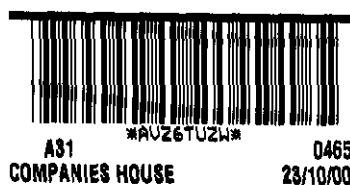


**John Libbey Eurotext Limited**  
**Reports and Financial Statements**  
**for the year ended**  
**31st December 1999**



**RICHES**  
**& COMPANY**  

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**CHARTERED**  
**ACCOUNTANTS**

# John Libbey Eurotext Limited

## Reports and financial statements

Director G. A. Cahn

Secretary C. Cahn

Registered office 43 Dover Street  
London  
W1X 3RE

Company number 1736668

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# **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 1999.

### **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**

No dividend is proposed in respect of the period.

### **Directors**

The directors who held office during the year, together with their beneficial interests in the share capital of the company, were as follows:

31st December 1999  
and 1998  
Ordinary £1 shares

G. A. Cahn

900

### **Year 2000**

The director has assessed the risks to the business. He considers that any problems arising as a result of the millennium change will be adequately resolved under the terms of existing maintenance cover.

### **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:

# John Libbey Eurotext Limited

## Director's report

### Director's responsibilities (continued)

- 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.

### 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

12th October 2000

## **Report of the auditors to the members of**

### **John Libbey Eurotext Limited**

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

#### **Respective responsibilities of director and auditors**

As described on pages 1 and 2 the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of opinion**

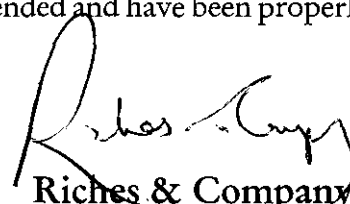
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

12th October 2000



**Riches & Company**  
Chartered Accountants  
Registered Auditor

# John Libbey Eurotext Limited

## Profit and loss account

Year ended 31st December 1999

	Notes	1999 £	1998 £
Turnover	2	2,556,307	2,954,919
Cost of sales		(2,091,349)	(2,402,902)
Gross profit		464,958	552,017
Administrative expenses		(434,891)	(471,144)
Operating profit	3(a)	30,067	80,873
Interest receivable and similar income	3(b)	7,120	15,114
Interest payable and similar charges	3(c)	(3,292)	(10,185)
Profit on ordinary activities before taxation	3	33,895	85,802
French taxation expense	6	(17,070)	(33,946)
Profit on ordinary activities before UK taxation		16,825	51,856
Taxation	6	-	11,551
Profit on ordinary activities after taxation		£16,825	£63,407

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 1999

	Note	1999		1998	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		66,842		54,413
<b>Current assets</b>					
Stock	8	11,951		31,091	
Debtors	9	876,073		1,239,669	
Cash at bank and in hand		499,225		253,307	
		1,387,249		1,524,067	
<b>Creditors: amounts falling due within one year</b>	10(a)	(1,336,776)		(1,478,999)	
<b>Net current assets</b>			50,473		45,068
<b>Total assets less current liabilities</b>			117,315		99,481
<b>Creditors: amounts falling due after more than one year</b>	10(b)		(12,618)		(11,609)
			£104,697		£87,872
<b>Capital and reserves</b>					
Called up share capital	11		1,000		1,000
Profit and loss account			103,697		86,872
<b>Shareholders' funds</b>	13		£104,697		£87,872

Approved by the board on 12th October 2000

G. A. Cahn  
Director



# John Libbey Eurotext Limited

## Cash flow statement Year ended 31st December 1999

	Note	1999		1998	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	15		303,161		(41,636)
<b>Returns on investments and servicing of finance</b>					
Interest received		5,834		14,463	
Interest paid		(2,116)		(2,875)	
Net cash inflow from returns on investments and servicing of finance			3,718		11,588
<b>Taxation</b>					
French corporate taxes paid		17,070		33,946	
UK corporation tax paid		4,276		-	
			(21,346)		(33,946)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		39,615		17,706	
Net cash outflow from investing activities			(39,615)		(17,706)
<b>Increase/(decrease) in cash</b>	16		£245,918		£(81,700)



# 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%

#### (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.

# John Libbey Eurotext Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### (g) Foreign currency

The company's books are maintained in French Francs 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.

