Registered Number 1455554

Multigraphics Limited

Annual report

for the year ended 30 April 2006

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Multigraphics Limited

Annual report for the year ended 30 April 2006

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Multigraphics Limited

Directors and advisers

Directors
G Lasham
M D Hargreaves
S C Frith
B W Clark (resigned 23 September 2005)
R E Lerwill (resigned 7 October 2005)

Secretary
M D Hargreaves

Registered office
21 Commondale Way
Euroway Trading Estate
Bradford
West Yorkshire
BD4 6SF

Auditors
PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Bankers
Natwest Bank Plc
1 Waterhouse Street
Halifax
West Yorkshire
HX1 1JA

Multigraphics Limited

Directors' report for the year ended 30 April 2006

The directors present their report with the financial statements of the company for the year ended 30 April 2006.

Business review and principal activities
Multigraphics Limited is a company specialising in large format and digital promotional printing for the retail and leisure sectors.

The performance measures considered to be key by the directors are set out in the profit and loss account on page 5, which shows a pre-tax profit of £1,476,000 (2005: £1,139,000). The retained profit attributable to equity shareholders of £1,166,000 (2005: £1,045,000) will be added to reserves.

Future Outlook
The large format printing environment is expected to remain competitive during 2007, however, the directors remain confident of maintaining the current level of performance in the future.

Principle risks and uncertainties
The management of the business and the execution of the group's strategy are subject to a number of risks.

The key business risks affecting the group are considered to relate to market competition and improving technology.

Dividends
The directors do not recommend the payment of a dividend (2005: £nil).

Directors
The directors during the year under review are shown on page 1.

Multigraphics Limited is a wholly owned subsidiary of Multigraphics Holdings Limited. The beneficial interests of the directors holding office on 30 April 2006 in the issued share capital of Multigraphics Holdings Limited are disclosed in the directors' report of that company.

Employees
The company systematically informs employee representatives of matters of concern to the company's employees in order to achieve a common awareness of the financial and economic factors affecting the *performance of the company.*

Efforts are made to provide as much suitable employment as possible for disabled people. Depending on their skills and abilities, disabled employees have the same opportunities for training, career development and *promotion as other employees. Wherever possible this includes the retraining and retention of staff who have* become disabled during their employment.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Multigraphics Limited

Statement of directors' responsibilities (continued)

The directors confirm that suitable accounting policies have been used and applied consistently as described on pages 7 and 8. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 April 2006, and that applicable accounting standards have been followed.

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

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as "information needed by the company's auditors in connection with preparing their report".

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

M D Hargreaves
Secretary
28 FEB 2007

Multigraphics Limited

Independent auditors' report to the members of Multigraphics Limited

We have audited the financial statements of Multigraphics Limited for the year ended 30 April 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
28/2/ 2007

Multigraphics Limited

Profit and loss account for the year ended 30 April 2006

	Note	2006	2005
		£'000	£'000
Turnover	1	**9,120**	7,955
Cost of sales		**(5,015)**	(4,309)
Gross profit		**4,105**	3,646
Distribution costs		**(1,162)**	(1,004)
Administrative expenses		**(1,382)**	(1,380)
Operating profit	4	**1,561**	1,262
Operating profit before exceptional items		**1,561**	1,739
Exceptional items	5	**-**	(477)
Loss on sale of fixed assets		**-**	(60)
Interest receivable and similar income		**43**	24
Interest payable and similar charges	6	**(128)**	(87)
Profit on ordinary activities before taxation		**1,476**	1,139
Tax on profit on ordinary activities	7	**(310)**	(94)
Retained profit for the financial year	15	**1,166**	1,045

All activities in the years shown above relate to continuing operations.

There are no other recognised gains and losses in the year other than the profit as stated above, and therefore a separate statement of total recognised gains and losses has not been presented.

This is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year presented above and their historic cost equivalents.

Multigraphics Limited

Balance sheet as at 30 April 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Tangible fixed assets	8	**3,015**	3,097
Current assets			
Stocks	9	**167**	229
Debtors	10	**7,013**	4,056
Cash at bank and in hand		**38**	594
		7,218	4,879
Creditors: amounts falling due within one year	11	**(3,572)**	(2,606)
Net current assets		**3,646**	2,273
Total assets less current liabilities		**6,661**	5,370
Creditors: amounts falling due after more than one year	12	**(932)**	(883)
Provisions for liabilities and charges	13	**(400)**	(324)
		5,329	4,163
Capital and reserves			
Called up share capital	14	**50**	50
Share premium	15	**4**	4
Capital redemption reserve	15	**4**	4
Profit and loss account	15	**5,271**	4,105
Equity shareholders' funds	16	**5,329**	4,163

The financial statements on pages 5 to 16 were approved by the board of directors on 28 Feb 2007 and were signed on its behalf by:

M D Hargreaves
Director

Multigraphics Limited

Accounting policies

Accounting convention
The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Turnover
Turnover represents net invoiced sales of goods, excluding value added tax and trade discounts, and is recognised at the point of despatch of goods to the customer.

