

Company No: 772047

PRECISION COLOUR PRINTING LIMITED  
(FORMERLY PIPERS COPPICE PRINTING LIMITED)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31st DECEMBER 1994



PRECISION COLOUR PRINTING LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST  
DECEMBER, 1994

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## PRECISION COLOUR PRINTING LIMITED

### DIRECTORS' REPORT

The Directors present their report and the financial statements for the year (52 weeks) ended 31st December 1994 (1993 - 52 weeks).

### ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of specialist printers. A fuller business review of this wholly owned subsidiary is given by the Chairman in the financial statements of the parent company, The Midland News Association Limited. On 31st December 1994 the company took over the assets and trade of a fellow subsidiary, Precision Colour Printing Limited (now renamed Pipers Coppice Printing Limited). On 3rd January 1995 the company changed its name to Precision Colour Printing Limited.

### RESULTS AND DIVIDEND

The profit for the year after taxation was £567,258 which has been retained. The Directors do not recommend the payment of a dividend and this amount has been transferred to reserves.

### FIXED ASSETS

During the year the company spent £1,202,428 on fixed assets. In addition there was a transfer in from group companies of assets with net book value of £56,907.

### EMPLOYEE PARTICIPATION

The Directors have always recognised the importance of good communications and relations with members of the staff. A company newspaper is produced quarterly and methods of consultation are under constant review. The company is proud of its employment policies and of the guidance it gives to those approaching retirement. An employee share scheme has been in operation for many years and a range of pension benefits has been introduced which is comparable with the best in British industry. A Profit Related Pay Scheme is in operation.

### EMPLOYMENT OF DISABLED PEOPLE

The company supports the principle of employing disabled people wherever possible, through recruitment, by retention of those who become disabled during their employment and generally through training, career development and promotion.

## PRECISION COLOUR PRINTING LIMITED

### DIRECTORS' REPORT (Continued)

#### BOARD OF DIRECTORS

The members of the Board, who held office during the year, are:

M. G. Douglas Graham (Chairman)  
P. W. Liggins  
J. D. Allatt

B. A. Jackson  
G. W. Evers

A. M. Evans and M. Kersen were appointed Directors on 20th March, 1995.

#### DIRECTORS' INTERESTS

The Directors at 31st December 1994 are also Directors of the parent company, The Midland News Association Limited, and their interests in the share capital of group companies are shown in the Directors' Report of that company.

#### DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors confirm that they have :

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards and
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

#### AUDITORS

A resolution will be put to the forthcoming Annual General Meeting to appoint Ernst & Young as the company's auditors.

#### BY ORDER OF THE BOARD

G. W. EVERS  
Secretary

Registered Office:  
Queen Street,  
Wolverhampton.  
20th March 1995.

AUDITORS' REPORT TO THE MEMBERS OF PRECISION COLOUR PRINTING LIMITED

We have audited the financial statements set out on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

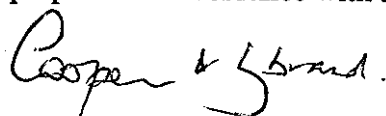
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND

Chartered Accountants and Registered Auditors

Birmingham

20th March 1995.

PRECISION COLOUR PRINTING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1994

	Notes	1994 £	1993 £
TURNOVER	1	9,419,496	8,129,290
Net operating expenses	2	8,982,771	8,088,846
		<hr/>	<hr/>
OPERATING PROFIT		436,725	40,444
Other income	3	34,250	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	470,975	40,444
Taxation	6	(96,283)	10,578
RETAINED PROFIT FOR THE YEAR	14	<hr/> <hr/> £567,258	<hr/> <hr/> £29,866

All activities of the company are continuing.

