Litho SUPPLIES
An AGFA Company

Litho Supplies (UK) Limited

Annual report and financial statements
Registered number 07088832
31 December 2015

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 Johnson 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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For the year ended 31 December 2015

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 supply consumable and equipment to customers involved in Lithographic, Flexographic and Display printing process within mainland UK.

Business model

The company procures consumables from global manufacturers it then stocks the product locally in 3 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 continues to remains challenging with price pressure continuing. We have increased our top line sales from 2014. Some of this increase has been achieved with the acquisition of a small regional distributor in the South East of England in February 2015, this acquisition has helped increase sales and further consolidates our position in this area.

Key performance indicators

As Litho Supplies are 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.

	2015	2014	2015	2014
Revenue	17,528,445	14,690,559		
Gross Margin	3,786,988	3,167,071	21.6%	21.6%
Operating Margin	178,195	169,920	1.0%	1.2%

Strategic Report

For the year ended 31 December 2015 (*Continued)*

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

	2015	**2014**
DSO	72.45	70.95
OTIF	95%	96%

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, however, with our basket of manufactured and 3rd party products I can confirm gross margins remain consistent

Future developments

We continue to add new products to our range and will also consider any potential acquisitions that may add value to the current business.

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 6th October 2016 and signed on its behalf.

Mr E G Williams
Director

Directors' report

For the year ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

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 £50,439 (2014: £72,670); the full results are available on page 7.

Political and Charitable Donations

The Company made no donations to charitable organisations during the year. No contributions to political organisations were made during the year.

Directors

The directors who served during the year were:

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

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.

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 6th October 2016 and signed on its behalf.

Mr E G Williams
Director

Statement of directors' responsibilities in respect of the annual report and financial statements

For the year ended 31 December 2015

The directors are responsible for preparing the Strategic report, 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).

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.

KPMG

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 2015 set out on pages 7 to 20. 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 2015 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.

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared 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.

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
10 October 2016

Profit and Loss Account
For the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	**17,528,445**	14,690,559
Cost of Sales	4	**(13,741,457)**	(11,523,488)
Gross Profit		**3,786,988**	3,167,071
Distribution Costs		**(518,804)**	(478,853)
Administrative Expenses		**(3,089,989)**	(2,518,298)
Operating Profit	5,6,7	**178,195**	169,920
Interest receivable and similar income	8	**157**	483
Interest payable and similar charges	9	**(125,102)**	(97,733)
Profit on ordinary activities before taxation		**53,250**	72,670
Tax on profit/loss on ordinary activities	10	**(2,811)**	-
Profit for the financial year		**50,439**	72,670

There was no other comprehensive income for 2015 and 2014.

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 and 2014 other than those in the profit and loss account.

The notes on pages 10 to 20 form part of these financial statements.

Balance Sheet
As at 31 December 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Intangible assets	11		**250,000**		50,000
Tangible assets	12		**20,544**		29,039
			270,544		79,039
Current assets					
Stocks	13	**1,375,451**		1,357,828	
Debtors	14	**4,140,169**		4,048,099	
Cash at bank and in hand		**130,235**		62,172	
		5,645,855		5,468,099	
Creditors: amounts falling due within one year	15	**(3,348,572)**		(3,654,271)	
Net current assets			**2,297,283**		1,813,828
Total assets less current liabilities			**2,567,827**		1,892,867
Creditors: amounts falling due after more than one year	16		**(3,105,000)**		(2,480,479)
Net liabilities			**(537,173)**		(587,612)
Capital and reserves					
Called up share capital	17		**139**		139
Profit and loss account			**(537,312)**		(587,751)
Shareholders' deficit			**(537,173)**		(587,612)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6th October 2016.

Mr E G Williams
Director

Company registered number: 0708832
The notes on pages 10 to 20 form part of these financial statements.

Statement of Changes in Equity

	Called-up share capital	Profit and loss account	Total Equity
	£	£	£
Balance at 1 January 2014	139	(660,421)	(660,282)
Profit	-	72,670	72,670
Balance at 31 December 2014	**139**	**(587,751)**	**(587,612)**

	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)**

Notes to the Financial Statements
For the year ended 31 December 2015

1. Accounting Policies

Litho Supplies (UK) Limited (the "Company") is a company incorporated and domiciled in the UK.

