Wyndeham Press withholds payout

By Alex Grant

Wyndeham Press Group, which six months ago announced a 5% fall in profits, has seen little improvement in the marketplace since then and has decided not to release a dividend to shareholders.

When the interim results, which showed a £113,000 half-year loss due to restructuring, came out last November Wyndeham's chief executive Bryan Bedson said there was "some evidence of the first signs of recovery".

However, Wyndeham delayed its dividend announcement until the new year. Shares fell 4p from 88.5p to 84.5p, close to the 12-month low of 80p.

Now, while Wyndeham feels that continued cost reductions will "leave us best placed to take advantage of any upturn in our markets", there is no sign of any improvement as yet, especially in magazines where paginations are still depressed.

As a result, Wyndeham has decided to preserve cash.

Mr Bedson was not available to comment on whether further restructuring was planned, on top of the wave of plant mergers and redundancies last year. "Previous experience has shown that the printing industry is usually one of the first to benefit when the economy starts to recover; we believe there is no reason why events should be any different as we emerge form the current downturn," the company adds.

Results for the year to March 31, 2002 will be announced in June.

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In brief
- No Wyndeham dividend
- Little market improvement seen
- Hopes for future recovery

Cradley forecasts £850,000 loss

Cradley Group Holdings, parent company of Cradley Print, says that trading conditions "have not improved" and that it now expects a loss of £850,000 in the last six months of 2001, much worse than the previous year.

More redundancies and cost reductions are now in the pipeline, to "return the group to profitability in the next financial year".

Last summer, Cradley only narrowly avoided strike action regarding 50 proposed redundancies, after announcing a half-year loss of £176,000. The number was later reduced to 20 job cuts.

Cradley then announced a loss of more than £1m in the year to June 30, last year, due in part to the cost of installing two new Komori web presses and a six-unit Lithrone. Another £384,000 was also wasted on an SAP management information system that had to be removed.

Shares fell from 8.5p to 6.5p after the latest announcement, before climbing back to 8p later.

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In brief
- Cradley expects £850,000 loss
- Worse than previous year
- Shares at 8p

Xerox restructure pays off

By Alex Grant

Xerox's restructuring, which saw 13,600 jobs cut worldwide last year, finally seems to be paying off. For the first time in more than a year, the firm made profits of $102m in the fourth quarter, or 15 cents per share, before exceptional charges.

After exceptionals, the company still made a loss in the last three months of 2001, but this is now down to $4m or just 1 cent a share, compared to the $20m loss in the third quarter.

Xerox does not break down its results geographically, but says that its European operations are now back in profit. A new advertising campaign, ahead of new product launches, is planned.

Gross margins are up by 3% year-on-year to 38.3%, and Xerox is collecting payments from its customers more quickly.

Thanks to new note issues, its cash position now stands at $4.5bn, although a $7bn revolving line of credit remains in place and a Securities & Exchange Commission inquiry into alleged accounting irregularities is continuing.

"We made the difficult but necessary decisions this past year to exit certain businesses, outsource some internal functions and dramatically reduce our cost base," says chairman and chief executive Anne Mulcahy. "The outcome is a return to operational profitability, representative of the new Xerox that is emerging from our successful turnround."

More job cuts could follow in 2002, the company warns. But the consensus is that Xerox may have turned the corner, although the first quarter of the year is traditionally slower for sales than the last quarter of the year.

● See Analysis on page 23

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In brief
- Xerox is looking up
- Europe is back in profit
- New products in the pipeline

A guide to creditors

R3, the new name for the Association of Business Recovery Specialists, has published a set of five new guides for creditors, advising them on how best they can recover bad debts. The forthcoming Enterprise Bill will strip the Inland Revenue and Customs & Excise of their 'preferential status' and could mean more money for unsecured creditors. Some 240,000 copies have already been published. Guides can be ordered from R3 on 020 7831 6563.

N Brown does well

N Brown, the home shopping group, is proof positive that there is still money to be made out of printed catalogues. Pre-Christmas sales rose 12% year-on-year. However, merger or takeover talks with its competitor Littlewoods now seem to be off the agenda.

Haynes gets better

Haynes Publishing Group, the publisher and printer of car manuals, returned to profit in the six months to November 30 last year, having transferred its printing facilities from Sparkford in Somerset to Tennessee. Sales rose 22% to £18.7m and pretax profits stand at £1.4m, compared to a loss of £700,000 the year before. However, manuals publishing in the UK is still only barely breaking even.