The company has no recognised gains or losses other than those included in the profits above, and therefore no separate statement of recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

**PRECISION COLOUR PRINTING LIMITED**

**BALANCE SHEET AT 31st DECEMBER 1994**

	Notes	1994 £	1993 £
<b>FIXED ASSETS</b>			
Tangible assets	7	11,454,522	11,056,703
Investments	16	1,500,000	1,500,000
		<u>12,954,522</u>	<u>12,556,703</u>
<b>CURRENT ASSETS</b>			
Stocks	8	348,111	24,450
Debtors	9	7,279,434	1,816,738
Cash at bank and in hand		1,156	39,610
		<u>7,628,701</u>	<u>1,880,798</u>
Creditors: amounts falling due within one year	10	6,978,824	12,063,540
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>649,877</u>	<u>(10,182,742)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>13,604,399</u>	<u>2,373,961</u>
Creditors: amounts falling due after one year	11	11,684,202	1,183,416
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	12	1,799,194	1,636,800
<b>NET ASSETS/(LIABILITIES)</b>		<u>£121,003</u>	<u>£(446,255)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	1,500	1,500
Profit and Loss account	14	119,503	(447,755)
Shareholders' funds	15	<u>£121,003</u>	<u>£(446,255)</u>

The financial statements on pages 5 to 14 were approved by the Board on the 20th March 1995 and are signed on its behalf by:

M. G. DOUGLAS GRAHAM )

G. W. EVERS )

Directors

## PRECISION COLOUR PRINTING LIMITED

### ACCOUNTING POLICIES

(a) Basis of accounting

The company prepares its financial statements on the historical cost basis of accounting and in accordance with applicable Accounting Standards in the United Kingdom. They incorporate the results for the 52 weeks ended 31st December 1994. (1993 - 52 weeks ended 1st January 1994).

A summary of the more important accounting policies, which have been applied consistently, is set out below.

(b) Turnover

Turnover represents the amount receivable (excluding VAT) in respect of the year for goods and services supplied.

(c) Depreciation

The depreciation charge is calculated on cost at annual rates estimated to write off the tangible assets over their working lives as follows:

Plant and Machinery	7% - 20% per annum
Fixtures and fittings	10% - 20% per annum
Motor vehicles	20% per annum

Freehold buildings are maintained in a state of good repair and the Directors consider that the residual values are at least equal to or greater than carrying values, such that depreciation is not material. Consequently, the buildings have not been depreciated.

Assets held under finance leases are depreciated over the shorter of the lease period and the assets' working lives.

(d) Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost comprises the invoiced value of all supplies on a 'first-in, first-out' basis.

(e) Deferred Taxation

Provision is made for deferred taxation in respect of timing differences on capital allowances unless it is considered unlikely that any material liability will arise in the foreseeable future.



## PRECISION COLOUR PRINTING LIMITED

### ACCOUNTING POLICIES (Continued)

(f) Finance leases

Leasing agreements which transfer to the company substantially all of the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element.

(g) Pensions Costs

The cost of providing pensions is calculated using actuarial valuation methods which reflect the long-term costs of providing such pensions.

The amount charged to the profit and loss account is calculated so as to produce a substantially level percentage of the current and estimated future pensionable payroll. Variations from the regular cost so calculated are allocated to the profit and loss account over the average remaining service lives of employees.

The difference between the charge to the profit and loss account and the contributions paid to the schemes is shown as an asset or liability in the balance sheet.

(h) Deferred Income

Profit arising on the sale and leaseback of assets is deferred and released over the shorter of the lease period and the useful life of the assets.

PRECISION COLOUR PRINTING LIMITED

NOTES ON THE FINANCIAL STATEMENTS 31st DECEMBER 1994

1. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit on ordinary activities before taxation derive from specialist printing carried out wholly within the United Kingdom.

