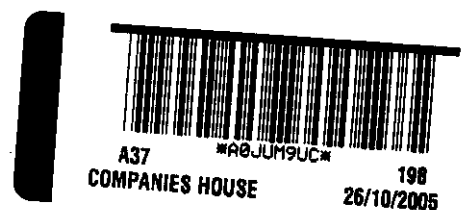


736637

**John Libbey Eurotext Limited**  
**Reports and Financial Statements**  
**for the year ended**  
**31st December 2004**

**RICHES**  
& COMPANY  
CHARTERED  
ACCOUNTANTS



# **John Libbey Eurotext Limited**

## **Reports and financial statements**

**Director** G. A. Cahn

**Secretary** C. Cahn

**Registered office** 42 – 46 High Street  
Esher,  
Surrey,  
KT10 9QY.

**Company number** 1736668

<b>Contents</b>	<b>Page</b>
Director's report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes	7 - 12

# John Libbey Eurotext Limited

## Director's report

The director has pleasure in presenting his report, together with the audited financial statements for the year ended 31st December 2004.

### Principal activity

The principal activity of the company in the year under review was that of production and distribution of books and magazines in Europe, primarily in France.

### Review of business and future developments

The company operates from offices in Paris. A summary of the results of the year's trading is given in the profit and loss account on page 4 of the financial statements. The director considers the state of the company's affairs, as disclosed by the balance sheet, to be satisfactory. No changes are planned in the company's operations in the foreseeable future.

### Dividends

A dividend of £nil is proposed in respect of the period (2003 - £215,394).

### Director

The director who held office during the year, together with his beneficial interests in the share capital of the company, was as follows:

	Ordinary £1 shares	
	2004	2003
G. A. Cahn	1,000	1,000

### Director's responsibilities

Company law requires the director to prepare financial statements for each financial period 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 period. In preparing those financial statements, the director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

## John Libbey Eurotext Limited

### Director's report (continued)

#### Auditors

Riches & Company have signified their willingness to continue in office, and will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

On behalf of the Board

G. A. Cahn  
Director



Date of approval

*16 Oct 1995*

## **Independent auditors' report to the shareholders of John Libbey Eurotext Limited**

We have audited the financial statements of John Libbey Eurotext Limited on pages 4 to 12 for the year ended 31st December 2004. These financial statements have been prepared under the historical cost convention and 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 the director and auditors**

As described in the statement of director's responsibilities on page 1 the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's 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 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 director 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 31st December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Date of approval

10 October 2005

  
**Riches & Company**  
 Chartered Accountants  
 Registered Auditor

# John Libbey Eurotext Limited

## Profit and loss account Year ended 31st December 2004

	Notes	2004 £	2003 £
Turnover	2	4,318,567	3,879,960
Cost of sales		(2,884,430)	(2,578,824)
<b>Gross profit</b>		<b>1,434,137</b>	<b>1,301,136</b>
Administrative expenses		(903,005)	(672,346)
<b>Operating profit</b>	3(a)	<b>531,132</b>	<b>628,790</b>
Interest receivable and similar income	3(b)	28,961	51,338
Interest payable and similar charges	3(c)	(18,716)	(6,749)
<b>Profit on ordinary activities before taxation</b>	3	<b>541,377</b>	<b>673,379</b>
French taxation expense	6	(220,138)	(230,575)
<b>Profit on ordinary activities before UK taxation</b>		<b>321,239</b>	<b>442,804</b>
Taxation	6	-	-
<b>Profit on ordinary activities after taxation</b>		<b>321,239</b>	<b>442,804</b>
Retained profits brought forward		707,314	479,904
Proposed dividend		-	(215,394)
<b>Retained profits carried forward</b>		<b>£1,028,553</b>	<b>£707,314</b>

All amounts relate to continuing operations.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

# John Libbey Eurotext Limited

## Balance sheet as at 31st December 2004

	Note	2004		2003	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		104,004		97,758
<b>Current assets</b>					
Stock	8	31,223		54,046	
Debtors	9	1,299,697		1,405,846	
Cash at bank and in hand		1,407,741		1,584,537	
		2,738,661		3,044,429	
<b>Creditors: amounts falling due within one year</b>	10(a)	(1,797,770)		(2,426,674)	
<b>Net current assets</b>			940,891		617,755
<b>Total assets less current liabilities</b>			1,044,895		715,513
<b>Creditors: amounts falling due after more than one year</b>	10(b)		(15,342)		(7,199)
			£1,029,553		£708,314
<b>Capital and reserves</b>					
Called up share capital	11		1,000		1,000
Profit and loss account			1,028,553		707,314
<b>Shareholders' funds</b>	13		£1,029,553		£708,314

