

John Libbey Eurotext Limited
Reports and Financial Statements
for the year ended
31st December 2001

RICHES
& COMPANY
CHARTERED
ACCOUNTANTS



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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

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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 2001.

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 2001
and 2000
Ordinary £1 shares

G. A. Cahn

900

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

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

26 September 2002

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 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

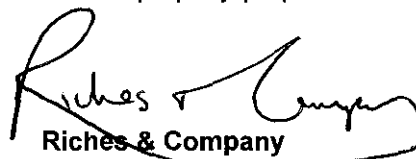
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Date of approval : 26 September 2002


Riches & Company
Chartered Accountants
Registered Auditor

John Libbey Eurotext Limited

Profit and loss account Year ended 31st December 2001

	Notes	2001 £	2000 £
Turnover	2	3,047,893	2,951,226
Cost of sales		(2,238,413)	(2,291,975)
Gross profit		809,480	659,251
Administrative expenses		(600,028)	(533,952)
Operating profit	3(a)	209,452	125,299
Interest receivable and similar income	3(b)	26,515	17,761
Interest payable and similar charges	3(c)	(3,940)	(3,026)
Profit on ordinary activities before taxation	3	232,027	140,034
French taxation expense	6	(107,028)	(46,749)
Profit on ordinary activities before UK taxation		124,999	93,285
Taxation	6	-	-
Profit on ordinary activities after taxation		£124,999	£93,285

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 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	7	98,447	69,941
Current assets			
Stock	8	34,936	64,907
Debtors	9	1,305,650	1,529,869
Cash at bank and in hand		600,092	662,183
		<u>1,940,678</u>	<u>2,256,959</u>
Creditors: amounts falling due within one year	10(a)	<u>(1,715,414)</u>	<u>(2,124,627)</u>
Net current assets		225,264	132,332
Total assets less current liabilities		<u>323,711</u>	<u>202,273</u>
Creditors: amounts falling due after more than one year	10(b)	<u>(730)</u>	<u>(4,291)</u>
		<u>£322,981</u>	<u>£197,982</u>
Capital and reserves			
Called up share capital	11	1,000	1,000
Profit and loss account		321,981	196,982
Shareholders' funds	13	<u>£322,981</u>	<u>£197,982</u>

Approved by the board on 26th September 2002

G. A. Cahn
Director



John Libbey Eurotext Limited

Cash flow statement Year ended 31st December 2001

	Note	2001 £	2000 £
Net cash inflow from operating activities	15	83,158	224,519
Returns on investments and servicing of finance			
Interest received		24,490	16,716
Interest paid		(1,389)	(1,955)
Net cash inflow from returns on investments and servicing of finance		23,101	14,761
Taxation			
French corporate taxes paid		107,028	46,749
UK corporation tax paid		-	-
		(107,028)	(46,749)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		61,322	29,573
Net cash outflow from investing activities		(61,322)	(29,573)
(Decrease)/Increase in cash	16	£(62,091)	£162,958

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.

(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

	2001 £	2000 £
(a) The operating profit is stated after charging:		
Depreciation	32,816	23,884
Director's remuneration (note 4)	160,323	134,656
Auditors' remuneration	2,500	2,500
Operating lease rentals - land and buildings	44,952	32,050
- other	3,406	3,505
	<u>246,007</u>	<u>198,495</u>
(b) Interest receivable and similar income:		
Bank interest receivable	24,490	16,716
Foreign exchange gains	2,025	1,045
	<u>26,515</u>	<u>17,761</u>
(c) Interest payable and similar charges comprises:		
Bank interest expense	432	146
Hire purchase interest	957	1,809
Foreign exchange losses	2,551	1,071
	<u>3,940</u>	<u>3,026</u>

4 Director's remuneration

	£	£
Management remuneration	140,823	134,656
Director's fees	19,500	-
	<u>160,323</u>	<u>134,656</u>
Chairman and highest paid director	<u>160,323</u>	<u>134,656</u>

