

Adare Halcyon Limited

Directors' report
and financial statements

Year ended 30 April 2006

Registered number: 2814431

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Adare Halcyon Limited

Directors' report and financial statements

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Adare Halcyon Limited

Directors and other information

| | |
|--------------------------|--|
| Directors | B. N. Loane (resigned on 24 March 2006) C. O'Tighearnaigh (resigned on 24 March 2006) B. Crich R. Whiteside C. Everard (appointed 24 March 2006) |
| Secretary | Marrons Consultancies Limited Meridian Office Park Leicester LE19 1WY |
| Registered office | Meridian Office Park Leicester LE19 1WY |
| Solicitors | Marrons Solicitors Meridian Office Park Leicester LE19 1WY |
| Bankers | The Bank of Scotland Lisbon House 116 Wellington Street Leeds LS1 4LT |
| Auditor | KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2 |

Adare Halcyon Limited

Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 30 April 2006.

Results and dividends

The profit for the year after taxation, attributable to shareholders amounted to £2,346,000 (2005:£2,739,000 as restated). The directors do not recommend the payment of a dividend.

Principal activity and review of the development of the business

The company is engaged in direct marketing and print management solutions. The directors believe that the company continues to be well placed to meet the opportunities that may arise in the future.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties facing the company are as follows:

Economic risk

- The risk of increased interest rates and or inflation having an adverse impact on served markets;
- The risk of increased unrealistic increases in wages or infrastructural cost impacting adversely on competitiveness of the company and its principal customers;

These risks are managed by the use of alternative sourcing of products and services and strict control of costs.

Competition risk

The directors of the company manage competition risk through close attention to customer service levels.

Financial risk

The company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risk.

Post balance sheet event

There have been no significant events affecting the company since 30 April 2006.

Supplier payment policy

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 30 April 2006, the company had an average of 86 days purchases outstanding in creditors.

Adare Halcyon Limited

Directors' report

Directors and their interests

On 24 March 2006, B.N. Loane and C. O'Tighearnaigh resigned as company directors. On the same date, C. Everard was appointed as a company director.

The directors and their spouses and minor children have no interest in the shares of the company.

R. Whiteside and C. Everard were directors of the company's ultimate parent undertaking, ACICS Limited, at 30 April 2006, and their interests are disclosed in that company's financial statements.

There are no other interests requiring disclosure under the Companies Act 1985.

Employees

The directors give special attention to the health and safety of their employees and endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is provided. Consultation with employees and good industrial relations are actively promoted through comprehensive and agreed procedures.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

During the year, KPMG, Chartered Accountants resigned as auditor and PricewaterhouseCoopers, Chartered Accountants, were appointed as auditor. Subsequently, PricewaterhouseCoopers, Chartered Accountants, resigned as auditor and KPMG, Chartered Accountants, were appointed as auditor. In accordance with the Articles of Association of the company, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the board



R. Whiteside
Director

19 October 2006

Adare Halcyon Limited

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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.

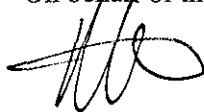
In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act, 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a directors' report that complies with the Companies Act, 1985.

On behalf of the board



R. Whiteside
Director



KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the members of Adare Halcyon Limited

We have audited the financial statements of Adare Halcyon Limited for the year ended 30 April 2006 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes. These financial statements have been prepared under 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 directors and auditor

As described in the statement of directors' responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 directors' 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 directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider implications for our report if we become aware of any apparent misstatements within it.



Independent auditor's report to the members of Adare Halcyon Limited
(continued)

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act, 1985.

*Chartered Accountants
Registered Auditor*

19 October 2006

Adare Halcyon Limited

Statement of accounting policies

for the year ended 30 April 2006

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements with the exception of the accounting policy for pensions which changed following the adoption of FRS 17 *Retirement benefits*.

Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board as promulgated by the Institute of Chartered Accountants in England and Wales.

Cash flow statement

The company has availed of the exemption available in FRS 1 - Cash Flow Statements (Revised), not to present a cash flow statement as it is a wholly owned subsidiary undertaking of ACICS Limited, a company incorporated in England which prepares a consolidated cash flow statement which includes the cash flows of this company.

