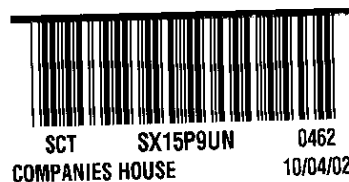


**FOIL RIBBON & IMPACT PRINTING
GROUP PLC**

Report and Financial Statements

31 December 2001



**Deloitte & Touche
Lomond House
9 George Square
Glasgow
G2 1QQ**

REPORT AND FINANCIAL STATEMENTS 2001

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Auditors' report	5
Consolidated profit and loss account	6
Consolidated note of historical cost profits and losses	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Notes to the accounts	12

REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

L W Gibson
J D Gibson
T McRoberts
S A Morris

SECRETARY

L W Gibson

REGISTERED OFFICE

4 Rutherford Court
15 North Avenue
Clydebank Business Park
Clydebank
G81 2QP

BANKERS

Lloyds TSB Scotland plc
2 Atlantic Quay
Robertson Street
Glasgow
G2 8WE

SOLICITORS

McGrigor Donald
70 Wellington Street
Glasgow
G2 6SB

AUDITORS

Deloitte & Touche
Lomond House
9 George Square
Glasgow
G2 1QQ

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

PRINCIPAL ACTIVITY, PROFIT, DIVIDENDS AND FUTURE PROSPECTS

The Company carried on the business of managing and controlling the trading subsidiaries in the group, all of which carried on the business of foil stamping, holographic foiling and embossing services.

The operating results in 2001 show a decline in turnover, down 5.7% from 2000. The group profit on ordinary activities for the year after taxation was £89,259 (2000 - £300,735).

The directors confirm the payment of dividends of £68,208 (2000 - £69,816), and recommend that the retained profit be transferred to reserves.

The results for the year are pleasing given the continued climate of the print and packaging industry where structural change of the industry is taking place through a consolidation of both the Customer and Supplier base. The traditional background to the market remains with excess capacity and fragmentation. At the same time increasing overseas competition and changing technology is impacting upon margins and sales mixes. It remains the directors belief that a similar process of consolidation within the foiling and embossing niche will result and that FRIP is well placed to take advantage of opportunities arising from industry consolidation both as they arise and as they are developed.

During the year the group enhanced the Scottish facility with new investment in state of the art equipment and the elimination of older and less efficient operating equipment. The Manchester facility continued to generate new profitable turnover and is now well established within the North East market. The Hinckley facility continued in developing it's reputation for large format high volume sheet work. The investment of the past three years is seen by the directors as providing FRIP with a long-term competitive advantage which will lessen the impact of the present difficult market conditions and enable FRIP to continue to develop it's reputation for quality, service, innovation and technical excellence. All of the above provide the Directors with enthusiasm and confidence for 2002 and beyond.

The focus for 2002 remains in providing a professional, high quality foiling and embossing service that meets the present and future needs of our Customers. Once again, much of the success enjoyed by the Group could not have been achieved without the effort and hard work of all staff towards this focus or without the continued support of Customers and Suppliers.

DIRECTORS

The directors of the company at the year end and their interests in the share capital of the company were as follows:

	Ordinary shares of £0.05 each	
	2001	2000
L W Gibson	269,731	269,731
J D Gibson (Junior)	232,222	232,222
T McRoberts	67,509	67,509
S A Morris	-	-

CREDITOR PAYMENT POLICY

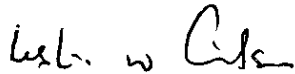
The company and Group's current policy concerning the payment of the majority of trade creditors is to make payment, without undue delay, in accordance with the general custom and practice of the print and packaging industry. For other suppliers the company and Group's policy is to pay in accordance with its contractual and other legal obligations.