Approved by the board on 10 October 2005

G. A. Cahn  
Director



# John Libbey Eurotext Limited

## Cash flow statement Year ended 31st December 2004

	Note	2004		2003	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	15		84,152		692,904
<b>Returns on investments and servicing of finance</b>					
Interest received		27,105		24,177	
Interest paid		(1,399)		(2,887)	
		<hr/>		<hr/>	
Net cash inflow from returns on investments and servicing of finance			25,706		21,290
<b>Taxation</b>					
French corporate taxes paid		245,740		77,485	
UK corporation tax paid		-		-	
		<hr/>		<hr/>	
			(245,740)		(77,485)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		40,914		32,811	
		<hr/>		<hr/>	
Net cash outflow from investing activities			(40,914)		(32,811)
			<hr/>		<hr/>
<b>(Decrease)/increase in cash</b>	16		£(176,796)		£603,898
			<hr/> <hr/>		<hr/> <hr/>



# John Libbey Eurotext Limited

## Notes forming part of the financial statements

### 1 Accounting policies

#### (a) Accounting convention

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

#### (b) Turnover

Turnover represents net invoiced sales excluding value added tax.

#### (c) Depreciation

Depreciation is provided at the following annual rates in order to write off the cost of each asset on a reducing balance basis over its estimated useful life:

Furniture and fittings	- 25%
Office equipment	- 25%
Motor vehicles	- 25%
Goodwill	- straight line 50%

#### (d) Stock

Stock is valued at the lower of invoiced cost and net realisable value.

Cost includes all direct expenditure and the basis of calculation is consistent with that of prior periods.

#### (e) Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the director, there is reasonable probability that the liability will not arise in the foreseeable future.

#### (f) Finance and operating leases

Where assets are acquired by leasing arrangements which give rights approximating to ownership, the amount representing the outright purchase price of such assets is included in tangible fixed assets. The capital element of future rentals is treated as a liability and the interest element is charged to the profit and loss account over the period of the lease. The asset is depreciated over the shorter of its estimated useful life and the term of the lease.

Leasing charges in respect of operating leases are recognised in the profit and loss account over the lives of the lease agreements as incurred.

#### (g) Foreign currency

The company's books are maintained in Euros and are converted into sterling using the closing rate method. All foreign exchange differences are charged to the profit and loss account for the year.

# John Libbey Eurotext Limited

## Notes (continued)

### 2 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company and arose entirely in Europe.

### 3 Profit on ordinary activities before taxation

	2004 £	2003 £
(a) The operating profit is stated after charging:		
Depreciation	34,668	32,586
Director's remuneration (note 4)	232,937	205,125
Auditors' remuneration	3,000	3,000
Operating lease rentals - land and buildings	65,995	65,834
- other	1,818	1,352
	<hr/>	<hr/>
(b) Interest receivable and similar income:		
Bank interest receivable	27,105	24,177
Foreign exchange gains	1,856	27,161
	<hr/>	<hr/>
	£28,961	£51,338
	<hr/>	<hr/>
(c) Interest payable and similar charges comprises:		
Bank interest expense	23	1,936
Hire purchase interest	1,376	949
Foreign exchange losses	17,317	3,864
	<hr/>	<hr/>
	£18,716	£6,749
	<hr/>	<hr/>

### 4 Director's remuneration

	£	£
Management remuneration	213,437	174,991
Director's fees	19,500	30,134
	<hr/>	<hr/>
	£232,937	£205,125
	<hr/>	<hr/>
Chairman and highest paid director	£232,937	£205,125
	<hr/>	<hr/>

# John Libbey Eurotext Limited

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons (including directors) employed by the company during the period was as follows:

	2004 number	2003 number
Production	27	26
Other	8	5
	<hr/>	<hr/>
Total employees	35	31
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	935,217	859,333
Social security costs and welfare charges	449,210	407,854
	<hr/>	<hr/>
	£1,384,427	£1,267,187
	<hr/>	<hr/>

### 6 Taxation

The company is treated as non-resident in the United Kingdom with effect from 1st January 1994. Therefore, only French Corporation taxes are payable.