Turnover

Turnover represents the fair value of goods excluding Value Added Tax, delivered to or collected by third party customers in the year. Goods are deemed to have been delivered to customers, when the customer has access to the significant benefits inherent in the goods and exposure to the risks inherent in those benefits.

Stocks

Stocks are valued at the lower of cost including a proportion of the appropriate manufacturing overheads, and net realisable value. Net realisable value comprises the actual or estimated selling price (net of trade discounts) less all other further cost to be incurred in marketing, selling and distribution.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost of the assets over their expected useful lives at the following annual rates:

| | | |
|-----------------------|---|------------|
| Freehold premises | - | 2% |
| Plant and equipment | - | 10% to 20% |
| Fixtures and fittings | - | 10% |

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Adare Halcyon Limited

Statement of accounting policies *(continued)* *for the year ended 30 April 2006*

Taxation

Corporation tax is calculated based on the taxable profits for the year. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less tax in the future have occurred at the balance sheet date, with the following exceptions :

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets.
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leased assets

Rent payable in respect of assets held under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

The company also provides pensions to certain of its employees through two separately administered defined benefit pension schemes. For the defined benefit schemes, the amount charged to operating profit is the cost of accruing pension benefits promised to employees over the year plus any benefit improvements granted to members by the company during the year. Other finance charges/income in the profit and loss account includes a credit equivalent to the company's expected return on the pension schemes' assets over the year, offset by a charge equal to the expected increase in the schemes' liabilities over the year. The difference between the market value of the schemes' assets and the present value of the schemes' liabilities is disclosed as an asset/liability on the balance sheet, net of deferred tax (to the extent that it is recoverable). Any difference between the expected return on assets and that actually achieved, and any changes in the liabilities over the year due to changes in assumptions or experience within the schemes, are recognised in the statement of total recognised gains and losses.

Adare Halcyon Limited

Profit and loss account for the year ended 30 April 2006

| | Note | 2006 £'000 | 2005 £'000 (as restated) |
|--|------|---------------|--------------------------------|
| Turnover – continuing operations | 2 | 35,027 | 35,489 |
| Cost of sales | | (24,517) | (24,353) |
| | | <hr/> | <hr/> |
| Gross profit | | 10,510 | 11,136 |
| Net operating expenses | | (7,036) | (6,860) |
| | | <hr/> | <hr/> |
| Operating profit – continuing operations | 3 | 3,474 | 4,276 |
| Loss on disposal of fixed assets | | (3) | (11) |
| Interest payable and similar charges | 4 | (231) | (193) |
| Interest receivable | 5 | 1,008 | 12 |
| | | <hr/> | <hr/> |
| Profit on ordinary activities before taxation | | 4,248 | 4,084 |
| Tax on profit on ordinary activities | 8 | (1,902) | (1,345) |
| | | <hr/> | <hr/> |
| Profit retained for the financial year | | 2,346 | 2,739 |
| | | <hr/> | <hr/> |

On behalf of the board



R. Whiteside
Director

Adare Halcyon Limited

Statement of total recognised gains and losses for the year ended 30 April 2006

| | <i>Note</i> | 2006 £'000 | 2005 £'000 <i>(as restated)</i> |
|---|-------------|-----------------------------|---|
| Profit for the financial year | | 2,346 | 2,739 |
| Actuarial gain/(loss) on post employment pension scheme | | 2,105 | (784) |
| Deferred tax (liability)/asset arising thereon | | (631) | 235 |
| | | <hr/> | <hr/> |
| Total recognised gains and loss relating to the year | | 3,820 | 2,190 |
| Prior year adjustment | | (4,295) | <hr/> |
| | | <hr/> | |
| Total recognised gains and losses since last annual report | | (475) | |
| | | <hr/> | |