DIRECTORS' REPORT (continued)

AUDITORS

A resolution to re-appoint Deloitte & Touche as auditors will be proposed at the Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board



LW Gibson

Secretary

4th April 2002

STATEMENT OF 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 group as at the end of the financial year and of the profit or loss of the group for that year. In preparing those 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 group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOIL RIBBON & IMPACT PRINTING GROUP PLC

We have audited the financial statements of Foil Ribbon & Impact Printing Group PLC for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 transactions with the company is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and group'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 and group's affairs as at 31 December 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

5 April 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2001

	Note	2001 £	2000 £
TURNOVER – continuing operations	2	2,725,945	2,891,213
Cost of sales		(1,267,932)	(1,268,160)
Gross profit		<u>1,458,013</u>	<u>1,623,053</u>
Administrative expenses		(1,121,046)	(1,113,359)
OPERATING PROFIT – continuing operations	3	336,967	509,694
Interest payable	5	(98,933)	(82,420)
Exceptional fixed assets write off	6	(62,341)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>175,693</u>	<u>427,274</u>
Taxation	7	(86,434)	(126,539)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		89,259	300,735
Dividends	8	(68,208)	(69,816)
Retained profit for the year	18	<u>21,051</u>	<u>230,919</u>

There are no recognised gains or losses in 2001 or 2000 other than the profits for those years.

CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2001 £	2000 £
Profit on ordinary activities before taxation	175,693	427,274
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	15,937	17,708
Historical cost profit on ordinary activities before taxation	<u>191,630</u>	<u>444,982</u>
Historical cost profit for the year retained after taxation and dividends	<u>36,988</u>	<u>248,627</u>

**CONSOLIDATED BALANCE SHEET
31 December 2001**

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible fixed assets	9	2,813,340	2,551,587
CURRENT ASSETS			
Stocks	11	64,672	51,281
Debtors	12	817,991	1,060,508
Cash at bank and in hand		112,401	90,460
		995,064	1,202,249
CREDITORS: amounts falling due within one year	13	(894,173)	(1,033,095)
NET CURRENT ASSETS		100,891	169,154
TOTAL ASSETS LESS CURRENT LIABILITIES		2,914,231	2,720,741
CREDITORS: amounts falling due after more than one year	14	(1,156,020)	(1,056,762)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(193,551)	(120,370)
		1,564,660	1,543,609
CAPITAL AND RESERVES			
Share capital	17	80,371	80,371
Revaluation reserve	18	143,435	159,372
Profit and loss account	18	1,340,854	1,303,866
TOTAL EQUITY SHAREHOLDERS' FUNDS	19	1,564,660	1,543,609

These financial statements were approved by the Board of Directors on 4th April 2002.

Signed on behalf of the Board of Directors



L W Gibson
Director

COMPANY BALANCE SHEET
31 December 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible fixed assets	9	2,813,340	2,551,587
Investments	10	12,000	12,000
		<u>2,825,340</u>	<u>2,563,587</u>
CURRENT ASSETS			
Debtors	12	57,610	112,931
CREDITORS: amounts falling due within one year	13	<u>(581,719)</u>	<u>(547,207)</u>
NET CURRENT LIABILITIES		<u>(524,109)</u>	<u>(434,276)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,301,231	2,129,311
CREDITORS: amounts falling due after more than one year	14	(1,156,020)	(1,056,762)
PROVISIONS FOR LIABILITIES AND CHARGES	15	<u>(193,551)</u>	<u>(120,370)</u>
		<u>951,660</u>	<u>952,179</u>
CAPITAL AND RESERVES			
Share capital	17	80,371	80,371
Revaluation reserve	18	143,435	159,372
Profit and loss account	18	<u>727,854</u>	<u>712,436</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	19	<u>951,660</u>	<u>952,179</u>

These financial statements were approved by the Board of Directors on 4th April 2002.

Signed on behalf of the Board of Directors



L W Gibson
Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2001

	Note	2001 £	2000 £
Net cash inflow from operating activities	(i)	717,768	505,100
Returns on investments and servicing of finance	(ii)	(98,933)	(82,420)
Taxation		(41,608)	(35,663)
Capital expenditure and financial investment	(ii)	(112,065)	(393,578)
Equity dividends		(68,208)	(69,816)
Net cash (outflow)/inflow before financing		396,954	(76,377)
Financing	(ii)	(362,988)	(73,939)
Increase/(decrease) in cash in the year	(iii)	33,966	(150,316)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2001 £	2000 £
Increase/(decrease) in cash in the year		33,966	(150,316)
Cash outflow from decrease in debt and finance leases	(iii)	362,988	73,939
Change in net debt resulting from cash flows		396,954	(76,377)
New finance leases	(iii)	(479,128)	(538,336)
Movement in net debt in the year		(82,174)	(614,713)
Net debt at 1 January 2001	(iii)	(1,454,545)	(839,832)
Net debt at 31 December 2001	(iii)	(1,536,719)	(1,454,545)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2001

