

Smooth operation for euro change

By Alex Grant

The transition to the euro last January went smoothly and would go even more smoothly in the UK were we to join the single currency, a new report argues.

As a result, Britain could join the euro more quickly than expected once a referendum had delivered a "yes" vote.

The latest *Practical Issues Arising From the Euro* report, published by the Bank of England, says that "the printing and minting of euro notes and coins would be quicker in the UK than in the euro area, given the first-wave precedent and the preliminary work already being undertaken".

Any glitches would be caused by distribution of the notes by the high street banks, not at the production stage, despite problems with the new £5 note at the Bank of England's printworks at Debden in Essex, which would almost certainly produce euro notes if the UK were to join.

There are thus no technical reasons why the changeover to

the euro could not take less than the three years laid down by the European Central Bank, the report concludes.

This is despite the fact that the Bank of England has no local branches and distribution is largely outsourced to retail banks and the private sector.

The report finds that the transition to the euro across most of Europe on January 1 went much more smoothly than many had dared hope.

Few errors were made, there were few robberies of the notes in transit (in some countries, robbery levels during the euro changeover were lower than normal) and the changeover did not lead to inflation, the report concludes.

The fact that January 1 was a public holiday when the public was in "festive mood" helped rather than hindered the changeover, says the report, although the banks had favoured mid-February as the traditional low-point in banknote usage.

Ninety percent of ATMs across

Europe were dispensing the currency by January 2 and virtually all were doing so by January 3. Although large queues formed at banks in most countries, reportedly because people wanted to be part of a historic event, many people relied on "mattress money" kept to tide them over until the queues subsided.

Ironically, the launch of the euro led to more forgeries being discovered, but these were old fake "legacy" currency notes being traded in with the banks and not euro forgeries, because of the successful security measures built into the new notes.

For example, the amount of forged Deutschmark notes discovered in Germany in 2001 increased by 42%.

The point of the report is to highlight "the lessons for any changeover in the UK, if it were to decide to join".

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In brief

- Report outlines euro transition
- Changeover was smooth
- Lessons for the UK

De La Rue profits up

Although De La Rue's profits are up 15.7% overall to £90.6m in the year to March 30, the ink-on-paper part of the business did far less well than other areas, according to preliminary results.

The cash systems division saw profits almost double from £19m to £36m, but security paper and print suffered a 20% fall in profits, from £50m to £41m, because of the loss of a big paper contract with India, which De La Rue is expecting to win back next year.

Were it not for an order to print 500 million euro notes at De la Rue's Gateshead factory, the result would have been far worse.

De La Rue says "many of the markets served are mature, competitive and fragmented". Ninety redundancies have been made in the security paper and print divi-

sion as a result, at a cost of £1.3m. Seventy of these job losses, up from the 60 originally proposed, have been at De La Rue's High Wycombe works, formerly Harrissons.

Global services, which includes De La Rue Tapes & Holographics in Basingstoke, managed to improve despite £1.3m costs of restructuring its Intercler subsidiary, where 20 jobs have been shed. After sustaining first half losses, the division made a profit of £500,000 for the year as a whole.

De La Rue has bought Sequoia Voting Systems, a US election equipment company, from Jefferson Smurfit for \$23m. As voting in the US becomes increasingly automated, De La Rue has identified this as a growth market.

API sees losses cut

API, the finishing materials group, has managed to reduce its half-year losses and says it is on course to be back in the black in the second half.

The company suffered an annual loss of £4.5m last year, and a year ago announced a half-year loss of £25m.

This time the loss is down to just £1.6m, or £500,000 with exceptional items. Although sales have fallen 3.7% to £88m, this is due to restructuring and factory closures as well as reduced demand, especially for luxury goods in the US since September 11.

The fall in sales was much higher in the UK (down 5.1%) and the US (down 10.8%) than elsewhere in the world, where sales rose on average by 8.5% outside Europe.

Potts in at No 48

Thomas Potts, the print group that includes Premier Metropolis and CCS and that bought Fairway PSD in April, has been judged the 48th fastest growing firm in the UK. The group came in midway down the Deloitte & Touche Indy 100 table, for which 6,800 companies with sales of between £5m and £100m were eligible. The only other printer to merit a place on the Indy 100 index this year was Howard Hunt, the printer in Dartford, which came in at 95.

In the market?