Adare Halcyon Limited

Balance sheet at 30 April 2006

| | <i>Note</i> | 2006 £'000 | 2005 £'000 <i>(as restated)</i> |
|---|-------------|-----------------------------|---|
| Fixed assets | | | |
| Tangible assets | 9 | 6,015 | 6,477 |
| Current assets | | | |
| Stocks | 10 | 1,787 | 1,637 |
| Debtors | 11 | 21,830 | 19,908 |
| Cash at bank and in hand | | 2,499 | 1,691 |
| | | 26,116 | 23,236 |
| Creditors: amounts falling due within one year | 12 | (13,574) | (11,688) |
| Net current assets | | 12,542 | 11,548 |
| Total assets less current liabilities | | 18,557 | 18,025 |
| Provisions for liabilities and charges | 13(a) | (518) | (405) |
| Net assets excluding pension liabilities | | 18,039 | 17,620 |
| Pension liabilities (net of deferred taxation) | 20 | (1,363) | (4,764) |
| Net assets | | 16,676 | 12,856 |
| Capital and reserves | | | |
| Called up share capital | 14 | - | - |
| Capital reserve | 16 | 896 | 896 |
| Profit and loss account | 15 | 15,780 | 11,960 |
| Equity shareholders' funds | 15 | 16,676 | 12,856 |

On behalf of the board



R. Whiteside
Director

Adare Halcyon Limited

Notes

forming part of the financial statements

1 Prior year adjustment – adoption of FRS 17

The Company adopted the reporting requirements of FRS 17 – *Retirement Benefits* in its financial statements from 1 May 2005. Consequently, the financial information for the year ended 30 April 2005 has been restated following the adoption of FRS 17. The impact on the 2005 results, as originally reported, is set out below:

| | 2005 £'000 |
|--|-----------------------|
| <i>Impact on Profit and Loss</i> | |
| Operating profit, as originally stated | 4,064 |
| Prior year adjustment | 212 |
| | <hr/> |
| As restated | 4,276 |
| | <hr/> |
| Interest payable and similar charges, as originally stated | (50) |
| Prior year adjustment: | |
| Interest on pension scheme liabilities | (1,181) |
| Expected return on pension scheme assets | 1,038 |
| | <hr/> |
| As restated | (193) |
| | <hr/> |
| Taxation, as originally stated | (1,316) |
| Prior year adjustment | (29) |
| | <hr/> |
| As restated | (1,345) |
| | <hr/> |
| The net increase in profit for the financial year as a result of the above is £40,000. | |
| <i>Impact on Balance Sheet</i> | |
| Pension liabilities (net of deferred taxation) | - |
| Prior year adjustment | (4,764) |
| | <hr/> |
| As restated | (4,764) |
| | <hr/> |
| Creditors: amounts falling due within one year | (12,157) |
| Prior year adjustment | 469 |
| | <hr/> |
| As restated | (11,688) |
| | <hr/> |

Adare Halcyon Limited

Notes (continued)

1 Prior year adjustment – adoption of FRS 17 (continued)

In aggregate, the adoption of FRS 17 has reduced shareholders' funds at 30 April 2005 and 2004 by £4,295,000 and £3,786,000 respectively as follows:

| | 2005 £'000 | 2004 £'000 |
|-----------------------------|----------------|----------------|
| Pension deficit | (6,806) | (6,121) |
| Related deferred tax asset | 2,042 | 1,836 |
| Reversal of SSAP 24 Accrual | 469 | 499 |
| | <u>(4,295)</u> | <u>(3,786)</u> |

In accordance with the FRS, the following post employment liabilities have been included in the balance sheet.

| | 2006 £'000 | 2005 £'000 |
|----------------------------------|---------------|---------------|
| Deficit in scheme at end of year | (1,947) | (6,806) |
| Deferred tax asset | 584 | 2,042 |
| | <u>1,363</u> | <u>4,764</u> |

Full details of the Pension Arrangements and related information are disclosed in note 20.

2 Turnover

The company has three classes of business being print manufacture, print management and direct mail. All of the company's turnover is derived from its operations which are located in the United Kingdom. A geographical analysis of turnover by destination is given below:

| | 2006 £'000 | 2005 £'000 |
|----------------|---------------|---------------|
| United Kingdom | <u>35,027</u> | <u>35,489</u> |

3 Operating profit

This is stated after charging:

| | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
| Directors' emoluments (see note 6) | 334 | 356 |
| Auditors' remuneration | 15 | 10 |
| Management charges | 353 | 248 |
| Depreciation | 1,208 | 1,087 |
| Hire of plant and machinery – rentals payable under operating leases | <u>312</u> | <u>327</u> |

