Deloitte & Touche

Company Registration No. 49498

FOIL RIBBON & IMPACT PRINTING GROUP PLC

Report and Financial Statements

31 December 1999

Deloitte & Touche
Chartered Accountants
39 St Vincent Place
Glasgow
G1 2QQ

Deloitte Touche Tohmatsu

REPORT AND FINANCIAL STATEMENTS 1999

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REPORT AND FINANCIAL STATEMENTS 1999

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

L W Gibson
J D Gibson
T McRoberts
S A Morris

SECRETARY

L W Gibson

REGISTERED OFFICE

Block 12
Vale of Leven Industrial Estate
Dumbarton
G82 3PD

BANKERS

Lloyds TSB Scotland plc
177 Ingram Street
Glasgow
G1 1DL

SOLICITORS

McGrigor Donald
70 Wellington Street
Glasgow
G2 6SB

AUDITORS

Deloitte & Touche
39 St Vincent Place
Glasgow
G1 2QQ

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

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 1999 show continued progress in developing turnover, up 13% from 1998. The group profit on ordinary activities for the year after taxation was £175,217 (1998 - £151,845).

The directors confirm the payment of a dividend of £39,381 (1998 - £nil), 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 market fragmentation. It is 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 made significant progress in enhancing internal systems aimed at providing a faster response to Customers and at improving the overall effectiveness and efficiency of the organisation in meeting customer needs. Within Scotland a more buoyant whisky sector for labels and packaging enabled FRIP to recover much of the ground lost in 1998. The new Manchester facility saw further investment in equipment as well as a relocation to a purpose built facility. The Hinckley facility benefited from significant investment in new equipment which provides the Group with the largest sheet size presently offered within the industry. All of this activity is aimed at giving the Group a long-term competitive edge and confirming FRIP's reputation for quality, service and technical excellence.

Looking forward to 2000, the group plans further investment in equipment and the range of services offered. Included in this is the relocation of the Dumbarton facility to Clydebank, bringing FRIP closer to its traditional Scottish customer base. Once complete the Group will enjoy the benefits of facilities believed to be the most comprehensive and advanced offered throughout Europe. All of the above provide the Directors with enthusiasm and confidence for 2000 and beyond.

The focus of the Group remains in providing a professional, high quality foiling and embossing service which meets the present and future needs of our Customers. 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 and not without the support of Customers and Suppliers.

DIRECTORS

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

	Ordinary shares of £0.05 each	
	1999	**1998 or on appointment**
J D Gibson (deceased 12 March 1999)	-	1,456,500
L W Gibson	269,731	45,460
J D Gibson (Junior)	232,222	45,460
T McRoberts	67,509	30,000
S A Morris (appointed 1 March 1999)	-	-

DIRECTORS' REPORT (CONTINUED)

YEAR 2000 COMPLIANCE

Following the initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report the directors are not aware of any significant matters which have arisen or may arise that will affect the activities of the business, however, constant monitoring of the situation is being undertaken. Any future costs associated with this issue cannot be quantified but are not anticipated to be significant.

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.

AUDITORS

Rutherford Manson Dowds merged their practice with Deloitte & Touche on 1 July 1999 and now carry on business under the name of Deloitte & Touche. The Directors consented to the appointment of Rutherford Manson Dowds as auditors of the company being treated as extending to Deloitte & Touche. 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

Leslie W Gibson

LW Gibson

Secretary

4th April 2000

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.

Deloitte & Touche

Deloitte & Touche
39 St. Vincent Place
Glasgow G1 2QQ

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AUDITORS' REPORT TO THE MEMBERS OF

FOIL RIBBON & IMPACT PRINTING GROUP PLC

We have audited the financial statements on pages 6 to 21 which have been prepared under the accounting policies set out on pages 12 to 13.

Respective responsibilities of directors and auditors

As described on page 4 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 the preparation of the financial statements, and of whether the accounting policies are appropriate to the company 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 and group's affairs at 31 December 1999 and of the group profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte Touche

Chartered Accountants and Registered Auditors

4 April 2000

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 1999

	Note	1999 £	1998 £
TURNOVER – continuing operations	2	2,307,546	2,038,093
Cost of sales		(956,971)	(910,080)
Gross profit		1,350,575	1,128,013
Administrative expenses		(1,063,236)	(924,375)
OPERATING PROFIT – continuing operations	3	287,339	203,638
Interest payable	5	(43,903)	(37,229)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		243,436	166,409
Taxation	6	(68,219)	(14,564)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		175,217	151,845
Dividends	7	(39,381)	-
Retained profit for the year	17	135,836	151,845

There are no recognised gains or losses in 1999 or 1998 other than the profits for those years.

CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES

	1999 £	1998 £
Profit on ordinary activities before taxation	243,436	166,409
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	19,675	21,862
***Historical cost profit on ordinary activities* before taxation**	263,111	188,271
Historical cost profit for the year retained after taxation and dividends	155,511	173,707

CONSOLIDATED BALANCE SHEET
31 December 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Tangible fixed assets	8	1,836,339	1,202,907
CURRENT ASSETS			
Stocks	10	50,287	46,426
Debtors	11	684,274	707,629
Cash at bank and in hand		90,930	23,304
		825,491	777,359
CREDITORS: amounts falling due within one year	12	(645,819)	(560,267)
NET CURRENT ASSETS		179,672	217,092
TOTAL ASSETS LESS CURRENT LIABILITIES		2,016,011	1,419,999
CREDITORS: amounts falling due after more than one year	13	(668,321)	(243,145)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(35,000)	-
		1,312,690	1,176,854
CAPITAL AND RESERVES			
Share capital	16	80,371	80,371
Revaluation reserve	17	177,080	196,755
Profit and loss account	17	1,055,239	899,728
TOTAL EQUITY SHAREHOLDERS' FUNDS	18	1,312,690	1,176,854

These financial statements were approved by the Board of Directors on 4th April 2000.

Signed on behalf of the Board of Directors

Leslie W Gibson

L W Gibson
Director

COMPANY BALANCE SHEET
31 December 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Tangible fixed assets	8	1,836,339	1,202,907
Investments	9	12,000	12,000
		1,848,339	1,214,907
CURRENT ASSETS			
Debtors	11	142,059	119,284
CREDITORS: amounts falling due within one year	12	(346,976)	(259,133)
NET CURRENT LIABILITIES		(204,917)	(139,849)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,643,422	1,075,058
CREDITORS: amounts falling due after more than one year	13	(668,321)	(243,145)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(35,000)	-
		940,101	831,913
CAPITAL AND RESERVES			
Share capital	16	80,371	80,371
Revaluation reserve	17	177,080	196,755
Profit and loss account	17	682,650	554,787
TOTAL EQUITY SHAREHOLDERS' FUNDS	18	940,101	831,913

These financial statements were approved by the Board of Directors on 4th April 2000.

Signed on behalf of the Board of Directors

L W Gibson

L W Gibson
Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 1999

	Note	1999 £	1998 £
Cash inflow from operating activities	(i)	572,442	118,267
Returns on investments and servicing of finance	(ii)	(43,903)	(37,229)
Equity dividends		(39,381)	-
Taxation		(16,719)	(35,564)
Capital expenditure and financial investment	*(ii)*	(444,257)	-
Net cash inflow before financing		28,182	45,474
Financing	(ii)	116,598	(162,987)
Increase/(decrease) in cash in the year	(iii)	144,780	(117,513)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	1999 £	1998 £
Increase/(decrease) in cash in the year		144,780	(117,513)
Cash (inflow)/outflow from debt and finance leases	(iii)	(116,598)	162,987
Change in net debt resulting from cash flows		28,182	45,474
New finance leases	(iii)	(427,029)	(220,000)
Movement in net debt in the year		(398,847)	(174,526)
Net debt at 1 January 1999	(iii)	(440,985)	(266,459)
Net debt at 31 December 1999	(iii)	(839,832)	(440,985)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 1999

(i) RECONCILIATION OF OPERATING PROFIT TO OPERATING ACTIVITIES

	1999 £	1998 £
Operating profit	287,339	203,638
Depreciation charge	188,076	151,554
Loss on sale of tangible fixed assets	49,778	-
Increase in stock	(3,861)	(8,723)
Decrease/(increase) in debtors	57,372	(172,735)
Decrease in creditors	(6,262)	(55,467)
Net cash inflow from operating activities	572,442	118,267

(ii) ANALYSIS OF CASH FLOWS

	1999 £	1998 £
Returns on investments and servicing of finance		
Bank interest paid	(20,438)	(22,062)
Interest element of finance lease repayments	(23,465)	(15,167)
Net cash outflow from returns on investments and servicing of finance	(43,903)	(37,229)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(489,447)	-
Sale of tangible fixed assets	45,190	-
Net cash outflow from capital expenditure and financial investment	(444,257)	-
Financing		
New bank loan received	315,000	-
Repayment of loans	(31,010)	(62,250)
Capital element of finance lease repayments	(167,392)	(100,737)
Net cash inflow/(outflow) from financing	116,598	(162,987)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)
Year ended 31 December 1999

(iii) ANALYSIS OF NET DEBT

	At 1 January 1999 £	Cash flow £	Other non-cash movements £	At 31 December 1999 £
Cash at bank and in hand	23,304	67,626	-	90,930
Bank overdraft	(88,059)	77,154	-	(10,905)
	(64,755)	144,780	-	80,025
Debt due after one year	(113,667)	(252,490)	-	(366,157)
Debt due within one year	(31,000)	(500)	(31,000)	(62,500)
Finance leases	(231,563)	167,392	(427,029)	(491,200)
	(376,230)	(85,598)	(458,029)	(919,857)
Total	(440,985)	59,182	(458,029)	(839,832)

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

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 1999. 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.

