



Litho Supplies (UK) Limited

Annual report and financial statements

Registered Number: 07088832

31 December 2016

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Company Information

Company number	07088832
Registered Office	Unit 1 & 2 Ashbourne Court Manners Avenue Manners Industrial Estate Ilkeston Derbyshire DE7 8EF
Directors	Mr E G Williams Mrs C V Hollister Mr F Dehing Mr J C Johnston Mr J R Newland
Company Secretary	Mr E G Williams
Auditor	KPMG LLP 15 Canada Square London E14 5GL
Banker	National Westminster Bank Plc 106 Linthorpe Road Middlesbrough TS1 1JZ
Solicitor	Geldards LLP Pride Place Pride Park Derby DE24 8QR

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Strategic report

Overview

Litho Supplies (UK) Limited, a wholly owned subsidiary of AGFA Graphics NV, is a leading supplier of consumable, printing and graphic art materials to the UK printing industry. Supplying a full range of leading brand, and other equipment manufacturers, print consumables, and printing equipment to all manner of shape and size print businesses.

Principal activities

The principal activity of the company is to supply consumables and equipment to customers involved in Lithographic, Flexographic and Display printing processes within mainland UK.

Business model

The company procures consumables from global manufacturers and then stocks the product locally in four warehouses located in key locations in the UK. Litho Supplies adds value by offering next day delivery of consumable products supported by a team of technical sales people. In addition, the business offers a range of capital equipment that compliments these consumables. This gives the customer an option to take a single supplier route and for the company to contact consumable customers.

Business review and results

Litho Supplies remains one of the larger distributors of pre-press, pressroom and flexographic products in the UK. The UK markets continue to remain challenging with price pressure continuing. The top line in 2016 remained static but stable, which under the circumstances we face in a challenging industry, is an acceptable position. In addition to this, sales of equipment continue to be on track.

Key performance indicators

As Litho Supplies is 100% owned by Agfa NV the company follows a comprehensive set of key performance indicators which allow the directors to monitor and manage the effectiveness of the business. This is reviewed at group level to ensure all guidelines are being adhered to and customer service maintained.

Key performance indicators include the monitoring of revenue growth, gross and operating margin analysis.

	2016	2015	2016	2015
Revenue	17,128,573	17,528,445		
Gross Margin	3,720,198	3,786,988	21.7%	21.6%
Operating Margin	173,026	178,195	1.0%	1.0%

Strategic report (*continued*)

Key performance indicators (*continued*)

Further KPIs used to manage the business include Days Sales Outstanding (DSO) for cash collection performance monitoring and order to delivery performance, On Time and In Full reporting (OTIF).

	2016	2015
DSO	68.05	72.45
OTIF	93%	95%

Principal risk and uncertainties

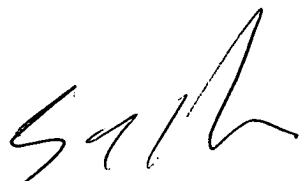
As a distributor our principal risks are loss of customer, price reduction and an increase in our distribution costs. We have maintained our e-commerce position and have reduced our distribution cost with our region acquisition.

Gross margins continue to come under pressure, but remain very stable. The Board is confident that this will remain through 2017; however, with the industry retracting on a year by year basis, the threat of bad debts continues to be a concern. We do not expect this to increase significantly in 2017 but will continually review our cash collection arrangements.

Future developments

We continue to look for new opportunities and will now concentrate some additional effort in up selling to our parent companies customer base. This will offer opportunities to sell additional third party products.

This report was approved by the board on 1st August 2017 and signed on its behalf.



Mr E G Williams
Director

Directors' report

For the year ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Disclosure of information to auditor

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 auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern assumptions

The Parent, Agfa Graphics NV continues to give its support to enable these financial statements to be prepared on a going concern basis.

Results

The profit for the year, after taxation, amounted to £77,254 (2015: £50,439); the full results are available on page 7.

Political and charitable donations

The Company made no donations to charitable organisations during the year (2015: £nil). No contributions to political organisations were made during the year (2015: £nil).

