Potter's millions

Harry Potter publisher Bloomsbury says it will enjoy yet another rise in profits this year, having sold 4.6 million copies of the JK Rowling novels in 2001 alone.

Yell's US buy

Yell, the publisher of *Yellow Pages* that was owned by BT until last year, has paid $400m for McLeod US Publishing in Iowa, one of America's largest directory publishers. Unusually for a print-based business, Yell is owned by venture capitalists Apax Partners and Hicks, Muse, Tate & Furst, that regard it as a more reliable source of profit than most other kinds of publishing.

NUR's Q4 warning

NUR Macroprinters, the Israeli wide-format printer manufacturer, has issued $7m-worth of new shares through the United Mizrahi Bank, as it warns of a likely net loss of $750,000 in Q4 of 2001. 'We respect the strong leadership shown by NUR's management during these difficult economic times,' says the bank's investment corporation chairman Arie Zief.

Three hats in the ring for Xeikon

By Alex Grant

Xeikon is up for sale after failing to find new investors, and has warned shareholders that they could get nothing once the company is liquidated. Xeikon filed for creditor protection in the Belgian courts last November, and its French subsidiary was put into receivership.

Two commissioners were appointed by the court, who have seniority over Xeikon's board. They have decided an asset sale is preferable to applying for more creditor protection, which expires in early May.

At least three parties are in talks with the commissioners about buying Xeikon's assets, including MAN Roland, and a definite sale could be confirmed within three weeks. A management buyout, or even a takeover by Xeikon's 70-year-old founder Lucien de Schamphelaere, has also been rumoured.

Xeikon shares, which were suspended on the Nasdaq at 109 cents last November, would then be delisted. As proceeds from the sale will go to service Xeikon's debts, the company "does not expect that there will be any remaining funds available in the liquidation for its shareholders".

Some have welcomed the news that Xeikon's assets will be bought. "Xeikon's problems are now over, but the machines will survive," says David Coltart of Openshaw International, Xeikon's UK distributor for colour presses. "The problems have been with the company not the products."

The UK has at least 100 Xeikon installations, not including rebadged IBM, Xerox and Agfa machines, but sales have fallen recently because of uncertainty over Xeikon's future.

"I think the future of this technology will be secured, but no-one knows if they will still be called Xeikon," adds Mr Coltart.

In the meantime, Openshaw is promising that all UK customers will continue to get consumables, spares and service as normal.

Mainly because of a huge cut in orders from Xerox, which has troubles of its own, Xeikon's sales were down from $41m to $27m in the three months to September 30 last year.

Overheads have already been reduced, and further cuts in staffing could follow, depending on what Xeikon's buyer wants.

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In brief
- Xeikon is up for sale
- Three parties are interested
- One is MAN Roland

FTSE ditches packaging

The FTSE's packaging sector was quietly abolished earlier this month, forcing the handful of companies still happy to call themselves packagers to redefine themselves as paper, publishing and printing, or business support services companies.

Many packaging firms, including Rexam and API, had already redefined themselves as Business Support Services (BSS) on the FTSE while others, such as Ferguson International, have disappeared entirely. City investors have been notoriously reluctant to invest in packaging firms, preferring those that reposition themselves as media plcs.

Of the handful of publicly-listed packaging companies left, Amcor, BPI and Macfarlane are now listed under the BSS classification, Hellas Can is listed as an engineering company, International Greetings and Jarvis Porter are now listed as publishing and printing companies, and Jefferson Smurfit and Smurfit-Stone as paper.

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Picon members see a little hope

Suppliers to the trade may finally be a little more optimistic after three successive quarters of worsening prospects.

Although only 19% of suppliers told a Picon survey they felt "more optimistic" now than three months ago, this is up from just 2% in the third quarter of 2001.

For exporters, 16% felt more optimistic, up from 11% three months ago. This is thought to be due to the introduction of the euro, which has allowed prices to be standardised.

Picon members have noticeably warmed towards the single currency: some 37% want to join now, up from 29% last time, while those who say the UK should never join has fallen from 10% to just 6.5%.

Ironically, however, despite the optimism, order books are now in a worse state: 63% of domestic suppliers and 62% of exporters say order books are below normal, compared to 60% and 44% respectively in the last quarter. Clearly, the imminent start of Ipex is having an effect, as customers delay purchases until they see the new technology on show. Only 6% of exporters managed to achieve price rises in the last quarter, and just 9% expect to do this in the first three months of this year.

In the third quarter of 2001, no Picon members recorded increased profits. In contrast, 11% do so in the current survey, and 22% expect increased profits this quarter.