(i) RECONCILIATION OF OPERATING PROFIT TO OPERATING ACTIVITIES

	2001 £	2000 £
Operating profit	336,967	509,694
Depreciation charge	273,099	216,240
(Profit)/loss on sale of tangible fixed assets	(6,000)	426
Increase in stock	(13,391)	(994)
Decrease/(increase) in debtors	242,517	(376,234)
(Decrease)/increase in creditors	(115,424)	155,968
Net cash inflow from operating activities	<u>717,768</u>	<u>505,100</u>

(ii) ANALYSIS OF CASH FLOWS

	2001 £	2000 £
Returns on investments and servicing of finance		
Bank interest paid	(36,427)	(50,608)
Interest element of finance lease repayments	(62,506)	(31,812)
Net cash outflow from returns on investments and servicing of finance	<u>98,933</u>	<u>(82,420)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(118,065)	(395,828)
Sale of tangible fixed assets	6,000	2,250
Net cash outflow from capital expenditure and financial investment	<u>(112,065)</u>	<u>(393,578)</u>
Financing		
New bank loan received	-	175,000
Repayment of loans	(84,981)	(32,972)
Capital element of finance lease repayments	(278,007)	(215,967)
Net cash outflow from financing	<u>(362,988)</u>	<u>(73,939)</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)
Year ended 31 December 2001**(iii) ANALYSIS OF NET DEBT**

	At 1 January 2001 £	Cash flow £	Other non- cash movements £	At 31 December 2001 £
Cash at bank and in hand	90,460	21,941	-	112,401
Bank overdraft	(160,751)	12,025	-	(148,726)
	<u>(70,291)</u>	<u>33,966</u>	<u>-</u>	<u>(36,325)</u>
Debt due after more than one year	(495,185)	9,481	91,000	(394,704)
Debt due within one year	(75,500)	75,500	(91,000)	(91,000)
Finance leases	(813,569)	278,007	(479,128)	(1,014,690)
	<u>(1,384,254)</u>	<u>362,988</u>	<u>(479,128)</u>	<u>(1,500,394)</u>
Total	<u>(1,454,545)</u>	<u>396,954</u>	<u>(479,128)</u>	<u>(1,536,719)</u>

NOTES TO THE ACCOUNTS**Year ended 31 December 2001****1. ACCOUNTING POLICIES*****Basis of accounting***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, as modified by the revaluation of certain fixed assets.

Consolidation

The consolidated financial statements incorporate the accounts of the company and its subsidiaries for the year to 31 December 2001. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date control passes. Intra-group sales and profits are eliminated fully on consolidation. No profit and loss account is presented for Foil Ribbon & Impact Printing Group plc as provided by S230 of the Companies Act 1985.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation.

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned, as follows:

Plant and equipment	Over 10-15 years reducing balance
Office equipment	Over 4-7 years straight line
Fixtures and fittings	Over 5-10 years straight line
Motor vehicles	Over 4 years straight line
Buildings	Over 50 years straight line

Land is not depreciated.

The directors of the company have followed the transitional rules of FRS 15 by freezing the value of fixed assets that have been previously revalued. The valuation details have been disclosed in note 8.

Stock and work in progress

Stock is valued at the lower of cost and net realisable value. Cost is based on weighted average purchase price. Provision is made for slow moving or obsolete stock items where necessary.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences in accordance with FRS19.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences arising are taken to the profit and loss account.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

NOTES TO THE ACCOUNTS**Year ended 31 December 2001****1. ACCOUNTING POLICIES (CONTINUED)****Leasing costs**

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term. Where fixed assets are financed by leasing arrangements, which transfer to the group substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account.