Directors

The directors who served during the year and to the date of approval of the financial statements were:

Mr E G Williams
Mrs C V Hollister
Mr F Dehing
Mr J C Johnston
Mr J R Newland

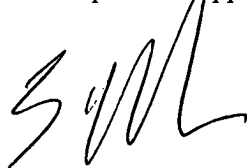
Registered office

The registered office of Litho Supplies (UK) Limited is:
Unit 1 & 2, Ashbourne Court,
Manners Avenue, Ilkeston
Derbyshire, DE7 8EF

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on 1st August 2017 and signed on its behalf.



Mr E G Williams
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LITHO SUPPLIES (UK) LIMITED

We have audited the financial statements of Litho Supplies (UK) Limited for the year ended 31 December 2016 set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LITHO SUPPLIES (UK) LIMITED *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Andrew Turner (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

3 August 2017

Profit and Loss Account and Other Comprehensive Income

For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	2	17,128,573	17,528,445
Cost of sales	3	<u>(13,408,375)</u>	<u>(13,741,457)</u>
Gross Profit		3,720,198	3,786,988
Distribution costs		(562,453)	(518,804)
Administrative expenses		<u>(2,984,719)</u>	<u>(3,089,989)</u>
Operating Profit	4,5,6	173,026	178,195
Other interest receivable and similar income	7	458	157
Interest payable and similar expenses	8	<u>(79,496)</u>	<u>(125,102)</u>
Profit before taxation		93,988	53,250
Tax on profit	9	<u>(16,734)</u>	<u>(2,811)</u>
Profit for the financial year		77,254	50,439
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>77,254</u>	<u>50,439</u>

All amounts relate to continuing operations.

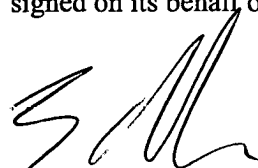
The notes on pages 10 to 19 form part of these financial statements.

Balance Sheet

As at 31 December 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Intangible assets	10		190,000		250,000
Tangible assets	11		<u>26,741</u>		<u>20,544</u>
			216,741		270,544
Current assets					
Stocks	12	1,227,612		1,375,451	
Debtors	13	4,089,427		4,140,169	
Cash at bank and in hand		<u>211,317</u>		<u>130,235</u>	
		5,528,356		5,645,855	
Creditors: amounts falling due within one year	14	<u>(3,405,016)</u>		<u>(3,348,572)</u>	
Net current assets			<u>2,123,340</u>		<u>2,297,283</u>
Total assets less current liabilities			2,340,081		2,567,827
Creditors: amounts falling due after more than one year	15		<u>(2,800,000)</u>		<u>(3,105,000)</u>
Net liabilities			<u>(459,919)</u>		<u>(537,173)</u>
Capital and reserves					
Called up share capital	16		139		139
Profit and loss account			<u>(460,058)</u>		<u>(537,312)</u>
Shareholders' deficit			<u>(459,919)</u>		<u>(537,173)</u>

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on 1st August 2017.



Mr E G Williams
Director

Statement of Changes in Equity

	Called-up share capital	Profit and loss account	Total Equity
	£	£	£
Balance at 1 January 2015	139	(587,751)	(587,612)
Profit	-	50,439	50,439
Balance at 31 December 2015	139	(537,312)	(537,173)

	Called-up share capital	Profit and loss account	Total Equity
	£	£	£
Balance at 1 January 2016	139	(537,312)	(537,173)
Profit	-	77,254	77,254
Balance at 31 December 2016	139	(460,058)	(459,919)

Notes

(forming part of the financial statements)

1. Accounting Policies

Litho Supplies (UK) Limited (the “Company”) is a private company incorporated and domiciled in the UK. The registered number is 07088832 and the registered address is; Unit 1 & 2, Ashbourne Court, Manners Avenue, Ilkeston, Derbyshire, DE7 8EF.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”).

The Company’s parent undertaking, Agfa – Gevaert N.V. includes the Company in its consolidated financial statements. The consolidated financial statements of Agfa – Gevaert N.V. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House.