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 and effective immediately 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").

In these financial statements, the company has adopted FRS 101 from 1 January 2015.

In the transition to FRS 101 from Adopted IFRS, the Company has made a measurement and recognition adjustments to debtors.

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.

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 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 to the Financial Statements

For the year ended 31 December 2015

1.2 Going concern

The financial statements have been prepared on the going concern basis, with net liabilities of £537,312 (2014: £587,612), 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 to the Financial Statements
For the year ended 31 December 2015

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 equipments - 3 years

2. Acquisitions of businesses

On 5 February 2015, the Company acquired the unincorporated business of Filmtechnik Limited for £319,090. The company is engaged in the supply of CTP, digital equipment and associated consumables. In the 11 months to 31 December 2015 the business contributed revenue of £2,100,692 and net profit of £66,720 to the revenue and net profit for the year. Tangible assets we acquired at NBV: £19,090

Notes to the Financial Statements
For the year ended 31 December 2015

2. Acquisitions of businesses *(Continued)*

Acquiree's net assets at the acquisition date	Book Value	Fair Value Adj	Fair Value
	£	£	£
Tangible fixed assets	19,090	-	19,090
Intangible fixed assets	300,000	-	300,000
Net identifiable assets and liabilities	319,090	-	319,090
Initial cash price paid	119,090	-	119,090
Contingent consideration expected to be paid	200,000	-	200,000
Total consideration	319,090	-	319,090
Goodwill on acquisition	-	-	-

The fair value of the agreement at the acquisition date was £319,090.

The company has agreed to pay the vendors additional consideration of £95,000 and £105,000 to be paid over the next 12 months' periods on the basis of turnover targets.

If the turnover for period one (the 12 months following closing) and period two (the next 12 months) equals £2.5million respectively, then at the end of period one, Litho Supplies (UK) Limited shall pay Filmtechnik £95,000; and at the end of period two the sum of £105,000. Any deviations from these targets shall result in pro-rated earn-out payments.

The Company has included £200,000 as a contingent consideration related to the additional consideration, which represents the amount determined at the acquisition date.

Acquisition related costs

The Company's ultimate parent undertaking managed the acquisition, and therefore there were no acquisition related costs borne by the Company.

3. Turnover

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

Notes to the Financial Statements
For the year ended 31 December 2015

4. Cost of Sales

	2015	2014
	£	£
Opening stock	**1,357,828**	1,093,698
Purchases	**13,759,080**	11,787,618
Closing stock	**(1,375,451)**	(1,357,828)
Cost of sales	**13,741,457**	11,523,488

All figures relate to finished goods

5. Expenses and auditor's remuneration

The operating profit is stated after charging:

	2015	2014
	£	£
Audit of these financial statements	**18,500**	18,500
Amortisation - intangible fixed assets	**100,000**	50,000
Depreciation - tangible fixed assets	**27,585**	11,450
Operating lease rentals	**173,361**	123,936

6. Staff costs and numbers

Staff costs, including directors' remuneration were as follows:

	2015	2014
	£	£
Wages and salaries	**2,145,368**	1,734,606
Social security costs	**175,720**	148,740
Other pension costs	**64,225**	47,637
	2,385,313	1,930,983

	2015	2014
Accounts	**7**	6
Administration	**6**	6
Directors	**1**	1
Sales	**16**	16
Sales order processing	**7**	4
Warehouse	**13**	12
	50	45

Notes to the Financial Statements
For the year ended 31 December 2015

7. Directors' remuneration

	2015	2014
	£	£
Emoluments	**100,732**	83,928
Defined contribution pension scheme	**5,820**	5,832

The highest paid director received remuneration of £100,732 (2014: £83,928), and company pension contributions of £5,820 (2014: £5,832) were made to a defined contribution pension scheme on his behalf.

