

John Libbey Eurotext Limited
Reports and Financial Statements
for the year ended
31st December 1997

RICHES
& COMPANY

CHARTERED
ACCOUNTANTS



John Libbey Eurotext Limited

Reports and financial statements

Directors G. A. Cahn
J. R. Libbey

Secretary C. Cahn

Registered office 43 Dover Street
London
W1X 3RE

Company number 1736668

Contents	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes	6 - 11

John Libbey Eurotext Limited

Directors' report

The directors have pleasure in presenting their report, together with the audited financial statements for the year ended 31st December 1997.

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 directors consider 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

The directors do not recommend the payment of a dividend.

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 1997
and 1996
Ordinary £1 shares

G. A. Cahn	900
J. R. Libbey	-

Directors' responsibilities

Company law requires the directors 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 directors are 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.

John Libbey Eurotext Limited

Directors' report (continued)

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

Riches and 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

20th January 1999.

Report of the auditors to the members of

John Libbey Eurotext Limited

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the company's directors are 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 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 the company's affairs as at 31st December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Date of approval

20th January 1999


Riches & Company
Chartered Accountants
Registered Auditor

John Libbey Eurotext Limited

Profit and loss account year ended 31st December 1997

	Notes	1997 £	1996 £
Turnover	2	2,592,176	2,835,920
Cost of sales		(2,142,259)	(2,347,981)
Gross profit		449,917	487,939
Administrative expenses		(440,023)	(463,865)
Operating profit	3(a)	9,894	24,074
Interest receivable and similar income	3(b)	27,099	34,104
Interest payable and similar charges	3(c)	(3,201)	(2,633)
Profit on ordinary activities before taxation	3	33,792	55,545
French taxation expense		(35,213)	(54,284)
(Loss)/profit on ordinary activities before UK taxation		(1,421)	1,261
Taxation		-	-
(Loss)/profit on ordinary activities after taxation		£(1,421)	£1,261

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 loss for the year stated above, and their historical cost equivalents.

John Libbey Eurotext Limited

Balance sheet at 31st December 1997

	Note	1997		1996	
		£	£	£	£
Fixed assets					
Tangible assets	7		54,845		62,562
Investment	8		-		8,850
			<hr/>		<hr/>
			54,845		71,412
Current assets					
Stock	9	98,374		200,737	
Debtors	10	845,830		1,053,012	
Cash at bank and in hand		335,007		129,398	
		<hr/>		<hr/>	
			1,279,211		1,383,147
Creditors: amounts falling due within one year	11(a)	(1,294,573)		(1,402,764)	
		<hr/>		<hr/>	
Net current liabilities			(15,362)		(19,617)
			<hr/>		<hr/>
Total assets less current liabilities			39,483		51,795
			<hr/>		<hr/>
Creditors: amounts falling due after more than one year	11(b)		(15,018)		(25,909)
			<hr/>		<hr/>
			£24,465		£25,886
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	12		1,000		1,000
Profit and loss account			23,465		24,886
			<hr/>		<hr/>
Shareholders' funds	14		£24,465		£25,886
			<hr/>		<hr/>

Approved by the board on 20th January 1999.

G. A. Cahn
Director



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 of services, 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 directors, 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)

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

	1997 £	1996 £
(a) The operating profit is stated after charging:		
Depreciation	18,283	20,856
Directors' remuneration (note 4)	128,146	136,887
Auditors' remuneration	3,500	3,500
Operating lease rentals - land and buildings	35,063	38,562
- other	4,550	6,034
	<hr/>	<hr/>
(b) Interest receivable and similar income:		
Bank interest receivable	2,700	8,902
Foreign exchange gains	24,399	25,202
	<hr/>	<hr/>
	£27,099	£34,104
	<hr/>	<hr/>
(c) Interest payable and similar charges comprises:		
Bank interest expense	540	198
Hire purchase interest	2,085	1,499
Foreign exchange losses	576	936
	<hr/>	<hr/>
	£3,201	£2,633
	<hr/>	<hr/>