Adare Halcyon Limited

Notes (continued)

| | | |
|--|--------------|----------------------|
| 4 Interest payable and similar charges | 2006 | 2005 |
| | £'000 | £'000 |
| | | <i>(as restated)</i> |
| On bank overdrafts wholly repayable other than by instalments, within five years | 39 | 50 |
| Other Finance costs: | | |
| Interest on pension scheme liabilities | 1,197 | 1,181 |
| Expected return on pension scheme assets | (1,005) | (1,038) |
| | <hr/> | <hr/> |
| | 231 | 193 |
| | <hr/> | <hr/> |
| 5 Interest receivable | 2006 | 2005 |
| | £'000 | £'000 |
| | | <i>(as restated)</i> |
| Interest receivable from group undertaking | 1,000 | - |
| Bank interest receivable | 8 | 12 |
| | <hr/> | <hr/> |
| | 1,008 | 12 |
| | <hr/> | <hr/> |
| 6 Directors' emoluments | 2006 | 2005 |
| | £'000 | £'000 |
| Emoluments | 323 | 344 |
| Pension contributions | 11 | 12 |
| | <hr/> | <hr/> |
| | 334 | 356 |
| | <hr/> | <hr/> |

The emoluments of the highest paid director excluding pension contributions was £196,319 (2005: £198,367). Contributions to defined contribution arrangements on behalf of the highest paid director amounted to £5,683 for the year (2005: £7,206).

Adare Halcyon Limited

Notes (continued)

7 Employees

The average number of employees during the year analysed by function, comprised:

| | 2006 Number | 2005 Number |
|----------------|----------------|----------------|
| Production | 186 | 207 |
| Administration | 122 | 106 |
| | <hr/> | <hr/> |
| | 308 | 313 |
| | <hr/> | <hr/> |
| | 2006 £'000 | 2005 £'000 |

The aggregate payroll cost of these persons were as follows:

| | | |
|-----------------------|-------|--------|
| Wages and salaries | 8,002 | 8,944 |
| Social security costs | 866 | 888 |
| Pension costs: | | |
| Defined Contribution | 207 | 458 |
| Defined Benefit | - | - |
| | <hr/> | <hr/> |
| | 9,075 | 10,290 |
| | <hr/> | <hr/> |

Adare Halcyon Limited

Notes (continued)

8 Tax on profit on ordinary activities

| (a) Analysis of charge in year | 2006 £'000 | 2005 £'000 (as restated) |
|--|-----------------------|---|
| <i>Current tax:</i> | | |
| UK corporation tax charge for the year | 1,160 | 1,260 |
| Adjustment in respect of prior periods | (198) | (4) |
| | <hr/> | <hr/> |
| | 962 | 1,256 |
| <i>Deferred tax:</i> | | |
| Origination and reversal of timing differences | 14 | 13 |
| Adjustment in respect of prior periods | 99 | 47 |
| Deferred tax related to pension scheme | 827 | 29 |
| | <hr/> | <hr/> |
| Tax charge on profit on ordinary activities | 1,902 | 1,345 |
| | <hr/> | <hr/> |

(b) Factors affecting current tax charge in year

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom. The differences are explained below:

| | 2006 £'000 | 2005 £'000 (as restated) |
|--|-----------------------|---|
| Profit on ordinary activities before tax | 4,248 | 4,084 |
| | <hr/> | <hr/> |
| Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2005 : 30%) | 1,274 | 1,225 |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax purposes | 86 | 29 |
| Income taxable as chargeable gains | - | 17 |
| Capital allowances in excess of depreciation | 75 | (13) |
| Other timing differences | (89) | - |
| Adjustment in respect of prior periods | (198) | (4) |
| Other | (186) | 2 |
| | <hr/> | <hr/> |
| Current tax charge for year (note 7 (a)) | 962 | 1,256 |
| | <hr/> | <hr/> |

Adare Halcyon Limited

Notes (continued)