On acquisition of a subsidiary or business all of the subsidiary's or business' assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses that arise after the group has gained control of the subsidiary, are reflected in the post acquisition profit and loss account.

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

Land is not depreciated.

Buildings will be written off over fifty years.

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 to the extent that tax liabilities are likely to crystallise in the foreseeable future.

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.

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

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 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 to the profit and loss account on a straight line basis.

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

	1999	1998
	£	£
Operating profit is after charging:		
Depreciation		
owned assets	113,264	103,371
leased assets	74,812	48,183
Auditors' remuneration		
audit	7,600	6,500
other services	2,250	2,000
Operating leases		
land and buildings	124,984	120,027
Loss on sale of fixed assets	49,778	-

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

4. DIRECTORS AND EMPLOYEES

	1999 No.	1998 No.
The average number of persons employed during the year was:		
Management and administration	10	12
Other employees	22	22
	32	34
Staff costs:	£	£
Wages and salaries	681,265	663,816
Social security costs	69,968	66,667
	751,233	730,483
Directors' remuneration	£	£
Emoluments	176,336	174,067

No directors are accruing benefits under pension schemes.

5. INTEREST PAYABLE

	1999 £	1998 £
Bank overdraft interest	20,438	22,062
Leasing interest	23,465	15,167
	43,903	37,229

6. TAXATION

	1999 £	1998 £
Corporation tax at 20% (1998 – 21%)	33,500	17,000
Overprovision in prior periods	(281)	(2,436)
Deferred tax (note 14)	35,000	-
	68,219	14,564

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

7. DIVIDENDS

	1999 £	1998 £
Paid during year 2.45p per share (1998 - £nil)	39,381	-

8. TANGIBLE FIXED ASSETS

Group and company	Land & buildings £	Plant & equipment £	Fixtures and fittings £	Office equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 January 1999	-	1,409,089	89,133	86,547	102,237	1,687,006
Additions	319,976	505,141	22,106	14,738	54,515	916,476
Disposals	-	(170,187)	-	-	(5,900)	(176,087)
At 31 December 1999	319,976	1,744,043	111,239	101,285	150,852	2,427,395
Depreciation						
At 1 January 1999	-	307,041	70,052	74,337	32,669	484,099
Charge for the year	-	138,855	7,720	8,377	33,124	188,076
Disposals	-	(78,292)	-	-	(2,827)	(81,119)
At 31 December 1999	-	367,604	77,772	82,714	62,966	591,056
Net book amount						
At 31 December 1999	319,976	1,376,439	33,467	18,571	87,886	1,836,339
At 31 December 1998	-	1,102,048	19,081	12,210	69,568	1,202,907

The net book amount of assets held under finance leases is £851,707 (1998 - £523,905), 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 revaluation reserve of £231,831.

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:

	1999 £	1998 £
Cost	1,705,489	1,370,535
Aggregate depreciation based on cost	(506,130)	(465,242)
Net book amount based on cost	1,199,359	905,293

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

9. INVESTMENTS

Company

	1999 £	1998 £
Investments in subsidiaries	12,000	12,000

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 subsidiary was dormant throughout 1999 and is 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
An F of A difference Limited (previously FRIP Limited)	Scotland	100%	1,000

The investment in, and all amounts due to this company, were written off in previous years.

10. STOCKS

Group

	1999 £	1998 £
Raw materials	50,287	46,426

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

11. DEBTORS

	Group 1999 £	Group 1998 £	Company 1999 £	Company 1998 £
Amounts falling due within one year				
Trade debtors	590,394	650,868	-	6,534
VAT recoverable	34,017	-	34,017	-
Prepayments	41,056	40,295	6,665	7,556
Other debtors	7,791	-	-	-
Amounts due from group undertakings	-	-	93,774	97,591
	673,258	691,163	134,456	111,681
Amounts falling due after more than one year				
Amounts due from related company	7,603	7,603	7,603	7,603
Other debtors	3,413	8,863	-	-
	684,274	707,629	142,059	119,284

