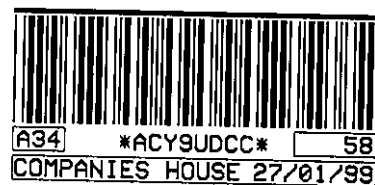


KEN WILKINS PRINT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 1998



Company no 1793462

KEN WILKINS PRINT LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 1998

Company registration number: 1793462

Registered office: Private Road No 8
Colwick
Nottingham
NG4 2JX

Directors: Mr A P Wilkins
Mrs A Wilkins
Mrs M P Wilkins

Secretary: Mrs M P Wilkins

Bankers: Midland Bank Plc
1 Victoria Road
Netherfield
Nottingham

Auditors: Grant Thornton
Registered auditors
Chartered accountants
30 Hounds Gate
Nottingham
NG1 7DH

KEN WILKINS PRINT LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 1998

INDEX

PAGE

Report of the directors	1 - 2
Report of the auditors	3
Principal accounting policies	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 16

KEN WILKINS PRINT LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 March 1998.

Principal activities

The company operates principally as design consultants and high quality printers of packaging.

Business review

The directors are pleased with the results for the year, which show increases in both turnover and profitability, and are hopeful of maintaining these trends in the coming year.

There was a profit for the year after taxation amounting to £414,050 (1997: profit £297,790). The directors do not recommend payment of a dividend.

Year 2000 Compliance

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems, but also to some degree on those of our customers and suppliers.

The company is in the process of assessing the risks resulting from this issue. When the analysis is complete, the company will consider the likely impact on the business, develop action plans to deal with the key risks, and estimate the costs to be incurred.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 31 March 1998 and 1 April 1997 were as follows:

	Ordinary shares	
	31 March 1998	1 April 1997
Mr A P Wilkins	155,847	155,847
Mrs A Wilkins	43,291	43,291
Mrs M P Wilkins	225,114	225,114

Mrs M P Wilkins holds her shares in trust for the Ken Wilkins Print Discretionary Trust in which Mr A P Wilkins has a potential interest as a beneficiary. Mrs M P Wilkins has a non-beneficial interest in those shares in her capacity as trustee of the trust.

KEN WILKINS PRINT LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

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 those financial statements, the directors are required to:

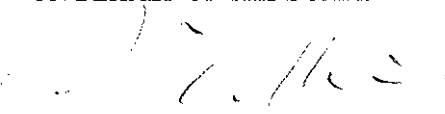
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD


A Wilkins
Director
18 January 1999

**REPORT OF THE AUDITORS TO THE MEMBERS OF
KEN WILKINS PRINT LIMITED**

We have audited the financial statements on pages 4 to 16 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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.

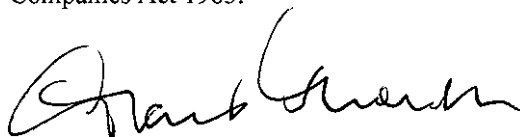
Basis of opinion

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'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 as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

NOTTINGHAM
18 January 1999

KEN WILKINS PRINT LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention except that leasehold properties are shown at their revalued amounts.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

DEPRECIATION

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Leasehold buildings	2%
Plant and machinery	10-20%
Motor vehicles	25%
Office machinery and fittings	15%

STOCKS

Stocks are stated at the lower of cost and net realisable value. Work in progress is valued at the cost of raw materials, plus labour directly attributable to the work.

DEFERRED TAXATION

Deferred tax is provided using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments is charged to the profit and loss account on a straight-line basis over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

KEN WILKINS PRINT LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 March 1998

	Note	1998 £	1997 £
Turnover	1	13,355,621	12,503,151
Cost of sales		(7,030,021)	(7,233,491)
Gross profit		<u>6,325,600</u>	<u>5,269,660</u>
Distribution costs		(193,256)	(173,256)
Administrative expenses		(5,213,538)	(4,616,019)
Other operating income		-	60,109
Operating profit		<u>918,806</u>	<u>540,494</u>
Interest payable and similar charges	2	(368,430)	(207,573)
Profit on ordinary activities before taxation	1	<u>550,376</u>	<u>332,921</u>
Tax on profit on ordinary activities	4	(136,326)	(35,131)
Profit transferred to reserves	13	<u><u>414,050</u></u>	<u><u>297,790</u></u>