9 Tangible assets

| | Freehold land and buildings £'000 | Plant and machinery £'000 | Equipment £'000 | Total £'000 |
|----------------------------------|--|---------------------------------|--------------------|----------------|
| <i>Cost:</i> | | | | |
| At 1 May 2005 | 2,862 | 13,362 | 856 | 17,080 |
| Additions | 196 | 445 | 108 | 749 |
| Disposals | - | (43) | (52) | (95) |
| At 30 April 2006 | 3,058 | 13,764 | 912 | 17,734 |
| <i>Accumulated depreciation:</i> | | | | |
| At 1 May 2005 | 530 | 9,364 | 709 | 10,603 |
| Charge for year | 103 | 960 | 145 | 1,208 |
| Disposals | - | (40) | (52) | (92) |
| At 30 April 2006 | 633 | 10,284 | 802 | 11,719 |
| <i>Net book value:</i> | | | | |
| At 30 April 2006 | 2,425 | 3,480 | 110 | 6,015 |
| At 30 April 2005 | 2,332 | 3,998 | 147 | 6,477 |

10 Stocks

| | 2006 £'000 | 2005 £'000 |
|------------------|---------------|---------------|
| Raw materials | 309 | 420 |
| Work in progress | 209 | 95 |
| Finished goods | 1,269 | 1,122 |
| | 1,787 | 1,637 |

In the opinion of the directors, the replacement cost of stocks at 30 April 2006, is not materially different to the carrying value as stated above.

Adare Halcyon Limited

Notes (continued)

| | | |
|--|---------------|----------------------|
| 11 Debtors | 2006 | 2005 |
| | £'000 | £'000 |
| Trade debtors | 5,728 | 6,237 |
| Amounts owed by group undertakings | 15,217 | 12,709 |
| Other debtors | 743 | 683 |
| Prepayments and accrued income | 142 | 279 |
| | <hr/> | <hr/> |
| | 21,830 | 19,908 |
| | <hr/> | <hr/> |
| 12 Creditors: amounts falling due within one year | 2006 | 2005 |
| | £'000 | £'000 |
| | | <i>(as restated)</i> |
| Trade creditors | 5,963 | 6,245 |
| Amounts owed to parent undertaking | 5,099 | 1,914 |
| Amounts owed to group undertakings | 36 | 482 |
| Other creditors | 315 | 343 |
| Corporation tax | 1,162 | 1,506 |
| Other taxes and social security | 699 | 963 |
| Accruals and deferred income | 300 | 235 |
| | <hr/> | <hr/> |
| | 13,574 | 11,688 |
| | <hr/> | <hr/> |
| 13 Provisions for liabilities and charges | 2006 | 2005 |
| | £'000 | £'000 |
| (a) Deferred tax liability | | |
| At beginning of year | 405 | 345 |
| Adjustment in respect of prior period | 99 | 47 |
| Charged in year | 14 | 13 |
| | <hr/> | <hr/> |
| At end of year | 518 | 405 |
| | <hr/> | <hr/> |
| <i>Deferred taxation arises as follows:</i> | | |
| Capital allowances | 523 | 529 |
| Other timing differences | (4) | (124) |
| | <hr/> | <hr/> |
| At end of year | 518 | 405 |
| | <hr/> | <hr/> |

Adare Halcyon Limited

Notes (continued)

13 Provisions for liabilities and charges (continued)

(b) Deferred Tax Asset

A deferred tax asset arises in relation to the post employment liabilities in the balance sheet and is netted against the liability to which it relates (Notes 1 and 20). The movement on the deferred tax asset is as follows:

| | £'000 |
|---|-------|
| At 1 May 2004, as originally stated | - |
| Prior year adjustment | 1,836 |
| | <hr/> |
| Deferred tax asset at 1 May 2004, as restated | 1,836 |
| Charge to 2005 profit and loss account | (29) |
| Credit to 2005 statement of total recognised gains and losses | 235 |
| | <hr/> |
| Deferred tax asset at 30 April 2005, as restated | 2,042 |
| Charge to 2006 profit and loss account | (827) |
| Charge to 2006 statement of total recognised gains and losses | (631) |
| | <hr/> |
| Deferred tax asset at 30 April 2006 | 584 |
| | <hr/> |

