

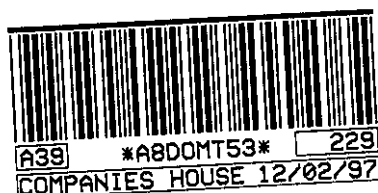
REGISTRAR

A B Graphic Machinery Limited

Report and Accounts

30 April 1996

ERNST & YOUNG



1887903

A B Graphic Machinery Limited

Registered No. 1887903

DIRECTORS

Mrs A M Burton

C N Burton

M P Burton (Chairman)

Miss J A Burton

Mr A Stevenson

SECRETARY

L J Lowde

AUDITORS

Ernst & Young

P O Box 3

Lowgate House

Lowgate

Hull HU1 1JJ

REGISTERED OFFICE

Southback Lane

Bridlington YO16 4AQ

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 April 1996.

ACTIVITIES

The principal activity of the company has continued to be the supply of printing machines and ancillary equipment.

REVIEW OF THE BUSINESS

The directors consider that the results for the year and future prospects are satisfactory.

RESULTS AND DIVIDENDS

The profit for the year attributable to shareholders amounts to £120,307 and is dealt with as shown in the profit and loss account.

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors listed on page 1 are currently in office and served throughout the year.

None of the directors has any beneficial interest in the share capital of the company. Mrs A M Burton, Mr C N Burton, Mr M P Burton and Miss J A Burton are also directors of the ultimate parent company, GHB (Holding) Limited in whose accounts their interests in that company's share capital are shown. Mr A Stevenson has no interest in the share capital of the ultimate parent company.

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 accounts 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

Ernst & Young, having expressed their willingness to act, will continue in office as auditors.

A B Graphic Machinery Limited

DIRECTORS' REPORT

ANNUAL GENERAL MEETINGS

Pursuant to the Elective Resolution of the company passed on 2 January 1990 the company has dispensed with the need to hold Annual General Meetings. Any member of the company is entitled to require the laying of the accounts before a general meeting on giving due notice to that effect in accordance with Section 253 of the Companies Act 1985.

By order of the Board



L J Lowde
Secretary

17 January 1997

REPORT OF THE AUDITORS

to the members of A B Graphic Machinery Limited

We have audited the accounts on pages 5 to 12, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

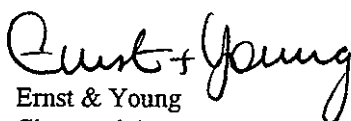
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 April 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Hull

17 January 1997

A B Graphic Machinery Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 April 1996

	Notes	1996 £	1995 £
TURNOVER	2	5,059,744	5,100,122
Cost of sales		4,214,444	4,158,933
GROSS PROFIT		845,300	941,189
Distribution costs		262,457	271,713
Administrative expenses		409,843	481,279
Research and development		-	24,315
		672,300	777,307
OPERATING PROFIT	5	173,000	163,882
Interest receivable	6	5,749	12,539
Interest payable and similar charges	7	-	21,000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		178,749	197,421
Taxation on profit on ordinary activities	8	58,442	61,588
RETAINED PROFIT FOR THE YEAR		120,307	135,833

A statement of movements on reserves is shown in note 15 to the accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the year of £120,307 (1995 - profit of £135,833).

A B Graphic Machinery Limited

BALANCE SHEET

at 30 April 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	9	105,879	97,875
CURRENT ASSETS			
Stocks	10	807,492	659,977
Debtors	11(a)	1,576,740	1,640,628
Debtors falling due after more than one year	11(b)	150,000	400,000
Cash at bank and in hand		698,905	739,522
		<u>3,233,137</u>	<u>3,440,127</u>
CREDITORS: amounts falling due within one year			
Trade and other creditors	12	1,929,783	2,249,076
NET CURRENT ASSETS		<u>1,303,354</u>	<u>1,191,051</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,409,233</u>	<u>1,288,926</u>
PROVISIONS FOR LIABILITIES AND CHARGES	13	7,000	7,000
		<u>1,402,233</u>	<u>1,281,926</u>
CAPITAL AND RESERVES			
Called up share capital	14	2,000	2,000
Profit and loss account	15	1,400,233	1,279,926
EQUITY SHAREHOLDERS' FUNDS		<u>1,402,233</u>	<u>1,281,926</u>