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:

	2001 number	2000 number
Production	24	22
Other	6	5
	<hr/>	<hr/>
Total employees	30	27
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	650,390	595,505
Social security costs and welfare charges	304,980	313,433
	<hr/>	<hr/>
	£955,370	£908,938
	<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

	2001 £	2000 £
Main corporate income tax at up to 36.7%(2001 - 36.7%)	90,617	42,063
Other local corporate taxes	3,914	4,686
Fiscal penalties and prior year adjustments	12,497	-
	<hr/>	<hr/>
	£107,028	£46,749
	<hr/>	<hr/>

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Notes (continued)

7 Tangible fixed assets

	Motor vehicles £	Office equipment furniture and fittings £	Total £
Cost:			
At 1st January 2001	26,456	167,209	193,665
Additions	-	61,322	61,322
	<hr/>	<hr/>	<hr/>
At 31st December 2001	26,456	228,531	254,987
	<hr/>	<hr/>	<hr/>
Depreciation:			
At 1st January 2001	20,287	103,437	123,724
Charge for the year	1,542	31,274	32,816
	<hr/>	<hr/>	<hr/>
At 31st December 2001	21,829	134,711	156,540
	<hr/>	<hr/>	<hr/>
Net book values:			
At 31st December 2001	£4,627	£93,820	£98,447
	<hr/>	<hr/>	<hr/>
At 31st December 2000	£6,169	£63,772	£69,941
	<hr/>	<hr/>	<hr/>

Included in the above are assets held under finance leases at a net book value of £11,424. Depreciation of £3,808 has been charged on these.

8 Stock

In the director's opinion the replacement cost of stocks at 31st December 2001 did not differ materially from the amount included in the balance sheet.

9 Debtors

	2001 £	2000 £
Trade debtors	1,186,431	1,377,380
Other debtors	26,042	22,459
Prepayments and accrued income	93,177	130,030
	<hr/>	<hr/>
	£1,305,650	£1,529,869
	<hr/>	<hr/>

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Notes (continued)

10 Creditors

	2001 £	2000 £
(a) Amounts falling due within one year:		
Amounts received in advance	580,416	936,204
Trade creditors	707,734	772,834
Accruals	280,036	252,755
French taxes due	72,847	56,259
Other creditors	70,897	98,037
Hire purchase liabilities	3,484	8,538
	<u>£1,715,414</u>	<u>£2,124,627</u>
(b) Amounts falling due after more than one year:		
Hire purchase liabilities	<u>£730</u>	<u>£4,291</u>

11 Called up share capital

	2001	2000
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:

	2001 £	2000 £
Land and buildings		
Expiring in more than five years	<u>£59,160</u>	<u>£32,038</u>

13 Movement on shareholders' funds

	2001 £	2000 £
Profit for the year	124,999	93,285
Brought forward	<u>197,982</u>	<u>104,697</u>
Carried forward	<u>£322,981</u>	<u>£197,982</u>

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Notes (continued)

14 Controlling party

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

15 Reconciliation of operating profit to net cashflow from operating activities

	2001 £	2000 £
Operating profit	209,452	125,299
Depreciation charges	32,816	23,884
Loss on disposal of fixed asset	-	2,590
Decrease/(increase) in stocks	29,971	(52,956)
Decrease/(increase) in debtors	224,219	(653,796)
(Decrease)/increase in creditors	(412,774)	779,524
Foreign exchange losses realised	(526)	(26)
	<hr/>	<hr/>
Net cash inflow from operating activities	£83,158	£224,519
	<hr/>	<hr/>

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

	2001 £	2000 £
Balance at 1st January 2001	662,183	499,225
Net cash (outflow)/inflow	(62,091)	162,958
	<hr/>	<hr/>
Balance at 31st December 2001	£600,092	£662,183
	<hr/>	<hr/>