As the consolidated financial statements of Agfa-Gevaert N.V. include the equivalent disclosures, the Company has taken the exemptions under FRS 101 available in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (*continued*)

1.2 Going concern

The financial statements have been prepared on the going concern basis, with net liabilities of £459,919 (2015: £537,173), which the directors believe to be appropriate for the following reason: The company is reliant for its working capital on funds provided to it by the Company's ultimate parent undertaking, which has provided the company with an undertaking that it will, for at least 12 months from the date of approval of these financial statements, continue to make available such funds as are needed by the company, and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in its operational existence for the foreseeable future, by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

1.3 Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

1.4 Turnover

The turnover shown in the profit and loss account represents the amounts invoiced and delivered during the period, exclusive of Value Added Tax.

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Cost is based on the first-in-first-out principle, and includes expenditure incurred in acquiring the stock and bringing them to their existing location.

1.6 Operating leases

Rental payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 Pensions

The Company operates a defined contribution pension scheme.

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account, in the periods during which services are rendered by employees.

Notes (continued)

1.8 Taxation

Tax on the profit for the year comprises current tax, and is recognised in the profit and loss account.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.9 Intangible fixed assets and amortisation

Intangible assets were acquired by the Company and are stated at cost less accumulated amortisation. The cost of the intangible assets acquired is at its fair value at the acquisition date.

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of the intangible assets. The estimated useful life is as follows:

- Intangible fixed assets - 5 years
being the expected retention period of the customers.

1.10 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful life of each fixed asset. The estimated useful lives are as follows:

- Plant & machinery - 3 – 10 years
- Fixtures & fittings - 3 years
- Computer equipment - 3 years

2. Turnover

The whole of the turnover is attributable to the one principal activity of the Company. All turnover arose within the United Kingdom.

Notes (continued)

3. Cost of sales

	2016	2015
	£	£
Opening stock	1,375,451	1,357,828
Purchases	13,260,536	13,759,080
Closing stock	(1,227,612)	(1,375,451)
Cost of sales	<u>13,408,375</u>	<u>13,741,457</u>

All figures relate to finished goods.

4. Expenses and auditor's remuneration

The operating profit is stated after charging:

	2016	2015
	£	£
Audit of these financial statements	17,000	18,500
Amortisation - intangible fixed assets	60,000	100,000
Depreciation - tangible fixed assets	9,648	27,585
Operating lease rentals	<u>156,449</u>	<u>173,361</u>

5. Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Accounts	7	7
Administration	5	6
Directors	1	1
Sales	18	16
Sales order processing	6	7
Warehouse	14	13
	<u>51</u>	<u>50</u>

Notes (continued)

5. Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows;

	2016	2015
	£	£
Wages and salaries	2,143,872	2,145,368
Social security costs	180,671	175,720
Other pension costs	68,512	64,225
	<u>2,393,055</u>	<u>2,385,313</u>

6. Directors' remuneration

	2016	2015
	£	£
Directors' remuneration	<u>100,739</u>	<u>100,732</u>

Defined contribution pension scheme	<u>6,654</u>	<u>5,820</u>
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The highest paid director received remuneration of £100,739 (2015: £100,732), and company pension contributions of £6,654 (2015: £5,820) were made to a defined contribution pension scheme on his behalf.

Retirement benefits are accruing to the following number of directors under:

	2016	2015
	No.	No.
Defined contribution pension scheme	<u>1</u>	<u>1</u>

7. Other interest receivable and similar income

	2016	2015
	£	£
Interest income from current account	<u>458</u>	<u>157</u>

8. Interest payable and similar expenses

	2016	2015
	£	£
Interest payable to group undertaking	<u>79,496</u>	<u>125,102</u>

Notes (continued)

9. Taxation

Recognised in the profit and loss account:

	2016	2015
	£	£
Current tax on income for the period	19,545	2,811
Adjustments in respect of prior periods	(2,811)	-
Total current tax	<u>16,734</u>	<u>2,811</u>

Reconciliation of effective tax rate:

	2016	2015
	£	£
Profit excluding taxation	93,988	53,250
Tax using the UK corporation tax rate of 20.00% (2015: 20.25%)	18,798	10,781
Non-deductible expenses	3,339	1,732
Amounts not recognised	(2,592)	(9,702)
Adjustment to prior year computation	(2,811)	-
Total tax expense	<u>16,734</u>	<u>2,811</u>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax balance for the year ended December 2016 is nil (2015: nil).