### 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

	1999 £	1998 £
(a) The operating profit is stated after charging:		
Depreciation	23,200	18,138
Directors' remuneration (note 4)	129,779	145,436
Auditors' remuneration	2,500	2,500
Operating lease rentals - land and buildings	33,306	36,927
- other	3,765	5,320
	<u>          </u>	<u>          </u>
(b) Interest receivable and similar income:		
Bank interest receivable	5,834	14,463
Foreign exchange gains	1,286	651
	<u>          </u>	<u>          </u>
	£7,120	£15,114
	<u>          </u>	<u>          </u>
(c) Interest payable and similar charges comprises:		
Bank interest expense	90	462
Hire purchase interest	2,026	2,413
Foreign exchange losses	1,176	7,310
	<u>          </u>	<u>          </u>
	£3,292	£10,185
	<u>          </u>	<u>          </u>

# John Libbey Eurotext Limited

## Notes (continued)

### 4 Directors' remuneration

	£	£
Management remuneration	£129,779	£145,436
Chairman and highest paid director	£129,779	£145,436

### 5 Staff numbers and costs

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

	1999 number	1998 number
Production	22	20
Other	5	5
Total employees	27	25

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	545,339	569,753
Social security costs and welfare charges	271,613	281,472
	£816,952	£851,225

### 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.

# John Libbey Eurotext Limited

## Notes (continued)

### 6 Taxation (continued)

#### French taxes

	1999	1998
	£	£
Main corporate income tax at up to 36.7%(1998 - 36.7%)	18,537	30,480
Other local corporate taxes	5,293	1,661
Fiscal penalties and prior year adjustments	(6,760)	1,805
	<u>£17,070</u>	<u>£33,946</u>

### 7 Tangible fixed assets

	Motor vehicles £	Office equipment furniture and fittings £	Total £
Cost:			
At 1st January 1999	26,456	169,689	196,145
Additions	-	39,615	39,615
Disposals	-	(58,267)	(58,267)
	<u>26,456</u>	<u>151,037</u>	<u>177,493</u>
At 31st December 1999	26,456	151,037	177,493
Depreciation:			
At 1st January 1999	15,490	126,242	141,732
Charge for the year	2,741	20,459	23,200
On disposals	-	(54,281)	(54,281)
	<u>18,231</u>	<u>92,420</u>	<u>110,651</u>
At 31st December 1999	18,231	92,420	110,651
Net book values:			
At 31st December 1999	<u>£8,225</u>	<u>£58,617</u>	<u>£66,842</u>
At 31st December 1998	<u>£10,966</u>	<u>£43,447</u>	<u>£54,413</u>

Included in the above are assets held under finance leases at a net book value of £46,963. Depreciation of £9,365 has been charged on these.

# John Libbey Eurotext Limited

## Notes (continued)

### 8 Stock

In the director's opinion the replacement cost of stocks at 31st December 1999 did not differ materially from the amount included in the balance sheet.

### 9 Debtors

	1999 £	1998 £
Trade debtors	740,909	1,103,771
Other debtors	12,943	14,878
Prepayments and accrued income	122,221	121,020
	<u>£876,073</u>	<u>£1,239,669</u>

### 10 Creditors

	1999 £	1998 £
(a) Amounts falling due within one year:		
Amounts received in advance	537,579	508,847
Trade creditors	481,931	610,588
UK Corporation tax	-	4,275
Accruals	129,118	126,861
French taxes due	89,140	129,028
Other creditors	90,178	90,182
Hire purchase liabilities	8,830	9,218
	<u>£1,336,776</u>	<u>£1,478,999</u>
(b) Amounts falling due after more than one year:		
Hire purchase liabilities	<u>£12,618</u>	<u>£11,609</u>

# John Libbey Eurotext Limited

## Notes (continued)

### 11 Called up share capital

	1999	1998
Authorised:		
10,000 ordinary shares of £1 each	£10,000	£10,000
	<u>          </u>	<u>          </u>
Allotted, called up and fully paid:		
1,000 ordinary shares of £1 each	£1,000	£1,000
	<u>          </u>	<u>          </u>

### 12 Operating leases

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

	1999	1998
	£	£
Land and buildings		
Expiring in more than five years	£33,179	£37,659
	<u>          </u>	<u>          </u>

### 13 Movement on shareholders' funds

	1999	1998
	£	£
Profit for the year	16,825	63,407
Brought forward	87,872	24,465
	<u>          </u>	<u>          </u>
Carried forward	£104,697	£87,872
	<u>          </u>	<u>          </u>

### 14 Controlling party

The director, G. Cahn, holds a controlling interest in the company, being the owner of 90% of the issued share capital.

# John Libbey Eurotext Limited

## Notes (continued)

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

	1999	1998
	£	£
Operating profit	30,067	80,873
Depreciation charges	23,200	18,138
Loss on disposal of fixed asset	3,987	-
Decrease in stocks	19,140	67,283
Decrease/(increase) in debtors	363,596	(393,839)
(Decrease)/increase in creditors	(136,939)	192,568
Foreign exchange gains/(losses) realised	110	(6,659)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	£303,161	£(41,636)
	<hr/>	<hr/>

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

	1999	1998
	£	£
Balance at 1st January 1999	253,307	335,007
Net cash inflow/(outflow)	245,918	(81,700)
	<hr/>	<hr/>
Balance at 31st December 1999	£499,225	£253,307
	<hr/>	<hr/>