A M Burton

) A. M. Burton
) Directors
) M. P. Burton

M P Burton

17 January 1997

A B Graphic Machinery Limited

NOTES TO THE ACCOUNTS

at 30 April 1996

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Deferred taxation

Deferred tax is provided in respect of significant timing differences to the extent that it is probable that such tax will become payable.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant and machinery	-	10 years
Fixtures, fittings and office equipment	-	5 - 10 years
Motor vehicles	-	4 years

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is the actual purchase price of goods held for resale.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

All exchange differences are dealt with through the profit and loss account.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Pension costs

The group operates a defined benefit pension scheme which requires contributions to be made to a separately administered fund.

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is wholly derived from the company's principal continuing activity.

	1996 £	1995 £
An analysis of turnover by geographical market is given below:		
United Kingdom	3,973,328	3,608,737
Other European countries	684,583	878,515
Other	401,833	612,870
	<u>5,059,744</u>	<u>5,100,122</u>

A B Graphic Machinery Limited

NOTES TO THE ACCOUNTS

at 30 April 1996

3. EMPLOYEES

The average weekly number of employees, including directors, was as follows:

	1996 No.	1995 No.
Administration	8	8
Selling	2	2
Production	10	9
	<u>20</u>	<u>19</u>

The costs incurred in respect of these employees were:

	1996 £	1995 £
Wages and salaries	285,745	260,865
Social security costs	24,288	19,635
Other pension costs	12,662	8,865
	<u>322,695</u>	<u>289,365</u>

4. DIRECTORS

Remuneration of the directors of the company was as follows:

	1996 £	1995 £
Management remuneration	<u>28,451</u>	<u>37,409</u>
The emoluments (excluding pension contributions) of the directors were:		
Chairman	<u>5,593</u>	<u>4,250</u>
Highest paid director	<u>21,510</u>	<u>20,950</u>

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	Number of directors	
£Nil - £5,000	3	3
£5,001 - £10,000	1	1
£20,001 - £25,000	1	1

A B Graphic Machinery Limited

NOTES TO THE ACCOUNTS

at 30 April 1996

5. OPERATING PROFIT

This is stated after charging/(crediting):

	1996 £	1995 £
Depreciation of tangible fixed assets	37,711	44,539
Auditors' remuneration	4,000	3,500
Profit on foreign currency translation	(51,597)	(19,340)
Profit on sale of tangible fixed assets	(5,415)	(1,613)

6. INTEREST RECEIVABLE

	1996 £	1995 £
Bank interest	5,749	12,539

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
Interest on bills of exchange	-	21,000

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
Based on the profit for the year:		
Corporation tax at a composite rate of 33% (1995 - 33%)	60,000	67,000
Corporation tax - prior year	(1,558)	(5,412)
	58,442	61,588

A B Graphic Machinery Limited

NOTES TO THE ACCOUNTS

at 30 April 1996

9. TANGIBLE FIXED ASSETS

	<i>Motor vehicles</i> £	<i>Plant and machinery</i> £	<i>Fixtures fittings and office equipment</i> £	<i>Total</i> £
Cost:				
At 1 May 1995	106,937	51,013	89,330	247,280
Additions	39,743	-	13,981	53,724
Disposals	(25,433)	-	(13,158)	(38,591)
At 30 April 1996	121,247	51,013	90,153	262,413
Depreciation:				
At 1 May 1995	41,550	43,411	64,444	149,405
Charge for the year	27,040	2,187	8,484	37,711
Disposals	(18,638)	-	(11,944)	(30,582)
At 30 April 1996	49,952	45,598	60,984	156,534
Net book value:				
At 30 April 1996	71,295	5,415	29,169	105,879
At 1 May 1995	65,387	7,602	24,886	97,875

10. STOCKS

	<i>1996</i> £	<i>1995</i> £
Goods for resale	807,492	659,977

The replacement cost of stocks is not considered to be materially different to the balance sheet value.