"Amounts falling due from related company" represent amounts due by a company owned by the directors of Foil Ribbon and Impact Printing Group plc.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 1999 £	Group 1998 £	Company 1999 £	Company 1998 £
Bank overdraft	10,905	88,059	10,905	75,593
Trade creditors	209,786	198,304	22,194	680
Other taxation and social security	54,551	80,511	6,970	29,697
Corporation tax	33,500	17,000	-	-
Bank loan	62,500	31,000	62,500	31,000
Sundry creditors	34,106	3,837	34,106	900
Accruals	51,435	39,471	21,265	19,178
Obligations under finance leases	189,036	102,085	189,036	102,085
	645,819	560,267	346,976	259,133

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

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

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Bank and similar loans:				
Repayable within 1 year	62,500	31,000	62,500	31,000
Repayable within 1-2 years	62,500	31,000	62,500	31,000
Repayable within 2-5 years	146,157	82,667	146,157	82,667
Repayable over more than 5 years	157,500	-	157,500	-
	428,657	144,667	428,657	144,667
Amounts due within one year	(62,500)	(31,000)	(62,500)	(31,000)
	366,157	113,667	366,157	113,667
Obligations under finance leases	302,164	129,478	302,164	129,478
	668,321	243,145	668,321	243,145

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. Interest on the loan is charged at a fixed rate of 10% per annum on a daily basis for the first five years.

In June 1999 the company received a loan from Lloyds TSB Scotland plc of £315,000. The loan repayments shall be made in 9 consecutive equal annual instalments commencing 31 October 2000. Interest shall be charged at 2% 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 he company as a security for the bank loan and overdraft. In addition the bank holds a cross-guarantee in respect of the following companies within Foil Ribbon & Impact Printing Group plc:

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 1999, the total contingent liability in respect of such borrowings was £348,632 (1998 - £245,378).

14. PROVISIONS FOR LIABILTIES AND CHARGES

	1998	Charge to *profit and* loss account	1999
	£	£	£
Deferred taxation (note 6)	-	35,000	35,000

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

14. PROVISIONS FOR LIABILTIES AND CHARGES (CONTINUED)

Deferred Taxation

Group and company	**Potential** 1999 £	1998 £	**Provided** 1999 £	1998 £
Deferred taxation in respect of:				
Accelerated capital allowances	110,000	83,000	35,000	-
Other timing differences	(3,000)	(3,000)	-	-
	107,000	80,000	35,000	-

The potential liability and provision are based on a corporation tax rate of 20% (1998 – 21%).

15. OBLIGATIONS UNDER FINANCE LEASES

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

	1999 £	**1998** £
In one year or less	189,036	102,085
Between one and two years	129,816	77,853
Between two and five years	172,348	51,625
	491,200	231,563

Obligations under finance leases are secured by the related assets.

16. CALLED UP SHARE CAPITAL

	1999 £	**1998** £
Authorised		
3,000,000 ordinary shares of 5p each	150,000	150,000
Allotted, called up and fully paid		
1,607,420 ordinary shares of 5p each	80,371	80,371

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

17. RESERVES

Group	Profit & loss £	Revaluation reserve £
At 1 January 1999	899,728	196,755
Transfer in respect of depreciation on revalued assets	19,675	(19,675)
Retained profit for the year	135,836	-
At 31 December 1999	1,055,239	177,080
Company		
At 1 January 1999	554,787	196,755
Transfer in respect of depreciation on revalued assets	19,675	(19,675)
Retained profit for the year	108,188	-
At 31 December 1999	682,650	177,080

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	1999 £	1998 £
Profit for the year	175,217	151,845
Less: dividends	(39,381)	-
Net addition to shareholders' funds	135,836	151,845
Opening shareholders' funds	1,176,854	1,025,009
Closing shareholders' funds	1,312,690	1,176,854
Company		
Profit for the year	147,569	184,816
Less: dividends	(39,381)	-
Net addition to shareholders' funds	108,188	184,816
Opening shareholders' funds	831,913	647,097
Closing shareholders' funds	940,101	831,913

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

19. FINANCIAL COMMITMENTS

At 31 December 1999 the group had annual commitments under operating leases as follows:

Group and company	**1999 Land & buildings £**	**1998 Land & buildings £**
Operating leases which expire:		
Within one year	11,057	20,000
Between 2 – 5 years	-	81,755
In over 5 years	41,748	28,750
	52,805	130,505

20. CAPITAL COMMITMENTS

	1999 £	**1998 £**
Contracted for, but not provided	-	25,000

21. TRANSACTIONS WITH RELATED PARTIES

The company is a wholly owned subsidiary of Foil Ribbon & Impact Printing Group plc. The company has therefore 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 audited financial statements.