2. NET OPERATING EXPENSES

	1994 £	1993 £
Raw materials and consumables	5,528,413	4,824,836
Staff costs	1,955,725	1,749,699
Depreciation of tangible fixed assets		
- owned	547,786	796,281
- held under finance leases	288,333	51,683
Profit on disposal of tangible fixed assets	(6,576)	(9,396)
Auditors' remuneration - audit services	4,600	5,200
- non-audit services	1,650	-
Finance lease charge	39,752	14,217
Other operating charges	623,088	656,326
	<u>£8,982,771</u>	<u>£8,088,846</u>

3. OTHER INCOME

	£	£
Dividends from listed investments	<u>34,250</u>	<u>-</u>

4. EMPLOYEES

The aggregate staff costs during the year were:

	£	£
Wages and salaries	1,771,807	1,578,572
Social Security costs	142,999	138,992
Other pension costs	40,919	32,135
	<u>£1,955,725</u>	<u>£1,749,699</u>

PRECISION COLOUR PRINTING LIMITED

NOTES ON THE FINANCIAL STATEMENTS (Continued)

The average number employed throughout the year was:

	1994 Number	1993 Number
Full time	92	84
Part time	4	5
	<u>96</u>	<u>89</u>
	<u>==</u>	<u>==</u>

5. DIRECTORS' REMUNERATION

No Directors' emoluments are payable in respect of the year. (1993 - £Nil).

6. TAXATION

	1994 £	1993 £
Group Relief Receivable at 33% (1993 - 33%) based on the result for the year	(150,576)	-
Adjustment in respect of previous years	(129,600)	-
Deferred taxation - current year	199,931	15,889
- prior year	(16,038)	(5,311)
	<u>£(96,283)</u>	<u>£10,578</u>
	<u>==</u>	<u>==</u>

In the opinion of the Directors the company is a close company as defined by the Income and Corporation Taxes Act 1988.

# PRECISION COLOUR PRINTING LIMITED

## NOTES ON THE FINANCIAL STATEMENTS (Continued)

### 7. TANGIBLE ASSETS

	Freehold land and buildings £	Plant and machinery £	Fixtures and equipment £	Total £
Cost:				
At 2nd January 1994	3,179,853	9,375,953	548,744	13,104,550
Additions	-	1,061,210	141,218	1,202,428
Group Transfers				
- additions	-	129,176	1,375	130,551
- disposals	-	-	(34,350)	(34,350)
Disposals	-	(67,578)	-	(67,578)
At 31st December 1994	<u>3,179,853</u>	<u>10,498,761</u>	<u>656,987</u>	<u>14,335,601</u>
Depreciation:				
At 2nd January 1994	-	1,737,321	310,526	2,047,847
Charge for the year (note 2)	-	748,042	88,077	836,119
Group Transfers				
- additions	-	73,393	251	73,644
- disposals	-	-	(21,345)	(21,345)
Eliminated on disposals	-	(55,186)	-	(55,186)
At 31st December 1994	<u>-</u>	<u>2,503,570</u>	<u>377,509</u>	<u>2,881,079</u>
Net book values				
At 31st December 1994	<u>3,179,853</u>	<u>7,995,191</u>	<u>279,478</u>	<u>11,454,522</u>
At 2nd January 1994	<u>3,179,853</u>	<u>7,638,632</u>	<u>238,218</u>	<u>11,056,703</u>

The aggregate amount of capital expenditure authorised by the Directors at 31st December 1994 was £230,457 (1993 - £613,400), of which contracts had been placed for £230,457 (1993 - £613,400)

Plant and machinery includes items held under finance leases with a net book value of £905,879 (1993 £1,199,436).