Pearson-owned magazines including *Investors Chronicle* and *The Banker* are up for grabs again after a planned mbo by Stephen Hill, former chief executive of their publisher FT Business, hit a hurdle. Hollinger, publisher of the *Daily Telegraph*, is now said to be interested, even though profits in the three months to March 31 fell from £7.1m to £2.5m. For its UK newspapers, display ad revenue was down by 24.4% and classified by 21.4%, although newsprint costs are also down 9.5% year-on-year.

Job ads still low

Recruitment advertising - a reliable barometer for the economy as a whole and printing industry alike - has fallen 30% in the past year, figures from Nielsen Media Research show. The decline continued unabated in January to March this year.

Emap plans printer cull

By Alex Grant

The writing is on the wall for printers that work for Emap. There are too many of them and the publisher is poised to ditch some.

Production director Andy Franks says: "We don't want to drive anyone out of business, but we want to reduce the number of printers and paper suppliers we use. We currently use about 20 printers, which is too many.

"This is an interesting time to be a print buyer," he adds.

Mr Franks' comments come against the background of Emap's pretax profits which have risen 6% to £151m on the back of exiting the US market, which had been blamed for several years of poor results for the publisher.

Back in the UK, Emap is clearly delighted that sales of *Heat* have risen 106% and advertising revenues have risen 180% in the year to March 31.

While more launches are promised, these are as likely to be "information products" such as conferences as printed magazines, and £22m has been put aside for new launches this year.

Emap says that the print advertising market was looking better than radio, which remains "tough".

Last year Emap relaunched *Bliss* as an A5 title, like its competitor *Glamour*, although Mr Franks denies this was a manufacturing decision as the pagination of the magazine doubled.

Production costs are low and Emap is now looking to cut them further by reducing the number of suppliers they use.

April and May 2002 showed "good underlying growth" in consumer advertising, while business to business advertising is still "volatile" in recruitment and "tough" in display.

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In brief

- Emap pretax profits up by 6%
- Seeks to cut number of suppliers
- Print adverts better than radio



Plastic bag tax worries BPF

By Alex Grant

Plans to introduce a tax on plastic shopping bags have been criticised by the plastics trade association.

The British Plastics Federation has accused environment minister Michael Meacher of "jumping on a bandwagon" by proposing that the UK could follow the lead of the Irish and introduce a tax of 9p per plastic bag to cut consumption of fossil fuels and litter.

"Mr Meacher thinks this is a cracking idea, but this doesn't

mean it'll be on the despatch box tomorrow," says Marcia Gick, a senior adviser on industrial issues at the BPF. "It won't do a lot for the environment and the retailers are all opposed."

The BPF argues that plastic bags have already become thinner and retailers have already taken steps to reduce consumption – such as offering a penny to shoppers for each bag reused – or collecting them for recycling.

The tax was introduced in Ireland primarily as a litter tax,

which Ms Gick blames on "problems of infrastructure and the fact Ireland is keen to attract more tourists, not the bag manufacturers".

In the UK, most plastic film is used for pallet wrap, not shopping bags. They are made overseas, chiefly in the Far East.

The main UK manufacturer is Bunzl, which bought BPI's plastic bags interest last year but declined to comment on the implications of the tax.

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legal notices

Compulsory winding up

The following case is due to be heard at the Royal Courts of Justice, Strand, London WC2

● **Popprints UK Ltd** 4 Saint John's Road, Harpenden, Hertfordshire AL5 1DJ on June 12 at 10.30am. Petition by Mishcon de Reya

Appointment of receivers

● **Dudley Office Supplies Ltd** Office stationery supplier. Receivers: A Conquest and T Flynn, Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP

● **Palm Press (Bedfordshire) Ltd** Printer. Receivers: M Shaw and J Willmont, Moore Stephens, 1 Snow Hill, London EC1A 2EN

Appointment of liquidators

● **Rock Publishing Ltd** Publishing company. Liquidator: N Cowan, Wilder Coe, Southgate House, St George's Way, Stevenage, Hertfordshire SG1 1HG

● **Grifpack Ltd** Labelling and packaging. Liquidators: D Moore and G Huntington, Begbies Traynor, 1 Old Hall Street, Liverpool L3 9HF

● **Hotel & Restaurant Printing Press Ltd** Printing. Liquidator: RJ Thompson, Rendell Thompson, 30 Reading Road South, Fleet, Hampshire GU52 7QL

● **Allied Screen Communications Ltd** Screenprinting. Liquidator: JA Heggarty, Smith & Williamson, Old Library

Chambers, 21 Chipper Lane, Salisbury SP1 1BG

● **Temsvale Printing Works Ltd** Print services. Liquidator: P Weinberg, Marks Bloom, 60-62 Old London Road, Kingston upon Thames KT2 6QZ