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In brief
- Picon releases survey news
- Things may be a little better
- Euro is favoured by more

Still pessimism from printers

Many UK printers regard the last three months of 2001 as the worst quarter since the start of 1999, and most expect the next three months to be even worse, according to the BPIF's latest *Directions* survey.

The pessimists now outnumber the optimists by a balance of 42%, compared to a 52% lead for the optimists three months ago.

Many printing firms saw a two-to-three week "hiatus" in orders after September 11 according to the survey, which was conducted between December 3-17.

However, the BPIF says this pessimism was largely due to packaging printers, the largest companies surveyed, that mostly reported a downturn in trade. A reduction in pagination and run lengths has also hit screen and web printers, but by contrast book printers, label printers and some commercial printers reported more orders in the run-up to Christmas.

The total proportion of printers reporting under-capacity fell from 79% to 67%.

Although employment is generally down, some printers are recruiting more sales staff. And while capital investment is being held back, it continues unabated for ctp equipment and digital presses. As inventory levels are being kept very low, the expected recovery in the second half of this year could bring dividends for paper suppliers.

Fine paper prices have "bottomed out" and are expected to rise this year, warns paper merchant Robert Horne.

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In brief
- BPIF members pessimistic
- 2002 Q1 forecast grim
- Digital presses, ctp bright spot

US paper companies suffer
Page 22

Amazon's first profit

Amazon has returned a profit for the first time, partly because of more automation at its warehouses.

The US online bookseller made a net profit of $5m in the last three months of 2001, having made a loss of $545m the year before. Net sales were up 15% from $972m to $1.12bn. More automatic picking and packing equipment in its warehouses are one way that costs have been curbed and productivity increased.

In the US, Amazon had 4,400 permanent and 7,200 temporary workers in the run-up to Christmas 2000: in 2001 this was down to 3,700 permanents and 4,000 temps, even though order volume was up 15%.

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In brief

- Amazon makes first profit
- $5m in last quarter of 2001
- Loss of $545m the year before

legal notices

Compulsory winding up

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

● **Midland Reprographics (Systems) Ltd** 7 Holbrook Park Estate, Holbrook Lane, Coventry, West Midlands on January 28 at 10am. Petition by Customs & Excise

Appointment of liquidators

● **Wizard Publishing Ltd** Magazine publisher. Liquidators: PS Dunn and SR Thomas, Tenon Recovery, Sherlock House, 73 Baker Street, London W1U 6RD

● **SPL Print Ltd** Liquidator: J Willetts, Blades Insolvency Services, Charlotte House, 19B Market Place, Bingham, Nottingham NG13 8AP

● **Interact Design & Print Ltd** Previous company names: **Design Projections UK Ltd** (changed June 24 1994); **Treadsdale Ltd** (changed November 13 1987). Design, print and digital media. Liquidator: C Williams, McTear Williams & Wood, 90 St Faiths Lane, Norwich NR1 1NE

● **Chromatics (Croydon) Ltd** Printing. Liquidators: RH Toone and PM Davis, Begbies Traynor, 1 & 2 Raymond Buildings, Gray's Inn, London WC1R 5NR

● **Cleveland Public Relations Ltd** Publisher. Liquidator: GS Goldie, Tait Walker, Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne NE3 3LS

● **Security Data Print Ltd** Security data printer. Liquidator: RI Williamson, Campbell, Crossley and Davis, 348-350 Lytham Road, Blackpool FY4 1DW

● **Anglia Graphics Ltd** Reprographics. Liquidator: AD Kent, 60-62 High Street, Harpenden, Hertfordshire AL5 2SP

● **Petra Communications Agency Ltd** Printer. Liquidator: RI Williamson, Campbell, Crossley and Davis, 348-350 Lytham Road, Blackpool FY4 1DW

● **FH Wakelin Ltd** Printer. Liquidator: MT Coyne, Poppleton & Appleby, 141 Great Charles Street, Birmingham B3 3LG

● **FBB (Midlands) Ltd** Printer. Liquidator: RM Young, Poppleton & Appleby, Brampton House Mews, 10 Queen Street, Newcastle under Lyme, Staffordshire ST5 1ED

Meetings of creditors

● **Midland Wire & Press Ltd** at The Star Hotel, Foregate Street, Worcester on January 21

● **Creative Media Magazines Ltd** at Coniston Hotel, 70 London Road, Sittingbourne, Kent ME10 1NT on January 24