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

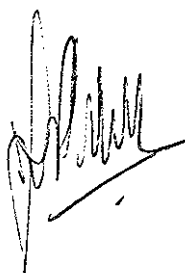
KEN WILKINS PRINT LIMITED

BALANCE SHEET AT 31 MARCH 1998

	Note	1998 £	1998 £	1997 £	1997 £
Fixed assets					
Tangible assets	5		5,542,138		5,411,109
Current assets					
Stocks	6	1,096,676		1,247,758	
Debtors	7	3,484,985		3,673,698	
Cash at bank and in hand		303		303	
		4,581,964		4,921,759	
Creditors: amounts falling due within one year	8	(4,651,268)		(5,341,955)	
Net current liabilities			(69,304)		(420,196)
Total assets less current liabilities			5,472,834		4,990,913
Creditors: amounts falling due after more than one year	9		(1,140,662)		(1,199,149)
Provisions for liabilities and charges	10		(436,354)		(309,996)
			3,895,818		3,481,768
Capital and reserves					
Called up share capital	12		432,910		432,910
Revaluation reserve	13		544,438		544,438
Profit and loss account	13		2,918,470		2,504,420
Shareholders' funds	14		3,895,818		3,481,768

The financial statements were approved by the Board of Directors on 18 January 1999

A P Wilkins



Director

The accompanying accounting policies and notes form an integral part of these financial statements.

KEN WILKINS PRINT LIMITED**CASH FLOW STATEMENT**

For the year ended 31 March 1998

	Note	1998 £	1997 £
Net cash inflow from operating activities	15	1,299,705	667,963
Returns on investments and servicing of finance			
Interest paid		(102,516)	(125,208)
Hire purchase interest paid		(265,914)	(82,365)
Net cash outflow from returns on investments and servicing of finance		(368,430)	(207,573)
Taxation		(9,968)	47,449
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(259,627)	(757,174)
Sale of tangible fixed assets		85,900	377,494
Net cash outflow from capital expenditure and financial investment		(173,727)	(379,680)
Financing			
Repayment of borrowings		(111,865)	(104,952)
Capital element of hire purchase repayments		(453,879)	(382,310)
Net cash outflow from financing		(565,744)	(487,262)
Increase in cash	16	181,836	(359,103)

The accompanying accounting policies and notes form an integral part of these financial statements.

KEN WILKINS PRINT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

An analysis of turnover by geographical market is given below:

	1998 £	1997 £
United Kingdom	12,843,612	11,605,872
Non-United Kingdom	512,009	897,279
	<u>13,355,621</u>	<u>12,503,151</u>

The profit on ordinary activities is stated after:

	1998 £	1997 £
Auditors' remuneration	10,500	10,000
Depreciation and amortisation:		
Tangible fixed assets, owned	308,665	296,882
Tangible fixed assets, held under hire purchase contracts	199,529	163,661
Other operating lease rentals	<u>37,240</u>	<u>37,420</u>

Other operating income includes:

Insurance proceeds for business interruption	-	60,109
--	---	--------

2 INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £	1997 £
On bank loans and overdrafts	102,516	125,208
Finance charges in respect of hire purchase contracts	265,914	82,365
	<u>368,430</u>	<u>207,573</u>

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	1998 £	1997 £
Wages and salaries	3,458,672	3,176,596
Social security costs	289,289	277,454
Other pension costs	6,268	-
	<u>3,754,229</u>	<u>3,454,050</u>

KEN WILKINS PRINT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

The average number of employees of the company during the year were as follows:

	1998 Number	1997 Number
Production	199	193
Selling and distribution	8	3
	<u>207</u>	<u>196</u>

Remuneration in respect of directors was as follows:

	1998 £	1997 £
Emoluments	169,493	86,322
Pension contributions	6,268	-
	<u>175,761</u>	<u>86,322</u>

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents:

	1998 £	1997 £
UK Corporation tax at 21% (1997: 25%)	-	-
Deferred taxation	126,358	36,503
	<u>126,358</u>	<u>36,503</u>
Adjustments in respect of prior periods:		
Corporation tax	9,968	(1,372)
	<u>136,326</u>	<u>35,131</u>

KEN WILKINS PRINT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1998

5 TANGIBLE FIXED ASSETS

	Long leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures £	Total £
Cost or valuation					
At 1 April 1997	1,041,871	5,179,276	291,584	450,613	6,963,344
Additions	24,594	611,881	85,343	44,016	765,834
Disposals	-	(180,000)	(19,580)	(29,500)	(229,080)
At 31 March 1998	1,066,465	5,611,157	357,347	465,129	7,500,098
Depreciation					
At 1 April 1997	79,943	991,208	208,716	272,368	1,552,235
Provided in the year	21,329	417,081	39,642	30,142	508,194
Eliminated on disposals	-	(84,341)	(9,942)	(8,186)	(102,469)
At 31 March 1998	101,272	1,323,948	238,416	294,324	1,957,960
Net book amount at 31 March 1998	965,193	4,287,209	118,931	170,805	5,542,138
Net book amount at 31 March 1997	961,928	4,188,068	82,868	178,245	5,411,109