2. TURNOVER

Turnover arises wholly from the principal activities of the group from within the United Kingdom and represents the invoiced amount of goods sold and services provided net of value added tax.

3. OPERATING PROFIT

	2001 £	2000 £
Operating profit is after charging/(crediting):		
Depreciation		
owned assets	136,007	120,915
leased assets	37,092	95,325
Auditors' remuneration		
audit	8,000	8,000
other services	2,500	2,500
Operating leases		
land and buildings	-	81,411
(Profit)/loss on sale of fixed assets	(6,000)	426

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

4. DIRECTORS AND EMPLOYEES

	2001 No.	2000 No.
The average number of persons employed during the year was:		
Management and administration	11	11
Other employees	20	23
	<u>31</u>	<u>34</u>
Staff costs:	£	£
Wages and salaries	786,166	792,134
Social security costs	83,451	80,701
	<u>869,617</u>	<u>872,835</u>
Directors' remuneration	£	£
Emoluments	206,572	191,850
	<u>206,572</u>	<u>191,850</u>
No directors are accruing benefits under pension schemes.		
	£	£
Highest paid director		
Emoluments	56,300	50,696
	<u>56,300</u>	<u>50,696</u>

5. INTEREST PAYABLE

	2001 £	2000 £
Bank overdraft interest	36,427	50,608
Leasing interest	62,506	31,812
	<u>98,933</u>	<u>82,420</u>

6. EXCEPTIONAL FIXED ASSETS WRITE OFF

	2001 £	2000 £
Impairment of plant and equipment in anticipation of asset disposal	62,341	-
	<u>62,341</u>	<u>-</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

7. TAXATION

	2001 £	2000 £
Corporation tax at 20% (2000 – 20%)	10,768	39,000
Underprovision in prior periods	2,485	2,169
Deferred tax (note 15)	73,181	85,370
	<u>86,434</u>	<u>126,539</u>

The tax charge is disproportionate due to the deferred tax charge in respect of accelerated capital allowances.

8. DIVIDENDS

	2001 £	2000 £
Paid during year 4.24 pence per share (2000 - 4.34 pence)	<u>68,208</u>	<u>69,816</u>

9. TANGIBLE FIXED ASSETS

Group and company	Land & buildings £	Plant & equipment £	Fixtures and fittings £	Office equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 January 2001	547,445	2,373,150	168,952	115,735	150,852	3,356,134
Additions	-	547,025	12,541	15,175	22,452	597,193
Disposals	-	-	-	-	(18,477)	(18,477)
At 31 December 2001	<u>547,445</u>	<u>2,920,175</u>	<u>181,493</u>	<u>130,910</u>	<u>154,827</u>	<u>3,934,850</u>
Depreciation						
At 1 January 2001	8,424	512,805	89,355	93,291	100,672	804,547
Charge for the year	9,549	208,821	10,388	10,927	33,414	273,099
Impairment	-	62,341	-	-	-	62,341
Disposals	-	-	-	-	(18,477)	(18,477)
At 31 December 2001	<u>17,973</u>	<u>783,967</u>	<u>99,743</u>	<u>104,218</u>	<u>115,609</u>	<u>1,121,510</u>
Net book value						
At 31 December 2001	<u>529,472</u>	<u>2,136,208</u>	<u>81,750</u>	<u>26,692</u>	<u>39,218</u>	<u>2,813,340</u>
At 31 December 2000	<u>539,021</u>	<u>1,860,345</u>	<u>79,597</u>	<u>22,444</u>	<u>50,180</u>	<u>2,551,587</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

9. TANGIBLE FIXED ASSETS (continued)

The net book value of assets held under finance leases is £1,552,988 (2000 - £1,365,684), the depreciation of which is shown in note 3.

On 31 December 1994, a revaluation of the company's plant and equipment was carried out by the directors, on a basis which more accurately reflected the useful lives of the fixed assets and their estimated renewal values. This resulted in an increase in the asset valuation of £231,831 at that date.

On 13 February 1995, the plant and equipment of the company was valued by Messrs Colebrook Evans and McKenzie Limited, Independent Valuers, at a value of approximately £102,000 above the value adopted by the directors on 31 December 1994.