10. Intangible assets

	Customer List
	£
Cost	
Balance at 1 January 2016	<u>550,000</u>
Balance at 31 December 2016	<u>550,000</u>
Amortisation	
Balance at 1 January 2016	300,000
Amortisation for the year	<u>60,000</u>
Balance at 31 December 2016	360,000
Net book value	
At 1 January 2016	<u>250,000</u>
At 31 December 2016	<u>190,000</u>

Notes (continued)**11. Tangible fixed assets**

	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
Balance at 1 January 2016	43,952	19,029	67,231	130,212
Additions	-	15,845	-	15,845
Disposals	-	(1,849)	-	(1,849)
Balance at 31 December 2016	<u>43,952</u>	<u>33,025</u>	<u>67,231</u>	<u>144,208</u>
Depreciation				
Balance at 1 January 2016	26,405	16,074	67,189	109,668
Charge for the year	4,442	5,164	42	9,648
Disposals	-	(1,849)	-	(1,849)
Balance at 31 December 2016	<u>30,847</u>	<u>19,389</u>	<u>67,231</u>	<u>117,467</u>
Net book value				
At 1 January 2016	<u>17,547</u>	<u>2,955</u>	<u>42</u>	<u>20,544</u>
At 31 December 2016	<u>13,105</u>	<u>13,636</u>	<u>-</u>	<u>26,741</u>

There was no profit or loss on the fixtures & fittings disposed of during the year (2015: nil).

12. Stocks

	2016 £	2015 £
Finished goods	<u>1,227,612</u>	<u>1,375,451</u>

Notes (continued)

13. Debtors

	2016	2015
	£	£
Trade debtors	3,860,635	3,937,281
Prepayments and accrued income	228,792	202,888
	<u>4,089,427</u>	<u>4,140,169</u>

14. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	1,443,398	1,110,823
Amounts owed to group undertakings	958,135	1,108,444
Corporation tax	16,734	2,811
Social security and other taxes	472,161	453,092
Other creditors	157,492	142,418
Accruals and deferred income	252,096	435,984
Deferred contingent consideration	105,000	95,000
	<u>3,405,016</u>	<u>3,348,572</u>

15. Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Amounts owed to parent company	2,800,000	3,000,000
Deferred contingent consideration	-	105,000
	<u>2,800,000</u>	<u>3,105,000</u>

Notes (continued)

16. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
10,000 ordinary shares of £0.01 each	100	100
3,888 'A' ordinary shares of £0.01 each	39	39
	<hr/>	<hr/>
	139	139

17. Operating leases:

Non- cancellable operating lease rentals are payable as follows:

	Land & buildings 2016 £	Other 2016 £	Land & buildings 2015 £	Other 2015 £
Less than one year	92,200	51,561	73,200	59,634
Between one and five years	142,197	93,027	149,558	117,462
After more than five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	234,397	144,588	222,758	177,096

18. Ultimate parent undertaking

At 31 December 2016 the immediate parent undertaking was Agfa Graphic NV, incorporated and registered in Belgium.

The ultimate undertaking is Agfa – Geveart N.V.

The largest group in which the results of the Company are consolidated is that headed by Agfa – Geveart N.V.. Copies of the group financial statements for Agfa – Geveart N.V. are available from the company's registered office at:

Agfa – Geveart N.V.
Septestraat 27
2640 Mortsel
Belgium

Notes (*continued*)

18. Ultimate parent undertaking (continued)

The smallest group in which the results of the Company are consolidated is that headed by Agfa Graphics N.V. Copies of the group financial statements for Agfa Graphics N.V. are available from the company's registered office at:

Agfa – Graphics N.V.

Septestraat 27

2640 Mortsel

Belgium

19. Related Parties

As a wholly owned subsidiary of Agfa Graphics NV, the company is exempt from the requirements of FRS 101 to disclose transactions with other members of the group headed by Agfa Gevaert NV.