Smurfit sees slump

By Alex Grant

Smurfit-Stone Container Corporation, the Irish-owned paperboard company, has suffered an 80% fall in net profits, from $67m a year ago to $14m, in the fourth quarter of 2002.

Sales were also down, from $2.242bn to $1.991bn, which president and chief executive Patrick Moore blames on "sluggish demand and price weakness", both of which are expected to continue into early 2002. Production was curbed by 287,000 tonnes the last three months of last year to compensate. In North America, which accounts for more than 90% of sales, fourth-quarter shipments of corrugated board were down 5.4%.

Jefferson Smurfit Group, the parent company of Smurfit Stone, is meanwhile offering Skr77-a-share offer for Munksjö, a paper company in southern Sweden that is already 33%-owned by Smurfit.

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In brief
- Smurfit-Stone suffers 80% fall
- Market conditions blamed
- Cutbacks in production

Big Blue's blues

IBM's profits have fallen by 13% to $2.3bn in the fourth quarter of last year, with little sign of a recovery in PC sales. Total sales are down 11% to $22.8bn.

IBM's hardware division, which includes PC sales and high-end production printers like the Infoprint series, saw a drop in sales of 24% overall.

Although figures are not separated further, the printing systems sector is said to have enjoyed "good year end figures" and the decline is largely due to PCs rather than other types of equipment.

PC and micro-electronics sales have "decreased substantially" in the last few months, IBM warns.

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Imation fluctuation

Imation, which recently sold its colour proofing business to Kodak Polychrome Graphics for $50m, says the sale will put it on a stronger footing as most of its sales growth is in data storage, not its colour technologies or digital solutions and services divisions.

Overall, Imation has increased its fourth quarter profits by 10% to $16m compared to the same period to December 31 last year, but this masks big variations.

Imation made a profit of $16.6m from data storage, which accounts for 80% of the company's total sales of $313.9m, but this was offset by tiny profits of $700,000 from colour technologies and a $1.7m loss from digital solutions and services. With restructuring charges and other special items, the company made a quarterly loss of $26.6m. As well as 500 staff transferring to KPG, another 500 staff have been made redundant, reducing the headcount from 4,100 to more like 3,000 in just four months.

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legal notices

Compulsory winding up

The following cases are due to be heard at Liverpool District Registry, Queen Elizabeth II Law Courts, Derby Square, Liverpool

● **Leighswood Press Ltd** Unit 6, Redhouse Industrial Estate, Middlemore Lane, West Aldridge, Walsall on February 11 at 10am. Petition by Customs & Excise

● **Label Express & Signs Ltd** 16 The Firs, Lower Quinton, Stratford upon Avon, Warwickshire on February 11 at 10am. Petition by Customs & Excise

The following cases are due to be heard at the Royal Courts of Justice, Strand, London WC2A 2LL

● **Premier Press Lithographic Printing Specialist Ltd**, 10 Towerfield Road, Shoeburyness, Essex SS3 9QE on February 6 at 10.30am. Petition by Inland Revenue

● **Island Litho Ltd** Westgate Chambers, 8A Elm Park Road, Pinner, Middlesex HA5 3LA on February 20 at 10.30am. Petition by Peter Gorlov

Appointment of liquidators

● **Gresham Studio Ltd** Screen process printing and publishing of artists' limited edition prints. Liquidator: AK Thornton, Bulley Davey, 69-75 Lincoln Road, Peterborough PE1 2SQ

● **Boulevard Print Services Ltd** Printer. Liquidator: J Taylor, Begbies Traynor, The Old Exchange, 234 Southchurch Road, Southend-on-Sea, Essex SS1 2EG

● **LPC Publications Ltd** Publisher and distributor of postcards. Liquidator: D Walsh, 18 Sapcote Trading Centre, Dudden Hill Lane, London NW10 2DH

● **Central Print Services (Midlands) Ltd** Printing services. Liquidator: D Bottomley, Wilson Phillip Ltd, 71 Preston New Road, Blackburn BB2 6AY

● **Rococo Ltd** Manufacturing and distribution of wholesale greetings cards. Liquidator: JD Travers, Canterbury House, 85 Newhall Street, Birmingham

● **Hercules Business Ventures Ltd** Trading name **Prints Unlimited** Printer. Liquidator: NC Patel, Kranefields, Trinity House, Heather Park Drive, Wembley, Middlesex HA0 1SU