The company also holds goods for resale on consignment from manufacturers. The legal ownership and risk of obsolescence remains with the manufacturers and therefore the consignment stocks are not included in the balance sheet. The value of such stocks is £187,067 (1995 - £283,492).

11. DEBTORS

<i>(a)</i>	<i>1996</i> £	<i>1995</i> £
Trade debtors	1,363,212	1,382,417
Amounts owed by fellow subsidiary undertakings	197,281	247,178
Prepayments and accrued income	16,247	11,033
	1,576,740	1,640,628

(b) Debtors of £150,000 due after more than one year are amounts owed by fellow subsidiary undertakings (1995 - £400,000), and are wholly repayable within 5 years.

A B Graphic Machinery Limited

NOTES TO THE ACCOUNTS

at 30 April 1996

12. TRADE AND OTHER CREDITORS

	1996 £	1995 £
Payments received on account	198,018	136,893
Trade creditors	1,346,034	1,247,646
Amounts owed to ultimate parent company	211,655	390,626
Amounts owed to fellow subsidiary undertakings	102,116	396,720
Corporation tax	60,000	67,000
Other tax and social security	7,690	6,191
Accruals and deferred income	4,270	4,000
	<u>1,929,783</u>	<u>2,249,076</u>

13. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation

	£
At 30 April 1996 and 1 May 1995	<u>7,000</u>

The amounts provided for deferred taxation are as follows:

	1996 £	1995 £
Capital allowances in excess of depreciation	6,000	6,000
Short-term timing differences	1,000	1,000
	<u>7,000</u>	<u>7,000</u>

There are no further potential liabilities.

14. SHARE CAPITAL

	1996 No.	Authorised 1995 No.	Allotted, called up and fully paid 1996 £	1995 £
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>2,000</u>	<u>2,000</u>

A B Graphic Machinery Limited

NOTES TO THE ACCOUNTS

at 30 April 1996

15. RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 May 1994	2,000	1,144,093	1,146,093
Profit for the year	-	135,833	135,833
At 1 May 1995	2,000	1,279,926	1,281,926
Profit for the year	-	120,307	120,307
At 30 April 1996	2,000	1,400,233	1,402,233

16. CONTINGENT LIABILITIES

The company has given unlimited multilateral guarantees in respect of the amounts due to the bank by its ultimate parent and fellow subsidiary undertakings. At 30 April 1996 the amounts due by these companies were £196,003 (1995 - £168,887). At 30 April 1996, net credit bank balances £1,184,564 (1995 - £888,772) were held by the group.

17. PENSION COMMITMENTS

Company employees are eligible for membership of a defined benefit pension scheme operated by the group. The assets of the scheme are invested in a with profits deferred annuity policy with the Norwich Union. The scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out as at 6 April 1993 using the projected unit method, in which the actuarial liability makes allowances for projected earnings.

The following actuarial assumptions were applied:

Investment returns	9% per annum
Salary growth	8% per annum

At the last actuarial valuation date, the ongoing fund value was £548,000 and this actuarial value was sufficient to cover 128% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The employer's contribution rate over the average remaining service lives of members of the scheme takes account of the surplus disclosed by the valuation, amounting to £121,000.

Certain directors of the company are members of a self-administered defined contribution scheme. Contributions are made by the ultimate parent company and relevant details are disclosed in that company's financial statements.

18. FUTURE CAPITAL EXPENDITURE

The directors have neither contracted nor authorised any future capital expenditure (1995 - £Nil).

19. PARENT UNDERTAKING

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is GHB (Holding) Limited, registered in England and Wales. GHB (Holding) Limited is also the company's ultimate parent company. Copies of the group accounts of GHB (Holding) Limited can be obtained from the Registrar of Companies.