The figures stated above include assets held under hire purchase contracts, as follows:

	Plant and machinery £	Motor vehicles £
Net book amount at 31 March 1998	2,250,749	-
Net book amount at 31 March 1997	1,943,734	19,270
Depreciation provided during year	199,529	-

The buildings are owned by the company. The land on which the buildings are situated is leased, at a commercial rate, from The Ken Wilkins Design Print Pension Fund who own the freehold title to the land (see note 21).

The leasehold property was revalued, on an open market basis, on 31 March 1993 by the directors at £900,000 resulting in a surplus of £544,438 which was credited to the revaluation reserve. The directors reconsidered the valuation of the property at 31 March 1998 and are satisfied that the valuation is still appropriate.

KEN WILKINS PRINT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

If the leasehold property had not been revalued, it would have been included on the historical cost basis at the following amount:

	Leasehold land and buildings £
Cost	455,200
Accumulated depreciation	39,143
Net book amount at 31 March 1998	<u>416,057</u>
Net book amount at 31 March 1997	<u>416,057</u>

6 STOCKS

	1998 £	1997 £
Raw materials	39,353	36,568
Work in progress	161,211	165,239
Finished goods	896,112	1,045,951
	<u>1,096,676</u>	<u>1,247,758</u>

7 DEBTORS

	1998 £	1997 £
Trade debtors	3,355,323	3,549,321
Prepayments and accrued income	129,662	124,377
	<u>3,484,985</u>	<u>3,673,698</u>

KEN WILKINS PRINT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1998

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Loan from The Ken Wilkins Design Print Pension Scheme	92,675	92,675
Bank loan and overdraft	194,577	456,489
Trade creditors	3,360,090	3,900,061
Social security and other taxes	412,196	255,038
Other creditors	18,694	193,963
Accruals and deferred income	70,159	19,878
Amounts due under hire purchase	502,877	423,851
	<u>4,651,268</u>	<u>5,341,955</u>

The bank borrowings are secured by a fixed and floating charge over all of the company's assets.

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1998 £	1997 £
Loan from the Ken Wilkins Design Print Pension Scheme	370,700	370,700
Bank loan	-	31,789
Amounts due under hire purchase	769,962	796,660
	<u>1,140,662</u>	<u>1,199,149</u>

Bank loans

The bank borrowings are secured by a fixed and floating charge dated 1 February 1991 over the company's assets and a first legal charge dated 7 February 1990 over the company's property.

Borrowings are repayable as follows:

	1998 £	1997 £
Within one year		
Bank and other borrowings	287,252	549,164
Hire purchase	502,877	423,851
After one and within two years		
Bank and other borrowings	185,350	217,139
Hire purchase	374,940	393,251
After two and within five years		
Bank and other borrowings	185,350	185,350
Hire purchase	395,022	403,409
	<u>1,930,791</u>	<u>2,172,164</u>

KEN WILKINS PRINT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1998

10 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 April 1997	309,996
Provided during the year	126,358
At 31 March 1998	<u>436,354</u>

11 DEFERRED TAXATION

Deferred taxation provided for and not provided for in the financial statements is set out below. The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 21%.

	Amount provided		Amount unprovided	
	1998	1997	1998	1997
	£	£	£	£
Accelerated capital allowances	494,114	438,745	35,992	35,992
Other timing differences	-	-	-	114,332
	<u>494,114</u>	<u>438,745</u>	<u>35,992</u>	<u>150,324</u>
Less:				
Taxable losses	(57,760)	(128,749)	-	-
	<u>436,354</u>	<u>309,996</u>	<u>35,992</u>	<u>150,324</u>
Capital gains rolled over net of capital losses	-	-	193,462	193,462

12 SHARE CAPITAL

	1998 £	1997 £
Authorised 750,000 ordinary shares of £1 each	<u>750,000</u>	<u>750,000</u>
Allotted, called up and fully paid 432,910 ordinary shares of £1 each	<u>432,910</u>	<u>432,910</u>

KEN WILKINS PRINT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1998

13 RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 April 1997	544,438	2,504,420
Retained profit for the year	-	414,050
At 31 March 1998	<u>544,438</u>	<u>2,918,470</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year and net increase in shareholders' funds	414,050	297,790
Shareholders' funds at 1 April 1997	<u>3,481,768</u>	<u>3,183,978</u>
Shareholders' funds at 31 March 1998	<u>3,895,818</u>	<u>3,481,768</u>

