15,781
C3 Imaging (Newcastle) Limited		33		3,552
C3 Imaging (Cardiff) Limited		29		
Kelvininside Group Limited				3,593
	<u>£</u>	<u>£62</u>	<u>£99,438</u>	<u>£25,989</u>

No amount was owed to the holding company, The Kelvininside Group Limited at 31 December 2005 (2004 £70,957).

18. COMMITMENTS UNDER OPERATING LEASES

As at 31 December 2005, the company had annual commitments under non-cancellable operating leases as set out below:

	2005		2004	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating leases which expire				
In two to five years	<u>£</u>	<u></u>	<u>£17,500</u>	<u></u>

C3 IMAGING (GLASGOW) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2005

19. GROUP RE-ORGANISATION

The Companies trade assets & undertakings were transferred to C3 Imaging Ltd under the group re organisation of 31 December 2005 at which time the company ceased to trade and became a dormant company. The assets and the amounts at which they were transferred were

	£
Net Fixed Assets	100,813
Stocks Raw Materials	6,756
Trade Debtors	83,118
Corporation Tax	(141)
Amounts owed by group undertakings	524
Prepayments	4,688
Cash	4
Hire Purchase Obligations due within 1 year	(17,709)
Trade Creditors	(35,950)
Bank Overdraft	(66,962)
Amounts owed to group undertakings	(34,786)
Amounts owed to Parent Undertaking	(93,223)
Other taxation and social security	(10,822)
Accruals	(12,603)
Hire purchase obligations greater than 1 year	(28,628)
Deferred tax (asset)	5,481
Net total of liabilities transferred	<u>£(99,440)</u>