#### French taxes

	2004 £	2003 £
Main corporate income tax at up to 34.3%(2003 - 34.3%)	190,105	221,658
Other local corporate taxes	7,866	6,273
Fiscal penalties and prior year adjustments	22,167	2,644
	<hr/>	<hr/>
	£220,138	£230,575
	<hr/>	<hr/>

# John Libbey Eurotext Limited

## Notes (continued)

### 7 Tangible fixed assets

	Motor vehicles £	Office equipment furniture and fittings £	Total £
Cost:			
At 1st January 2004	41,465	263,167	304,632
Additions	26,045	14,869	40,914
Disposals	-	(37,462)	(37,462)
	<hr/>	<hr/>	<hr/>
At 31st December 2004	67,510	240,574	308,084
	<hr/>	<hr/>	<hr/>
Depreciation:			
At 1st January 2004	29,519	177,355	206,874
Charge for the year	9,498	25,170	34,668
On disposals	-	(37,462)	(37,462)
	<hr/>	<hr/>	<hr/>
At 31st December 2004	39,017	165,063	204,080
	<hr/>	<hr/>	<hr/>
Net book values:			
At 31st December 2004	£28,493	£75,511	£104,004
	<hr/>	<hr/>	<hr/>
At 31st December 2003	£11,946	£85,812	£97,758
	<hr/>	<hr/>	<hr/>

Included in the above are assets held under finance leases at a net book value of £32,145. Depreciation of £10,715 has been charged on these assets.

### 8 Stock

In the director's opinion the replacement cost of stocks at 31st December 2004 did not differ materially from the amount included in the balance sheet.

### 9 Debtors

	2004 £	2003 £
Trade debtors	1,223,101	1,269,120
Other debtors	64,799	35,756
Prepayments and accrued income	11,797	100,970
	<hr/>	<hr/>
	£1,299,697	£1,405,846
	<hr/>	<hr/>

# John Libbey Eurotext Limited

## Notes (continued)

### 10 Creditors

	2004 £	2003 £
(a) Amounts falling due within one year:		
Amounts received in advance	479,872	1,007,909
Trade creditors	701,823	733,323
Accruals	332,473	272,472
French taxes due	34,470	172,670
Other creditors	23,270	20,020
Hire purchase liabilities	9,940	4,886
Proposed dividend	215,922	215,394
	<u>£1,797,770</u>	<u>£2,426,674</u>
(b) Amounts falling due after more than one year:		
Hire purchase liabilities	<u>£15,342</u>	<u>£7,199</u>

### 11 Called up share capital

	2004	2003
Authorised:		
10,000 ordinary shares of £1 each	<u>£10,000</u>	<u>£10,000</u>
Allotted, called up and fully paid:		
1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>

### 12 Operating leases

At the balance sheet date there were annual commitments under non-cancellable operating leases as follows:

	2004 £	2003 £
<b>Land and buildings</b>		
Expiring in two to five years	£70,888	-
Expiring in more than five years	-	£70,715
	<u></u>	<u></u>

### 13 Movement on shareholders' funds

	2004 £	2003 £
Profit for the year	321,239	227,410
Brought forward	708,314	480,904
	<u></u>	<u></u>
Carried forward	<u>£1,029,553</u>	<u>£708,314</u>

# John Libbey Eurotext Limited

## Notes (continued)

### 14 Controlling party

The director, G. Cahn, holds a controlling interest in the company, being the owner of 100% of the issued share capital.

### 15 Reconciliation of operating profit to net cashflow from operating activities

	2004 £	2003 £
Operating profit	531,132	628,790
Depreciation charges	34,668	32,586
Decrease/(increase) in stocks	22,823	(27,910)
Decrease/(increase) in debtors	131,751	(502,481)
(Decrease)/increase in creditors	(620,761)	538,622
Foreign exchange (loss)/gain realised	(15,461)	23,297
	<hr/>	<hr/>
Net cash inflow from operating activities	£84,152	£692,904
	<hr/>	<hr/>

### 16 Analysis of changes in cash at bank and in hand during the year

	2004 £	2003 £
Balance at 1st January 2004	1,584,537	980,639
Net cash (outflow)/inflow	(176,796)	603,898
	<hr/>	<hr/>
Balance at 31st December 2004	£1,407,741	£1,584,537
	<hr/>	<hr/>