15 NET CASH INFLOW FROM OPERATING ACTIVITIES

	1998 £	1997 £
Operating profit	918,806	540,494
Depreciation	508,194	460,543
Loss on sale of tangible fixed assets	40,711	(64,333)
Decrease in stocks	151,082	(313,956)
Decrease in debtors	188,713	(830,324)
Decrease in creditors	(507,801)	875,539
Net cash inflow from continuing operating activities	<u>1,299,705</u>	<u>667,963</u>

KEN WILKINS PRINT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1998

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1998 £	1997 £
Increase in cash in the year	181,836	(359,103)
Cash outflow from financing in the year	111,865	104,952
Cash outflow from hire purchase contracts in the year	453,879	382,310
Change in net debt resulting from cashflows	747,580	128,159
Inception of hire purchase contracts	(506,207)	(592,638)
Movement in net debt in the year	241,373	(464,479)
Net debt at 1 April 1997	(2,171,861)	(1,707,382)
Net debt at 31 March 1998	(1,930,488)	(2,171,861)

17 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 1997 £	Cash flow £	Non - cash items £	At 31 March 1998 £
Cash in hand, at bank	303	-	-	303
Overdrafts	(329,334)	181,836	-	(147,498)
Debt	(622,319)	111,865	-	(510,454)
Hire purchase contracts	(1,220,511)	453,879	(506,207)	(1,272,839)
	(2,171,861)	747,580	(506,207)	(1,930,488)

18 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 1998 or 31 March 1997.

19 CONTINGENT LIABILITIES

Ken Wilkins Print Limited has shareholders in common with A P Wilkins (Sales) Limited and there exists a cross guarantee with Midland Bank Plc, which creates a fixed and floating charge on the assets of each company. At 31 March 1998 the outstanding liability under this agreement amounted to £1,167,622 (1997: £1,163,159).

KEN WILKINS PRINT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1998

20 LEASING COMMITMENTS

Operating lease payments amounting to £37,240 (1997: £37,240) are due within one year. The leases to which these amounts relate expire as follows:

	1998		1997	
	Land and buildings £	Other £	Land and buildings £	Other £
Between one and five years	37,240	-	37,240	-

21 TRANSACTIONS WITH RELATED PARTIES

Included within creditors are balances with directors, shareholders and other related parties as follows:

	1998 £	1997 £
Included in Trade Creditors		
A P Wilkins (Sales) Limited	40,916	40,916
A P Wilkins (Sales) Limited - trading balance	2,333,050	2,455,559
Included in Other Creditors		
Mr A A Wilkins - shareholder	9,000	9,000
Mr J Wilkins - shareholder	9,000	9,000
Mrs M P Wilkins - director and shareholder	-	127,269
Mr & Mrs A P Wilkins - directors and shareholders	694	48,494

Included in debtors are balances with related parties as follows:

	1998 £	1997 £
Included in Trade Debtors		
Peggy Wilkins Textiles Fashion - trading balance	15,772	133,772
A P Wilkins (Sales) Limited - management charges	190,000	612,000
A P Wilkins (Sales) Limited - recharges of legal and audit fees	4,757	4,757

Transactions with related parties during the year were as follows:

	1998 £	1997 £
Purchases made from A P Wilkins (Sales) Limited	4,315,230	4,872,188
Management charge made to A P Wilkins (Sales) Limited	190,000	160,000
Rent paid to A P Wilkins (Sales) Limited	24,920	24,920
Sales made to Peggy Wilkins Textiles Fashion	11,736	60,658
Management charge made to Peggy Wilkins Textile Fashions	30,000	30,000
Rent paid to the Ken Wilkins Design Print Pension Scheme	12,500	12,500
Interest paid to the Ken Wilkins Design Print Pension Scheme	21,850	41,567

The directors and shareholders Mr A P Wilkins and Mrs A Wilkins are the sole directors and shareholders of A P Wilkins (Sales) Limited.

The director and shareholder Mrs M P Wilkins is the proprietor of Peggy Wilkins Textiles Fashion.

Mr A P Wilkins, Mrs A Wilkins and the shareholders Mr A A Wilkins and Mr J Wilkins have an interest in the Ken Wilkins Design Print Pension Scheme as trustees and beneficiaries. Mrs M P Wilkins has an interest in the pension scheme as a trustee.

There is an outstanding loan from the pension scheme details of which are in notes 8 and 9 to the financial statements.