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

	2015	2014
	No.	No.
Defined contribution pension scheme	**1**	1

8. Other interest receivable and similar income

	2015	2014
	£	£
Interest income from current account	**157**	483

9. Interest payable and similar charges

	2015	2014
	£	£
Interest payable to group undertaking	**125,102**	97,312
Other interest payable	**-**	421
	125,102	97,733

Notes to the Financial Statements
For the year ended 31 December 2015

10. Taxation

	2015	2014
	£	£
Current tax on income for the period	**2,811**	-

The charge for the year can be reconciled to the profit per the income statement as follows:

	2015	2014
Profit excluding taxation	**53,250**	72,670
Tax using the UK corporation tax rate of 20.25% (2014:21.50%)	**10,781**	15,624
Non-deductible expenses	**1,732**	802
Capital allowances for period in excess of depreciation	-	2,461
Other short term timing differences	-	(447)
Utilisation of brought forward tax losses	-	(18,440)
Amounts not recognised	**(9,702)**	-
	2,811	-

The deferred tax balance is nil (2014: a deferred tax asset of £22,388)

11. Intangible fixed assets

	Customer List
	£
Cost	
At 1 January 2015	**250,000**
Additions	**300,000**
At 31 December 2015	**550,000**
Amortisation	
At 1 January 2015	**200,000**
Charge for the year	**100,000**
At 31 December 2015	**300,000**
Net book value	
At 31 December 2015	**250,000**
At 31 December 2014	50,000

Notes to the Financial Statements
For the year ended 31 December 2015

12. Tangible fixed assets

	Plant & machinery	Fixtures & fittings	Computer equipment	Vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2015	43,952	16,412	64,377	-	124,741
Additions	-	2,617	2,854	13,619	19,090
Disposal	-	-	-	(13,619)	(13,619)
At 31 December 2015	43,952	19,029	67,231	-	130,212
Depreciation					
At 1 January 2015	21,847	10,826	63,029	-	95,702
Charge for the year	4,558	5,248	4,160	13,619	27,585
Disposal	-	-	-	(13,619)	(13,619)
At 31 December 2015	26,405	16,074	67,189	-	109,668
Net book value					
At 31 December 2015	17,547	2,955	42	-	20,544
At 31 December 2014	22,105	5,586	1,348	-	29,039

The vehicles were purchased as part of the acquisition of Filmtechnik Limited, and have been disposed of as the Company leases company cars. There was no profit or loss on disposal.

13. Stocks

	2015	2014
	£	£
Finished goods	1,375,451	1,357,828

Notes to the Financial Statements
For the year ended 31 December 2015

14. Debtors

	2015	2014
	£	£
Trade debtors	3,937,281	3,541,139
Amounts owed from fellow subsidiary	-	391,300
Prepayments and accrued income	202,888	115,660
	4,140,169	4,048,099

15. Creditors:
Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	1,110,823	1,244,399
Amounts owed to fellow subsidiary	1,108,444	1,334,354
Corporation tax	2,811	-
Social security and other taxes	453,092	460,412
Other creditors	142,418	60,754
Accruals and deferred income	435,984	554,352
Deferred contingent consideration	95,000	-
	3,348,572	3,654,271

16. Creditors:
Amounts falling due after more than one year

	2015	2014
	£	£
Amounts owed to parent company	3,000,000	2,400,000
Provision	-	80,479
Deferred contingent consideration	105,000	-
	3,105,000	2,480,479

Notes to the Financial Statements
For the year ended 31 December 2015

17. Share capital

	2015	2014
	£	£
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
	139	139

18. Operating lease commitments

	Land & buildings 2015	**Other 2015**	Land & buildings 2014	Other 2014
	£	**£**	£	£
Within 1 year	**73,200**	**59,634**	25,433	20,601
Between 2 and 5 years	**149,558**	**117,462**	37,000	23,709
After more than 5 years	**-**	**-**	-	-
	222,758	**177,096**	62,433	44,310

19. Ultimate parent undertaking

At 31 December 2015 the immediate parent undertaking was Agfa Graphic NV, incorporated and registered in Belgium.

The ultimate undertaking is 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 to the Financial Statements
For the year ended 31 December 2015

20. Related party transactions

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