● **Independent Media Organisation Ltd** Previous company name **Euro Home Mortgate Ltd** Publishing. Liquidator: C Burke, Milner Boardman & Partners, Century House, Ashley Road, Hale, Cheshire

Appointment of receivers

● **CK Litho Ltd** Printer. Receivers: M Newman and N Jackson, Smith & Williamson, Holbrook House, 72 Bank Street, Maidstone, Kent ME14 1SN

Meetings of creditors

● **Inline Publishing Ltd** at 4 St Giles Court, Southampton Street, Reading, Berkshire RG1 2QL on January 31

● **The Design & Print Corporation Ltd** at Holiday Inn Newcastle City, New Bridge Street, Newcastle upon Tyne NE1 8BS on February 13 at 11am

● **Niche Publishing Systems Ltd** Gable House, 239 Regents Park Road, London N3 3LF on February 5 at 11am

● **Mark O Tapes Ltd** at RZQ, Parade House, 135 The Parade, High Street, Watford WD17 1NS on January 31

● **Management Graphics Ltd** at Prospect House, 58 Queens Road, Reading, Berkshire RG1 4RP on February 12 at 11.15am

● **Atkin Screenprint Ltd** at 93 Queen Street, Sheffield S1 1WF on February 7 at 11am

Notices to creditors

● **1st Choice Stationery Ltd** Creditors to send claims to MEG Saville, Grant Thornton, St Johns Centre, 110 Albion Street, Leeds LS2 8LA by February 28

● **KP Bookbinders Ltd** Creditors to send claims to DA Butler, Nunn Hayward, Rycote Place, 30-38 Cambridge Street, Aylesbury, Buckinghamshire HP20 1RS by February 28

Final meetings

● **Queensway Printing Ltd** at 76 New Cavendish Street, London W1G 9TB on February 28 at 10am for members and creditors

● **Artprint Ltd** at Great Central House, Great Central Avenue, South Ruislip HA4 6TS on February 19 at 10.30am for members and creditors

● **System Repro Ltd** at 11-15 William Road, London NW1 3ER on February 25 at 11.45am for members and at noon for creditors

Disclaimer

● **CK Litho** of Unit 3, Enterprise Centre, Chapman Way, Tunbridge Wells, Kent TN2 3EH wishes to make it known that it has no connection whatsoever with CK Litho Ltd in this week's Legals

Business GROW-HOW

From Paul Holohan & the team at Richmond Capital Partners Limited

Business ADVICE

TACKLING LATE PAYMENT (2)

Last week we looked at the nature of the problem of late payment.
This week we offer advice on how to tackle this important problem .

• Marketing
A focused and defined policy by an active marketing strategy is the key to the longer term solution.

By focusing on lower risk, solid clients, you are reducing costs and adding to the value of your business. If you allow your sales and marketing activity to be a "scatter gun" approach you will reap the rewards – or otherwise.

• Discussion and negotiation
Always establish credit terms with the client, or potential clients, and don't be embarrassed to do so! After all this is business and it pays to clear sensitive issues out of the way as early as possible.

• Administration
Get your invoices out on time! Usually within 48 hours of delivery of the print job. Keep an ongoing record of all extras agreed with the client so that these can be readily listed on the invoice. Never leave this until the end – things get overlooked. Make sure that the due payment date is clearly highlighted on the invoice. Ensure that the customer's purchase order number is clearly stated too. Finally make sure that you send it to the right address/department – surprisingly to some this is a common reason for late payment. Any query will inevitably delay payment.

• Follow through.
Assign someone with primary responsibility for 'chasing' payment. The person should be firm but reasonable – always reaching agreement for the payment date. Always ensure that the invoice has been received and that there are no outstanding queries or disputes. These agreements should be recorded and followed through.

• Early payment discounts
This is now less popular mainly due to falling interest rates. When we see clients offering early or prompt payment discounts we always illustrate the true cost to them – and they are always surprised.

In a competitive marketplace it is difficult to offer a reasonable incentive without eating into your already tight margins.

• Invoice Discounting or Factoring
This can improve cash flow in the short term. 'Draw down' is still dependent upon the quality of your clients – the better they are, the higher the draw down (see earlier point on marketing). These schemes can also be quite costly – shop around and seek impartial and independent advice.

• Insurance
A last stop gap is bad debt insurance. This can be costly and , ironically, weaker clients might well be set aside. In the event of a claim you will be expected to demonstrate that the relevant conditions in the small print have been met.

Remember that you should be aware of risks – sometimes you might find it cheaper and more cost effective to go for a walk in the park!

Good luck!