● **Ashley Graphics Ltd** at The North Stafford Hotel, Stoke on Trent ST4 2 AE on January 25

● **Epic Screen Ltd** at 6 St Stephen's Court, 15-17 St Stephen's Road, Bournemouth, Dorset BH2 6LA on January 21

● **GRA Print Ltd** at 21-23 Station Road, Gerrards Cross, Buckinghamshire SL9 8ES on February 21 at 2pm

● **Hercules Business Ventures Ltd** (t/a **Print Unlimited**) at Trinity House, Heather Park Drive, Wembley, Middlesex on January 25

● **Owen Guinness Publishing Services Ltd** (t/a **Cathedral Antiques** formerly t/a **Country & Equestrian Books & Gifts**) at 17 St Johns Lane, Gloucester on January 29 at 11am

● **Postmark Publishing Ltd** at Onslow Bridge Chambers, Bridge Street, Guildford, Surrey GU1 4RA on January 30 at 2.30pm

● **Comet Paper Ltd** at 314 Regents Park Road, Finchley, London N3 2JK on January 31 at 2.30pm

● **Snape Printers Ltd** at Tenon Recovery, Arkwright House, Parsonage Gardens, Manchester M3 2LF on February 6 at 11am

Final meetings

● **St Andrews Publishing Ltd** at CLB, 14 Wood Street, Bolton BL1 1DZ on February 20 at 10am for members and at 10.15am for creditors

● **MF Graphics Ltd** at Moore Stephens, 1-2 Little King Street, Bristol BS1 4HW on February 19 at 10.30am for members and at 11am for creditors

● **JJG Typesetters Ltd** at 9 Woodhill Road, Portishead, Bristol BS20 7EU on February 19 at 10.30am for members and at 11am for creditors

● **Creative Art Works Design Co Ltd** at 1 & 2 Raymond Buildings, Gray's Inn, London WC1R 5NR on February 8 at 10.30am for members and at 10.45am for creditors

● **Medway Graphics Ltd** at Moore Stephens, Corporate Recovery, Victory House, Admiralty Place, Chatham Maritime, Kent ME4 4QU on February 26 at 10.10am for members and at 10.15am for creditors

● **The Corporate Brochure Co Ltd** at Redman Nichols, Maclaren House, Skerne Road, Driffield, East Yorkshire YO25 6PN on February 26 at 11.30am for members and at 11.45am for creditors

Business GROW-HOW

From Paul Holohan & the team at Richmond Capital Partners Limited

Business ADVICE

TACKLING LATE PAYMENT

My debtors seem to be getting harder to get money out of! Is this deliberate and how can I improve our cash flow?

This is a problem which seems to apply especially in Britain and will certainly have to change if and when we join the Euro.

Often a mixture of inefficient and bureaucratic management and financial difficulties leads companies to delay payment for as long as possible, confident that suppliers will just have to accept it. Indeed, recent figures from Dun & Bradstreet reveal that 10,000 UK businesses fail each year due to late payment.

The consequences of late payment are serious and fall into the following categories:-

• Financing credit
You are effectively acting as a banker for your customers – usually financed by a cash drawing overdraft facility. Even for companies trading in the black, there remains the 'opportunity cost' of lost bank interest.

• Administering credit
Extra statements, negotiations, credit assessment and collection of overdue accounts all cost time and money.

• Depreciated return
Assuming an annual inflation rate of 3%, the cost of depreciation over a 50-day overdue period is approximately 0.4% of turnover – 4% of net profit (at 10% net margin).

• Non-recoverable debt
The general average of non-recoverable debts is the UK has been about 0.3% of turnover (3% of net profit). A company must set aside at least 0.3% of turnover as a reserve for bad debts depending upon the economic environment.

Effect on revenue and growth.

Continued long delays in payment deprive firms of regular cash flow to fund growth.

Research has shown that new companies are by far the most vulnerable to this shortage of working capital, with 10% of start-ups likely to fail in the first six months. The problem is even more serious during an economic slow down when larger companies begin to "tighten the screws" on smaller suppliers thereby exacerbating the problem.

Trade credit is an accepted and essential part of UK business culture. Unfortunately, whilst most UK businesses apply credit terms of 30 days, this is generally seen by their customers as a guideline open to negotiation, rather than a binding condition of sale.

Next week we will offer you some advise on how to tackle this increasingly important and topical issue.
This is a problem which seems to apply especially in Britain and will certainly have to change if and when we join the Euro.

The author accepts no legal responsibility for the advice given. Comments and advice given in this column do not necessarily represent the views of Printing World.