Adare Halcyon Limited

Notes (continued)

| | | | |
|---|-------------|----------------|----------------------|
| 14 Called up share capital | | 2006 | 2005 |
| | | £'000 | £'000 |
| <i>Authorised</i> | | | |
| 1,000 ordinary shares of £1 each | | 1 | 1 |
| <i>Allotted, called up and fully paid</i> | | | |
| 2 ordinary shares of £1 each | | - | - |
| | | | |
| 15 Reconciliation of shareholders' funds and movements on reserves | | 2006 | 2005 |
| | <i>Note</i> | £'000 | £'000 |
| | | | <i>(as restated)</i> |
| (a) Opening shareholders' funds | | 17,151 | 14,452 |
| Prior year adjustment (Note 1) | | (4,295) | (3,786) |
| Profit for the financial year, as restated | | 2,346 | 2,739 |
| Actuarial loss on post employment schemes | 20 | 2,105 | (784) |
| Related deferred tax asset | 13(b) | (631) | 235 |
| | | | |
| Closing shareholders' funds, as restated | | 16,676 | 12,856 |
| | | | |
| (b) Profit and loss account at beginning of year, as originally stated | | 16,255 | 13,556 |
| Prior year adjustment (Note 1) | | (4,295) | (3,786) |
| | | | |
| Profit and loss account at beginning of year, as restated | | 11,960 | 9,770 |
| | | | |
| Profit for the financial year, as restated | | 2,346 | 2,739 |
| Actuarial loss on post employment schemes | 20 | 2,105 | (784) |
| Related deferred tax asset | 13(b) | (631) | 235 |
| | | | |
| Profit and loss account at end of year | | 15,780 | 11,960 |
| | | | |
| 16 Capital reserve | | 2006 | 2005 |
| | | £'000 | £'000 |
| Capital Reserve | | 896 | 896 |

Adare Halcyon Limited

Notes (continued)

17 Lease commitments

Annual commitments under operating leases are as follows:

| | 2006 £'000 | Other 2005 £'000 |
|--------------------------|---------------|------------------------|
| Leases expiring: | | |
| Within one year | 70 | 82 |
| Within two to five years | 115 | 138 |
| | <hr/> | <hr/> |
| | 185 | 220 |
| | <hr/> | <hr/> |

18 Capital commitments

Future capital expenditure approved by the directors but not provided for in these financial statements is as follows:

| | 2006 £'000 | 2005 £'000 |
|-------------------------------|---------------|---------------|
| Contracted | 855 | 75 |
| Authorised but not contracted | - | 51 |
| | <hr/> | <hr/> |
| | 855 | 126 |
| | <hr/> | <hr/> |

19 Bank security

The bank loans and overdrafts of the company and the group are secured by way of an unlimited intergroup cross guarantee together with a mortgage debenture comprising of fixed and floating charges over the assets of the group.

20 Pensions

Pensions for employees are funded through a defined benefit pension scheme, the assets of which are vested in independent trustees for the benefit of employees and their dependants. The contributions are based on the advice of a professionally qualified actuary employed by Garvins.

In addition to the defined benefit scheme the company has contributed to a defined contribution scheme to which the company makes contributions on behalf of employees. Contributions totalling £207,000 were paid to the scheme during the year ended 30 April 2006 (2005: £458,000).

Adare Halcyon Limited

Notes (continued)

20 Pensions (continued)

The valuations of the defined benefit scheme used for the purpose of FRS17 disclosures have been based on the most recent actuarial valuation as identified and updated by the independent actuaries to take account of the requirements of FRS 17 in order to assess the liabilities as at 30 April 2006. Scheme assets are stated at their market value at the balance sheet date.

The financial assumptions used to calculate the retirement benefit liabilities under FRS 17 were as follows:

| | 2006 Projected unit | 2005 Projected unit | 2004 Projected unit |
|--------------------------------|------------------------|------------------------|------------------------|
| Valuation method | | | |
| Discount rate | 5.1% | 5.3% | 5.6% |
| Inflation rate | 2.5% | 2.5% | 2.7% |
| Increase to pension in payment | 2.5% | 2.5% | 2.7% |
| Salary increases | N/A | N/A | N/A |