Tangible fixed assets
The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold improvements	period of the lease
Plant and machinery	10% on reducing balance / 33% on cost
Fixtures and fittings	15% reducing balance/10% to 15% on cost
Motor vehicles	25% on cost
Website development	25% on cost

Stocks
Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of attributable overheads.

Deferred tax
Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Finance and operating leases
Costs in respect of operating leases are charged on a straight line basis over the lease term.

Leasing and hire purchase agreements which transfer to the company substantially all 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 outstanding.

Accounting policies (continued)

Foreign currencies
Transactions denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into sterling at rates of exchange ruling at the balance sheet date. All currency profits and losses are dealt with in the profit and loss account.

Cash flow statement
The company is a wholly owned subsidiary of Multigraphics Holdings Limited and its cash flows are included in that company's consolidated cash flow statement. The company has taken advantage of the exemption provided in Financial Reporting Standard Number 1 from publishing a cash flow statement.

Multigraphics Limited

Notes to the financial statements for the year ended 30 April 2006

1 Segmental analysis of turnover by geographical area

	2006	2005
	£'000	£'000
Geographical segment by destination		
UK	**9,069**	7,875
Western Europe	**51**	80
	9,120	7,955

2 Employee information

	2006	2005
	£'000	£'000
Wages and salaries	**2,343**	2,051
Social security costs	**236**	207
	2,579	2,258

The average monthly number of employees during the year was as follows:

	2006	2005
	Number	Number
Production staff	**75**	68
Sales, distribution and administrative staff	**29**	28
	104	96

3 Directors' emoluments

	2006	2005
	£'000	£'000
Aggregate emoluments	**364**	368

Retirement benefits were accruing to no directors (2005: none) under money purchase pension schemes.

Notes to the financial statements for the year ended 30 April 2006 (continued)

3 Directors' emoluments (continued)

Information regarding the highest paid director is as follows:

	2006	2005
	£'000	£'000
Aggregate emoluments	**190**	159

4 Operating profit

Operating profit is stated after charging:

	2006	2005
	£'000	£'000
Depreciation charge for the year:		
Tangible owned fixed assets	**118**	269
Tangible fixed assets held under hire purchase agreements	**431**	327
Auditors' remuneration for:		
Audit	**11**	11
Non audit services	**2**	-
Operating lease charges:		
Plant and machinery	**2**	2
Land and buildings	**155**	134

Included in the depreciation charge for the year ended 2005 is an additional charge of £236,000 as a result of a revision of estimated economic lives.

5 Exceptional items

	Included in	**2006**	2005
		£'000	£'000
Relocation of premises	Administrative expenses	-	241
Accelerated depreciation	Cost of sales	-	236
		-	477

Notes to the financial statements for the year ended 30 April 2006 (continued)

6 Interest payable and similar charges

	2006 £'000	2005 £'000
Hire purchase	**88**	84
Factoring charges	**40**	3
	128	87

7 Tax on profit on ordinary activities

	2006 £'000	2005 £'000
Current tax		
UK corporation tax at 30% (2003: 30%)	**232**	141
Adjustments in respect of prior periods	**2**	(43)
	234	98
Deferred tax		
Origination and reversal of timing differences	**76**	(4)
Tax on profit on ordinary activities	**310**	94

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The difference is explained below:

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	**1,476**	1,139
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	**443**	342
Effects of:		
Expenses not deductible for taxation purposes	**8**	38
Capital allowances for year less than/ (in excess of) depreciation	**2**	(25)
Group relief claimed without payment	**(221)**	(214)
Adjustments in respect of prior periods	**2**	(43)
Current tax charge	**234**	98

Notes to the financial statements for the year ended 30 April 2006 (continued)

8 Tangible fixed assets

	Leasehold Improvements	Plant and machinery	Fixtures and fittings	Motor vehicles	Website Development	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 May 2005	476	3,885	412	218	55	5,046
Additions	56	306	41	86	19	508
Disposals	-	(21)	-	(102)	-	(123)
At 30 April 2006	**532**	**4,170**	**453**	**202**	**74**	**5,431**
Depreciation						
At 1 May 2005	12	1,565	275	97	-	1,949
Charge for the year	52	382	46	53	16	549
Eliminated on disposals	-	(10)	-	(72)	-	(82)
At 30 April 2006	**64**	**1,937**	**321**	**78**	**16**	**2,416**
Net book value:						
At 30 April 2006	**468**	**2,233**	**132**	**124**	**58**	**3,015**
At 30 April 2005	464	2,320	137	121	55	3,097

Included in the depreciation charge for 2005 for plant and machinery is an additional charge of £236,000 as a result of a revision of estimated useful economic lives.