If plant and equipment had not been revalued they would have been included at the following amounts:

	2001 £	2000 £
Cost	2,966,168	2,334,596
Aggregate depreciation based on cost	(911,053)	(633,623)
Net book value based on cost	<u>2,055,115</u>	<u>1,700,973</u>

10. INVESTMENTS

Company	2001 £	2000 £
Investments in subsidiaries	<u>12,000</u>	<u>12,000</u>

Investments comprise the following interests in group undertakings:

	Country of incorporation	Proportion of share capital	Ordinary £1 shares
Foil Ribbon & Impact Printing (Scotland) Limited	Scotland	100%	10,000
Foil Ribbon & Impact Printing (Hinckley) Limited	England	100%	1,000
Foil Ribbon & Impact Printing (Manchester) Limited	England	100%	1,000

The principal activity of all the subsidiaries is the provision of foil stamping and embossing services.

The following subsidiaries were dormant throughout 2001 and are not consolidated as the directors feel this would be of no value to members of the company:

	Country of incorporation	Proportion of share capital	Ordinary £1 shares
Hologram Security Printing Ltd	Scotland	100%	100
An F of A difference Limited	Scotland	100%	1,000

The investment in, and all amounts due from, An F of A difference Limited were written off in previous years.

The investment in, and all amounts due from, Hologram Security Printing Limited were written off in the current year.

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

11. STOCKS

Group

	2001	2000
	£	£
Raw materials	64,672	51,281

12. DEBTORS

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Amounts falling due within one year				
Trade debtors	748,680	986,904	-	-
Prepayments	44,688	44,533	4,867	5,527
Other debtors	24,623	16,101	21,605	15,201
Amounts due from group undertakings	-	-	31,138	84,600
	817,991	1,047,538	57,610	105,328
Amounts falling due after more than one year				
Amounts due from related company	-	7,819	-	7,603
Other debtors	-	5,151	-	-
	817,991	1,060,508	57,610	112,931

Amounts due from related company represented amounts due by a company whose shareholders are common to those of Foil Ribbon and Impact Printing Group plc.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Bank overdraft (note 14)	148,726	160,751	148,726	160,751
Trade creditors	223,695	338,446	6,712	12,295
Other taxation and social security	104,176	116,303	46,205	30,393
Corporation tax	10,651	39,006	-	-
Bank loan (note 14)	91,000	75,500	91,000	75,500
Sundry creditors	7,503	6,333	-	-
Accruals	55,048	44,764	25,411	16,276
Obligations under finance leases (note 16)	253,374	251,992	253,374	251,992
Amounts due to group undertakings	-	-	10,291	-
	894,173	1,033,095	581,719	547,207

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Bank and similar loans:				
Repayable within 1 year	91,000	75,500	91,000	75,500
Repayable within 1-2 years	80,667	82,000	80,667	82,000
Repayable within 2-5 years	180,000	173,667	180,000	173,667
Repayable after more than 5 years	134,037	239,518	134,037	239,518
	<u>485,704</u>	<u>570,685</u>	<u>485,704</u>	<u>570,685</u>
Amounts due within one year	(91,000)	(75,500)	(91,000)	(75,500)
	<u>394,704</u>	<u>495,185</u>	<u>394,704</u>	<u>495,185</u>
Obligations under finance leases (note 16)	761,316	561,577	761,316	561,577
	<u>1,156,020</u>	<u>1,056,762</u>	<u>1,156,020</u>	<u>1,056,762</u>

In June 1993 the company received a loan from Lloyds TSB Scotland plc of £310,000. The loan repayments are made at a rate of £2,583.33 per month and are to be repaid over a term not exceeding 10 years. The first repayment was made in September 1993. Subsequent to the year end this loan has been paid in full.

In June 1999 the company received a loan from Lloyds TSB Scotland plc of £315,000. The loan repayments shall be made in 108 consecutive equal monthly instalments commencing 31 October 2000. Interest shall be charged at 1.5 % above the Bank's base rate over the period of the loan.