The market value of the assets in the pension scheme and the expected rate of return were:

| | 30 April 2006 | 30 April 2005 | 30 April 2004 |
|---|---------------------------|---------------------------|---------------------------|
| Equities | 7.0% | 7.0% | 7.60% |
| Bonds | 5.0% | 5.0% | 5.00% |
| Property | 7.0% | 7.0% | 7.60% |
| Cash | 3.0% | 3.0% | - |
| | 30 April 2006 £'000 | 30 April 2005 £'000 | 30 April 2004 £'000 |
| Equities | 14,352 | 10,724 | 10,842 |
| Bonds | 5,479 | 4,294 | 4,122 |
| Property | 2,139 | 270 | 231 |
| Cash | 469 | 728 | - |
| Total market value of pension scheme assets | 22,439 | 16,016 | 15,195 |
| Present value of pension scheme liabilities | (24,386) | (22,822) | (21,316) |
| Deficit in scheme | (1,947) | (6,806) | (6,121) |
| Related deferred tax asset | 584 | 2,042 | 1,836 |
| Net pension liability | (1,363) | (4,764) | (4,285) |

Adare Halcyon Limited

Notes (continued)

20 Pensions (continued)

The following are the amounts that have been included in the Profit and Loss account and the Statement of Total Recognised Gains and Losses:

| | 2006 £'000 | 2005 £'000 |
|---|---------------|---------------|
| <i>Included in payroll costs</i> | | |
| Current service costs | - | - |
| Death in service costs | - | - |
| | <hr/> | <hr/> |
| Net operating profit charge | - | - |
| | <hr/> | <hr/> |
| <i>Included in finance costs</i> | | |
| Expected return on assets | 1,005 | 1,038 |
| Interest on pension scheme liabilities | (1,197) | (1,181) |
| | <hr/> | <hr/> |
| Net finance charges | (192) | (143) |
| | <hr/> | <hr/> |
| <i>Included in statement of total recognised gains and losses</i> | | |
| Differences between expected and actual return on assets | 2,965 | 53 |
| Experience gains and losses on scheme liabilities | - | (41) |
| Effect of changes in actuarial assumptions underlying the present value of scheme liabilities | (860) | (796) |
| | <hr/> | <hr/> |
| Actuarial gain/(loss) in statement of total recognised gains and losses | 2,105 | (784) |
| | <hr/> | <hr/> |
| <i>History of actuarial gains and losses</i> | 2006 £'000 | 2005 £'000 |
| Difference between expected and actual return on assets | 2,965 | 53 |
| Expressed as a percentage of schemes assets | 13.2% | 0.3% |
| Experience gains and losses on scheme liabilities | 0 | (41) |
| Expressed as a percentage of schemes liabilities | 0% | (0.2%) |
| Total actuarial losses recognised in statement of total recognised gains and losses | 2,105 | (784) |
| Expressed as a percentage of schemes liabilities | 8.6% | (3.4%) |

Adare Halcyon Limited

Notes (continued)

20 Pensions (continued)

| <i>Movements in deficit in the year</i> | 2006 € | 2005 € |
|---|----------------|----------------|
| Deficit in schemes at beginning of year | (6,806) | (6,121) |
| Current service cost | - | - |
| Employers contribution | 2,946 | 242 |
| Net finance income | (192) | (143) |
| Actuarial gain/(loss) | 2,105 | (784) |
| | <hr/> | <hr/> |
| Deficit in scheme at end of year | (1,947) | (6,806) |
| Deferred tax asset | 584 | 2,042 |
| | <hr/> | <hr/> |
| Net pension liability | (1,363) | (4,764) |
| | <hr/> | <hr/> |

21 Ultimate parent undertaking

The company is a subsidiary of Adare Limited (formerly Adare Printing Group (UK) Limited). During the year, the company's ultimate parent undertaking, NAPG Limited, was acquired by ACICS Limited, which thereby became the company's ultimate parent undertaking. All of the above companies are incorporated in England and Wales.

The only consolidated financial statements in which the results of Adare Halcyon Limited at 30 April 2006 are included is that of ACICS Limited. Copies of the consolidated financial statements of ACICS Limited are filed at Companies House, Crown Way, Cardiff.

22 Related party transactions

In accordance with FRS 8, the company has not disclosed its transactions with other group companies as its results are consolidated into the financial statements of its ultimate parent company which are publicly available.

23 Post balance sheet event

No significant events affecting the company have occurred since 30 April 2006.

24 Approval of the financial statements

These financial statements were approved by the directors on 19 October 2006.