Hire purchase agreements

The net book value of fixed assets includes £2,199,000 (2005: £1,763,000) relating to assets held under hire purchase agreements. The depreciation charged in the year in respect of such assets amounted to £431,000 (2005: £327,000).

Notes to the financial statements for the year ended 30 April 2006 (continued)

9 Stocks

	2006	2005
	£'000	£'000
Raw materials	**154**	222
Work in Progress	**5**	-
Finished goods	**8**	7
	167	229

10 Debtors: amounts falling due within one year

	2006	2005
	£'000	£'000
Trade debtors	**2,347**	1,648
Amounts owed by group undertakings	**4,490**	2,203
Other debtors and prepayments	**176**	205
	7,013	4,056

11 Creditors: amounts falling due within one year

	2006	2005
	£'000	£'000
Bank loans and overdrafts	**901**	15
Trade creditors	**1,340**	1,464
Other taxation and social security	**404**	226
Corporation tax	**245**	130
Accruals and deferred income	**226**	281
Hire purchase creditors	**456**	490
	3,572	2,606

Notes to the financial statements for the year ended 30 April 2006 (continued)

11 Creditors: amounts falling due within one year (continued)

Included within bank loans and overdrafts is an amount of £898,000 owing to Royal Bank of Scotland Invoice Finance Ltd being an invoice discounting facility secured by a fixed and floating charge over the assets of the company. Interest is due on the outstanding balance at an amount of 1.75% above prevailing base rate.

12 Creditors: amounts falling due after more than one year

	2006	2005
	£'000	£'000
Hire purchase creditors	**932**	883

An analysis of the maturity of debt is given below:

	2006	2005
	£'000	£'000
In one year or less, or on demand	**1,357**	505
In more than one year, but not more than two years	**340**	351
In more than two years, but not more than five years	**592**	532
	2,289	1,388

The bank holds a fixed and floating charge over all current and future assets of the company.

Future minimum payments under hire purchase agreements are as follows:

	2006	2005
	£'000	£'000
Within one year	**456**	490
In more than one year, but not more than five years	**932**	883
	1,388	1,373

Notes to the financial statements for the year ended 30 April 2006 (continued)

13 Provisions for liabilities and charges

Deferred taxation	**2006**	2005
	£'000	£'000
Accelerated Capital Allowances	**400**	324

The provision for deferred taxation represents the maximum potential liability.

	Deferred tax
	£
At 1 May 2005	324
Profit and loss account	76
At April 2006	**400**

14 Called up share capital

Authorised:	**Class**	**Nominal value**	**2006**	2005
Number			**£'000**	£'000
1,000,000	Ordinary	£1.00	**1,000**	1,000

Allotted, issued and fully paid:

Number:	**Class**	**Nominal value**	**2006**	*2006*
			£'000	£'000
50,000	Ordinary	*£1.00*	**50**	*50*

15 Share premium and reserves

	Share Premium	Capital redemption reserve	Profit and loss
	£'000	£'000	£'000
At 1 May 2005	4	4	4,105
Retained profit for the financial year	-	-	1,166
At 30 April 2006	**4**	**4**	**5,271**

Notes to the financial statements for the year ended 30 April 2006 (continued)

16 Reconciliation of movements in equity shareholders' funds

	2006	2005
	£'000	£'000
Retained profit for the financial year	**1,166**	1,045
Opening equity shareholders' funds	**4,163**	3,118
Closing equity shareholders' funds	**5,329**	4,163

17 Contingent liabilities

The company has given guarantees in respect to borrowing facilities of £2,100,000 of Multigraphics Holdings Limited, of which £1,200,000 was outstanding at the year end (2005: £1,700,000).

18 Financial commitments

At 30 April 2006 the company had annual commitments under non- cancellable operating leases as follows:

	2006		2005	
	Land and buildings	**Plant, machinery and motor vehicles**	Land and buildings	Plant, machinery and motor vehicles
	£'000	**£'000**	£'000	£'000
Expiring within two to five years	**-**	**2**	-	1
Expiring in more than five years	**155**	**-**	155	1
	155	**2**	155	2

19 Related party disclosures

The company is a wholly owned subsidiary of Multigraphics Holdings Limited, which is considered to be the immediate parent undertaking. By virtue of its controlling interest in the share capital of Multigraphics Holdings Limited, the directors consider 3i Group plc to be the company's ultimate controlling party.

The consolidated financial statements of Multigraphics Holdings Limited are publicly available for inspection. Consequently, the company has taken advantage of the exemption available under the terms of Financial Reporting Standard Number 8 not to disclose related party transactions with group companies that are eliminated on consolidation.