In March 2000 the company received a loan from Lloyds TSB Scotland plc of £175,000. The loan repayments shall be made in 108 consecutive equal monthly instalments commencing 30 April 2001. Interest shall be charged at 1.5% above the Bank's base rate over the period of the loan.

Lloyds TSB Scotland plc holds a bond and a floating charge over the whole assets of the company as security for the bank loan and overdraft. In addition the bank holds a cross-guarantee in respect of the following group companies :

Foil Ribbon & Impact Printing (Scotland) Limited
Foil Ribbon & Impact Printing (Hinckley) Limited
Foil Ribbon & Impact Printing Group plc
Foil Ribbon & Impact Printing (Manchester) Limited

At 31 December 2001, the total contingent liability in respect of such borrowings was £522,030 (2000 - £439,562).

15. PROVISIONS FOR LIABILITIES AND CHARGES

Group and company	Charge to profit and loss account	
	2000	2001
	£	£
Deferred taxation (note 6)	<u>120,370</u>	<u>193,551</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

15. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

Deferred Taxation

Group and company	Potential		Provided	
	2001	2000	2001	2000
	£	£	£	£
Deferred taxation in respect of:				
Accelerated capital allowances	-	157,000	190,668	120,370
Other timing differences	-	(3,000)	2,883	-
	<u>-</u>	<u>154,000</u>	<u>193,551</u>	<u>120,370</u>

The potential liability and provision are based on a corporation tax rate of 20% (2000 – 20%).

FRS 19 has been implemented for the first time. This is a change in accounting policy from the previously adopted SSAP 15. No prior year adjustment has been made as the impact on the prior year comparatives is not seen as material.

16. OBLIGATIONS UNDER FINANCE LEASES

The net finance lease obligations to which the group is committed are:

	2001	2000
	£	£
Due in one year or less	253,374	251,992
Between one and two years	233,174	178,895
Between two and five years	516,386	382,682
Due after more than five years	11,756	-
	<u>1,014,690</u>	<u>813,569</u>

Obligations under finance leases are secured by the related assets.

17. CALLED UP SHARE CAPITAL

Group and company	2001	2000
	£	£
Authorised		
3,000,000 ordinary shares of 5p each	<u>150,000</u>	<u>150,000</u>
Allotted, called up and fully paid		
1,607,420 ordinary shares of 5p each	<u>80,371</u>	<u>80,371</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

18. RESERVES

	Profit & loss £	Revalua- tion reserve £
Group		
At 1 January 2001	1,303,866	159,372
Transfer in respect of depreciation on revalued assets	15,937	(15,937)
Retained profit for the year	21,051	-
	<u>1,340,854</u>	<u>143,435</u>
At 31 December 2001		
Company		
At 1 January 2001	712,436	159,372
Transfer in respect of depreciation on revalued assets	15,937	(15,937)
Retained loss for the year	(519)	-
	<u>727,854</u>	<u>143,435</u>
At 31 December 2001		

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Group		
Profit for the year	89,376	300,735
Dividends	(68,208)	(69,816)
	<u>21,168</u>	<u>230,919</u>
Net addition to shareholders' funds		
Opening shareholders' funds	1,543,609	1,312,690
	<u>1,564,777</u>	<u>1,543,609</u>
Closing shareholders' funds		
Company		
Profit for the year	67,806	81,894
Dividends	(68,208)	(69,816)
	<u>(402)</u>	<u>12,078</u>
Net (reduction in)/addition to shareholders' funds		
Opening shareholders' funds	952,179	940,101
	<u>951,777</u>	<u>952,179</u>
Closing shareholders' funds		

NOTES TO THE ACCOUNTS
Year ended 31 December 2001**20. FINANCIAL COMMITMENTS**

At 31 December 2001 the group had annual commitments under operating leases as follows:

	2001	2000
	Land &	Land &
	buildings	buildings
	£	£
Group and company		
Operating leases which expire:		
Within one year	-	-
Between 2 – 5 years	48,555	48,555
In over 5 years	28,750	28,750
	<u>77,305</u>	<u>77,305</u>

21. TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemptions available under Financial Reporting Standard 8 with regard to the non-disclosure of transactions between group companies which are eliminated in the ultimate parent company's consolidated financial statements.