**PRECISION COLOUR PRINTING LIMITED**

**NOTES ON THE FINANCIAL STATEMENTS (Continued)**

**8. STOCKS**

	1994	1993
	£	£
Paper & Consumables	332,452	-
Finished goods	15,659	24,450
	<u>£348,111</u>	<u>£24,450</u>

**9. DEBTORS**

	£	£
Amounts falling due within one year		
Trade debtors	733,124	-
Due from group companies	6,129,130	1,746,738
Other debtors	6,460	-
Prepayments and accrued income	27,170	-
VAT recoverable	60,865	-
Taxation - group relief recoverable	312,000	70,000
- other	10,685	-
	<u>£7,279,434</u>	<u>£1,816,738</u>

**10. CREDITORS: amounts falling due within one year**

	£	£
Bank overdraft	69,098	-
Trade creditors	849,792	226,663
Due to group companies	5,730,774	11,524,384
Accruals	44,648	-
Deferred income	31,138	31,138
Finance leases	253,374	281,355
	<u>£6,978,824</u>	<u>£12,063,540</u>

**11. CREDITORS: amounts falling due after one year**

	£	£
Due to group companies	10,762,671	-
Deferred Income	73,309	104,448
Finance leases : between 1 and 2 years	298,069	253,374
Finance leases : between 2 and 5 years	392,686	643,057
Pension scheme contributions	157,467	182,537
	<u>£11,684,202</u>	<u>£1,183,416</u>

# PRECISION COLOUR PRINTING LIMITED

## NOTES ON THE FINANCIAL STATEMENTS (Continued)

### 12. DEFERRED TAXATION

	1994 £	1993 £
The total potential liability, which is fully provided, for deferred taxation is as follows:		
Tax effect at 33% (1993 - 33%) of timing differences in respect of capital allowances	£1,799,194	£1,636,800
Movement during current year:		
At 2nd January 1994	1,636,800	
Transfer from profit and loss account	183,893	
Transfer from Pipers Coppice Printing Limited	(21,499)	
At 31st December 1994	£1,799,194	

### 13. SHARE CAPITAL

(Unchanged during the year)	£	£
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each	£1,500	£1,500

### 14. PROFIT AND LOSS ACCOUNT

	£
At 2nd January 1994	(447,755)
Retained profit	567,258
At 31st December 1994	£119,503

### 15. RECONCILIATIONS OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £	1993 £
Opening shareholders' funds	(446,255)	(476,121)
Retained profit	567,258	29,866
Closing shareholders' funds	£121,003	£(446,255)

## PRECISION COLOUR PRINTING LIMITED

### NOTES ON THE FINANCIAL STATEMENTS (Continued)

16. The listed investments are valued at cost. The market value at 31st December 1994 was £1,870,000 (1993 £1,787,000)

#### 17. CONTINGENT LIABILITY

Under group banking arrangements, set-off rights exist between the company and certain other group companies.

#### 18. PENSION ARRANGEMENTS

The Claverley Group operates two pension schemes (A and B) providing benefits based on final pensionable pay. The assets are held in separate, trustee administered funds.

The schemes are subject to independent valuation at least every three years, on the basis of which the schemes' actuary recommends the rates of the employers' contributions which, together with the specified contributions payable by the employees and proceeds from the schemes' assets, are sufficient to fund the benefits payable under the schemes. Employer's costs have been paid since April in Scheme A and throughout the year in Scheme B.

The pension costs for 1994 are based on the following valuations of the schemes and, prior to 5th April 1994, on the previous valuation of Scheme A.

	<u>Scheme A</u>	<u>Scheme B</u>
Valuation date	5th April 1994	5th April 1993
Actuarial method	Projected Unit	Attained Age
Market Value	£60.5m	£19.1m
Funding level	137%	130%

The principal actuarial assumptions adopted in both valuations were that in the long term the annual rate of investment return would be 2.5% higher than the annual rate of general escalation in pensionable remuneration and 4.5% higher than the annual rates of pension increases and dividend growth.

The charge for pension costs is shown in Note 4. Included in creditors is an amount of £157,467 (1993: £182,537), representing a provision for contributions payable to Scheme A of £187,838 and an overpayment of contribution to Scheme B of £30,371 according to the accounting policy.

#### 19. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of The Midland News Association Limited. The ultimate parent company is Claverley Company. Both companies are incorporated in Great Britain and registered in England and Wales.