

DIXON EUROPE LIMITED  
(abbreviated accounts)

Year ended

30 September 1997



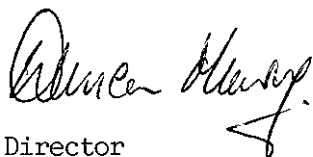
Registered Number : 01675685

## Balance sheet at 30 September 1997

	Note	£	1997	£	£	1996	£
<b>Fixed assets</b>							
Tangible assets	2		32,358			21,247	
<b>Current assets</b>							
Stocks		215,357		215,213			
Debtors -due within one year		168,465		135,725			
Cash at bank and in hand		64,492		25,999			
			448,314		376,937		
<b>Creditors: amounts falling due within one year</b>			39,522		28,420		
<b>Net current assets</b>			408,792		348,517		
<b>Total assets less current liabilities</b>			441,150		369,764		
<b>Creditors: amounts falling due after more than one year</b>	3		1,405,201		1,391,859		
<b>Net liabilities</b>			(964,051)		(1,022,095)		
<b>Capital and reserves</b>							
Called up share capital	5		640		640		
Share premium account			263,196		263,196		
Profit and loss account			(1,227,887)		(1,285,931)		
<b>Shareholders' funds (all equity)</b>			(964,051)		(1,022,095)		

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small sized companies.

These financial statements were approved by the Board on 12th February 1998



Director

The notes on pages 2 to 5 form part of these financial statements

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following accounting policies have been applied:

Turnover represents sales to external customers at invoiced amounts less value added tax.

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, over their expected useful lives. It is calculated at the following rates:

### Cash Flow Statement

Cash flow statements have not been prepared in accordance with the exemption provided under Financial Reporting Standard (FRS)1.

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

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are recorded at the average exchange rate at the date of the transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transactions is dealt with through the profit and loss account.

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

## 2 Tangible fixed assets

	Plant and machinery etc £
<i>Cost or valuation</i>	
At 1 October, 1996	57,057
Additions	30,604
Disposals	(22,650)
	<hr/>
At 30 September, 1997	65,011
	<hr/>
<i>Depreciation</i>	
At 1 October, 1996	35,810
Provided for the year	9,323
Disposals	(12,480)
	<hr/>
At 30 September, 1997	32,653
	<hr/>
<i>Net book value</i>	
30 September, 1997	<u>32,358</u>
30 September, 1996	<u>21,247</u>

## 3 Creditors: amounts falling due after more than one year

	1997 £	1996 £
Amounts owed to Dixon Ticonderoga Company	1,405,201	1,391,859
	<u>1,405,201</u>	<u>1,391,859</u>

## 4 Related party transactions

During the year the company entered into the following transactions with its holding company, Dixon Ticonderoga Company:-

The company obtained purchases (including carriage charges) from its holding company in the sum of £442,381.

At 30 September, 1997 the company owed £1,405,201 (1996 £1,391,859) to its holding company.

## 5 Called up share capital

	1997 £	1996 £
<i>Authorised</i>		
Ordinary shares of £1.00 each	1,000	1,000
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1.00 each	640	640
	<u>          </u>	<u>          </u>

## 6 Ultimate holding company and parent undertaking of larger group of which the company is a member

The company's ultimate parent company is Dixon Ticonderoga Company, a company registered in the United States of America.

## 7 Going Concern

The company's trading is substantially funded by a loan from its parent company. The loan has no fixed term of repayment. The loan is detailed at note 9 to the financial statements.

The parent company has provided a written undertaking that it will not withdraw this loan without first safeguarding the company's future as a going concern and that it will ensure that funds are made available to the company to enable its debts to be paid as they fall due. This continued support is fundamental to the company's future trading. The written confirmation from the parent company is not legally binding.

In the opinion of the directors, this parent company undertaking has been given in good faith and will be honoured. These financial statements have accordingly been drawn up on a going concern basis.

Report of the auditors

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Auditors' report to DIXON EUROPE LIMITED under section 247B  
of the Companies Act 1985

We have examined the abbreviated accounts on pages 1 to 5 together with the financial statements of the company for the year ended 30 September 1997 prepared under section 226 of the Companies Act 1985.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and 246(6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**BASIS OF OPINION**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

**OPINION**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and 246(6) of the Companies Act 1985, and the abbreviated accounts on pages 1 to 5 are properly prepared in accordance with those provisions.

**OTHER MATTERS**

Our report on the full financial statements of the company for the year ended 30 September 1997 contained the following explanatory paragraph in respect of the fundamental uncertainty which is described at note 7 on page 5 of these abbreviated accounts.

**"Fundamental Uncertainty**

In forming our opinion, we have considered the adequacy of the disclosures made at note 14 in the financial statements regarding the availability of continued support from the holding company. The financial statements have been prepared on a going concern basis, which depends upon this future support. The financial statements do not include any adjustments that would result from the withdrawal of this support. Our opinion is not qualified in this respect."

*BDO Stoy Hayward*

**BDO STOY HAYWARD**  
*Chartered Certified Accountants  
and Registered Auditor  
Peterborough*

12 February 1998