4 Directors' remuneration

	1997	1996
Management remuneration	£128,146	£136,887
	<hr/>	<hr/>
Chairman and highest paid director	£128,146	£136,887
	<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:

	1997 Number	1996 Number
Production	18	17
Other	5	5
	<hr/>	<hr/>
Total employees	23	22
	<hr/>	<hr/>
The aggregate payroll costs of these persons were as follows:		
	£	£
Wages and salaries	512,184	562,814
Social security costs and welfare charges	234,048	252,884
	<hr/>	<hr/>
	£746,232	£815,698
	<hr/>	<hr/>

6 Taxation

The taxation charge arising from the profit on ordinary activities for the period was as follows:

	1997 £	1996 £
UK Corporation tax at 33% (1996 - 33%)		
based on the adjusted results for the year	-	-
Adjustment in respect of prior year	-	-
	<hr/>	<hr/>
	£ -	£ -
	<hr/>	<hr/>
French taxes:		
Main corporate income tax at up to 33.3%	20,377	-
Other local corporate taxes	4,477	8,854
Fiscal penalties and prior year adjustments	10,359	45,430
	<hr/>	<hr/>
	£35,213	£54,284
	<hr/>	<hr/>

John Libbey Eurotext Limited

Notes (continued)

7 Tangible fixed assets

	Motor vehicles £	Office equipment, furniture and fittings £	Total £
Cost:			
At 1st January 1997	26,456	141,417	167,873
Additions	-	10,566	10,566
	<hr/>	<hr/>	<hr/>
At 31st December 1997	26,456	151,983	178,439
	<hr/>	<hr/>	<hr/>
Depreciation:			
At 1st January 1997	6,961	98,350	105,311
Charge for the year	4,874	13,409	18,283
	<hr/>	<hr/>	<hr/>
At 31st December 1997	11,835	111,759	123,594
	<hr/>	<hr/>	<hr/>
Net book values:			
At 31st December 1997	£14,621	£40,224	£54,845
	<hr/>	<hr/>	<hr/>
At 31st December 1996	£19,495	£43,067	£62,562
	<hr/>	<hr/>	<hr/>

Included in the additions above are assets held under finance leases at a cost of £44,024. Depreciation of £8,386 has been charged on these.

8 Investment

This represented the cost of shares in a 100% owned subsidiary company, John Libbey CIC s.r.l. The investment was written off during the year as the subsidiary has been liquidated.

9 Stock

In the directors' opinion the replacement cost of stocks at 31st December 1997 did not differ materially from the amount included in the balance sheet.

John Libbey Eurotext Limited

Notes (continued)

10 Debtors

	1997 £	1996 £
Trade debtors	665,878	897,621
Other debtors	12,856	14,611
Prepayments and accrued income	167,096	137,971
French tax paid in advance	-	2,809
	<u>£845,830</u>	<u>£1,053,012</u>

11 Creditors

	1997 £	1996 £
(a) Amounts falling due within one year:		
Amounts received in advance	410,972	526,250
Trade creditors	516,165	505,206
UK Corporation tax	15,826	15,826
UK social security and other taxes	-	-
Accruals	111,934	144,363
French taxes due	144,995	79,469
Other creditors	85,064	121,695
Hire purchase liabilities	9,617	9,955
	<u>£1,294,573</u>	<u>£1,402,764</u>
(b) Amounts falling due after more than one year:		
Hire purchase liabilities	£15,018	£25,909
	<u>£15,018</u>	<u>£25,909</u>

12 Called up share capital

	1997	1996
Authorised:		
10,000 ordinary shares of £1 each	£10,000	£10,000
Allotted, called up and fully paid:		
1,000 ordinary shares of £1 each	£1,000	£1,000

John Libbey Eurotext Limited

Notes (continued)

13 Operating leases

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

	1997	1996
Land and buildings		
Expiring between two and five years	£35,253	£39,114
	<u> </u>	<u> </u>

14 Movement on shareholders' funds

	1997	1996
	£	£
(Loss)/profit for the year	(1,421)	1,261
Brought forward	25,886	24,625
	<u> </u>	<u> </u>
Carried forward	£24,465	£25,886
	<u> </u>	<u> </u>