

1736668

John Libbey Eurotext Limited
Reports and Financial Statements
for the year ended
31st December 2003

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

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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 2003.

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 £215,394 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:

	Ordinary £1 shares	
	2003	2002
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

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

6 October 2004

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 2003. 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Date of approval

6 October 2004


Riches & Company
Chartered Accountants
Registered Auditor

John Libbey Eurotext Limited

Profit and loss account Year ended 31st December 2003

	Notes	2003 £	2002 £
Turnover	2	3,879,960	2,744,338
Cost of sales		(2,578,824)	(1,984,116)
Gross profit		1,301,136	760,222
Administrative expenses		(672,346)	(535,532)
Operating profit	3(a)	628,790	224,690
Interest receivable and similar income	3(b)	51,338	32,792
Interest payable and similar charges	3(c)	(6,749)	(8,586)
Profit on ordinary activities before taxation	3	673,379	248,896
French taxation expense	6	(230,575)	(90,973)
Profit on ordinary activities before UK taxation		442,804	157,923
Taxation	6	-	-
Profit on ordinary activities after taxation		442,804	157,923
Retained profits brought forward		479,904	321,981
Proposed dividend		(215,394)	-
Retained profits carried forward		£707,314	£479,904

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 2003

	Note	2003		2002	
		£	£	£	£
Fixed assets					
Tangible assets	7		97,758		97,533
Current assets					
Stock	8	54,046		26,136	
Debtors	9	1,405,846		903,365	
Cash at bank and in hand		1,584,537		980,639	
		3,044,429		1,910,140	
Creditors: amounts falling due within one year	10(a)	(2,426,674)		(1,515,586)	
Net current assets			617,755		394,554
Total assets less current liabilities			715,513		492,087
Creditors: amounts falling due after more than one year	10(b)		(7,199)		(11,183)
			£708,314		£480,904
Capital and reserves					
Called up share capital	11		1,000		1,000
Profit and loss account			707,314		479,904
Shareholders' funds	13		708,314		£480,904

Approved by the board on 6 October 2004

G. A. Cahn
Director



John Libbey Eurotext Limited

Cash flow statement Year ended 31st December 2003

	Note	2003		2002	
		£	£	£	£
Net cash inflow from operating activities	15		692,904		484,712
Returns on investments and servicing of finance					
Interest received		24,177		22,022	
Interest paid		(2,887)		(3,370)	
		<hr/>		<hr/>	
Net cash inflow from returns on investments and servicing of finance			21,290		18,652
Taxation					
French corporate taxes paid		77,485		90,973	
UK corporation tax paid		-		-	
		<hr/>		<hr/>	
			(77,485)		(90,973)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		32,811		31,844	
		<hr/>		<hr/>	
Net cash outflow from investing activities			(32,811)		(31,844)
			<hr/>		<hr/>
Increase in cash	16		£603,898		£380,547
			<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

	2003 £	2002 £
(a) The operating profit is stated after charging:		
Depreciation	32,586	32,511
Director's remuneration (note 4)	205,125	157,859
Auditors' remuneration	3,000	2,500
Operating lease rentals - land and buildings	65,834	62,821
- other	1,352	1,155
	<hr/>	<hr/>
(b) Interest receivable and similar income:		
Bank interest receivable	24,177	22,022
Foreign exchange gains	27,161	10,770
	<hr/>	<hr/>
	£51,338	£32,792
	<hr/>	<hr/>
(c) Interest payable and similar charges comprises:		
Bank interest expense	1,936	1,999
Hire purchase interest	949	1,371
Foreign exchange losses	3,864	5,216
	<hr/>	<hr/>
	£6,749	£8,586
	<hr/>	<hr/>

4 Director's remuneration

	£	£
Management remuneration	174,991	148,056
Director's fees	30,134	9,803
	<hr/>	<hr/>
	£205,125	£157,859
	<hr/>	<hr/>
Chairman and highest paid director	£205,125	£157,859
	<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:

	2003 number	2002 number
Production	26	26
Other	5	5
	<hr/>	<hr/>
Total employees	31	31
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	859,333	662,111
Social security costs and welfare charges	407,854	324,516
	<hr/>	<hr/>
	£1,267,187	£986,627
	<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

	2003 £	2002 £
Main corporate income tax at up to 34.3%(2002 - 34.3%)	221,658	82,103
Other local corporate taxes	6,273	3,782
Fiscal penalties and prior year adjustments	2,644	5,088
	<hr/>	<hr/>
	£230,575	£90,973
	<hr/>	<hr/>

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Notes (continued)

7 Tangible fixed assets

	Motor vehicles £	Office equipment furniture and fittings £	Total £
Cost:			
At 1st January 2003	41,465	243,517	284,982
Additions	-	32,811	32,811
Disposals	-	(13,161)	(13,161)
	<hr/>	<hr/>	<hr/>
At 31st December 2003	41,465	263,167	304,632
	<hr/>	<hr/>	<hr/>
Depreciation:			
At 1st January 2003	25,537	161,912	187,449
Charge for the year	3,982	28,604	32,586
On disposals	-	(13,161)	(13,161)
	<hr/>	<hr/>	<hr/>
At 31st December 2003	29,519	177,355	206,874
	<hr/>	<hr/>	<hr/>
Net book values:			
At 31st December 2003	£11,946	£85,812	£97,758
	<hr/>	<hr/>	<hr/>
At 31st December 2002	£15,928	£81,605	£97,533
	<hr/>	<hr/>	<hr/>

Included in the above are assets held under finance leases at a net book value of £16,815. Depreciation of £5,605 has been charged on these.

8 Stock

In the director's opinion the replacement cost of stocks at 31st December 2003 did not differ materially from the amount included in the balance sheet.

9 Debtors

	2003 £	2002 £
Trade debtors	1,269,120	804,866
Other debtors	35,756	32,049
Prepayments and accrued income	100,970	66,450
	<hr/>	<hr/>
	£1,405,846	£903,365
	<hr/>	<hr/>

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Notes (continued)

10 Creditors

	2003 £	2002 £
(a) Amounts falling due within one year:		
Amounts received in advance	1,007,909	637,400
Trade creditors	733,323	567,479
Accruals	272,472	255,314
French taxes due	172,670	19,580
Other creditors	20,020	30,576
Hire purchase liabilities	4,886	5,237
Proposed dividend	215,394	-
	<u>£2,426,674</u>	<u>£1,515,586</u>
(b) Amounts falling due after more than one year:		
Hire purchase liabilities	<u>£7,199</u>	<u>£11,183</u>

11 Called up share capital

	2003	2002
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:

	2003 £	2002 £
Land and buildings		
Expiring in more than five years	<u>£70,715</u>	<u>£62,402</u>

13 Movement on shareholders' funds

	2003 £	2002 £
Profit for the year	227,410	157,923
Brought forward	<u>480,904</u>	<u>322,981</u>
Carried forward	<u>708,314</u>	<u>£480,904</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 100% of the issued share capital.

15 Reconciliation of operating profit to net cashflow from operating activities

	2003 £	2002 £
Operating profit	628,790	224,690
Depreciation charges	32,586	32,511
Loss on disposal of fixed asset	-	247
(Increase)/decrease in stocks	(27,910)	8,800
(Increase)/decrease in debtors	(502,481)	402,285
Increase/(decrease) in creditors	538,622	(189,375)
Foreign exchange gain realised	23,297	5,554
	<hr/>	<hr/>
Net cash inflow from operating activities	£692,904	£484,712
	<hr/>	<hr/>

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

	2003 £	2002 £
Balance at 1st January 2003	980,639	600,092
Net cash inflow	603,898	380,547
	<hr/>	<hr/>
Balance at 31st December 2003	£1,584,537	£980,639
	<hr/>	<hr/>