● **Evolve Media Ltd** Publishing journal. Liquidator: IN Millington, Clive House, Clive Street, Bolton BL1 1ET

Meetings of creditors

● **Pentagon Printing Co Ltd** at the Institute of Chartered Accountants North West Region, 1 Old Hall Street, Liverpool L3 9HF on May 30

● **Emerald Print Finishers Ltd** at The Chasley Hotel, Queen Street, Wakefield WF1 1JU on June 6 at 10.30am

● **Adhoc Publishing** at KPMG, 37 Hills Road, Cambridge CB2 1XL on May 29

● **Press Run Ltd** at 21-23 Station Road, Gerrards Cross, Buckinghamshire SL9 8ES on June 5 at 3.15pm

● **Associated Printing Services Ltd** at Elliot, Woolfe & Rose, Premier House, 112 Station Road, Edgware, Middlesex HA8 7TT on June 12 at 11am

● **Dowling Envelopes Ltd** at Elwell Watchorn & Saxton, 109 Swan Street, Sileby, Leicestershire LE12 7NN on May 31

● **Paintbox Colour Reproductions Ltd** at 43-45 Butts Green Road, Hornchurch, Essex RM11 2JX on June 11 at 11.30am

● **Media Print (UK) Ltd** at 4 Charterhouse Square, London EC1M 6EN on June 6 at noon

Notices to creditors

● **Priori Publishing Ltd** Creditors to send claims to A Andronikou, Hacker Young & Partners, St Alphage House, 2 Fore Street, London EC2Y 5DH by July 28

● **Salezone Publishing Ltd** Creditors to send claims to A Andronikou, Hacker Young & Partners, St Alphage House, 2 Fore Street, London EC2Y 5DH by July 28

Final meetings

● **Simba Print Ltd** at Baker Tilly, Barclays House, 41 Park Cross Street, Leeds L5 2QS

● **Support Publications Ltd** at Mazars Neville Russell, Regent House, Heaton Lane, Stockport SK4 1BS on June 27 at 10am for members and at 10.30am for creditors

● **Foris Graphics Ltd** at 1 Grange Farm Business Park, Sandy Lane, Shedfield, Southampton SO32 2HD on June 28 at 10.15am for members and at 10.30am for creditors

● **Ashgrove Press Ltd** at Albert Chambers, 221-223 Chingford Mount Road, London E4 8LP on June 21 at 12 noon for members and at 12.30pm for creditors

● **G&B Print Associates Ltd** (t/a Greybird Corporation) at 2 Mountview Court, 310 Friern Barnet Lane, Whetstone, London N20 0YZ on June 18 at 10am

● **Chirk Printers Ltd** at Parkin S Booth & Co, 44 Old Hall Street, Liverpool L3 9EB on July 9 at 2.45pm

Business GROW-HOW



From Paul Holohan & the team at Richmond Capital Partners Limited

MARKETING THE BUSINESS

My family has decided to sell the business after 30 years of trading. We want to ensure that we market the business effectively and doubt whether our accountants are the best people to help. What should we do?

Firstly you should ensure that:-

- Marketing the business maximises your wealth
- Advertising is discreet and targeted
- You find acquirers who have the necessary funds available
- The firm is passed on to someone who is committed to the business and its future

The process of marketing the business needs to be planned carefully. Obtaining the best price requires 'grooming' the business for sale and being prepared for due diligence. Failure to do so usually means that completion is delayed and the price paid reduces. Here are some of the issues to consider:-

- Conduct vendor due diligence and be ready
- Find out who is buying, what they are looking for, whether they have the funds available and their corporate culture.
- Procure a valuation from a competent adviser using the various models available. This is, in our experience, **vital**, as there are some poor advisers around. Remember the real value of your business is no more and no less than a buyer will pay for it.
- Ask your adviser to produce an Information Memorandum and circulate it in a controlled way to credible, interested parties. This ensures maximum confidentiality.
- Use an adviser who understands the printing marketplace, the buyers and financing protocols which pertain.
- Develop an interest from several potential buyers so that you can hold your price and get competitive biddings.
- Remember to have key documents ready. Failure to do so is a common error and is an unnecessary delay and inconvenience.
- Consider the 'softer' issues surrounding clients, staff and suppliers. Ask yourself, "what will the effect be of selling to X?" This could override a small difference in the consideration to be paid.
- Consider whether you would accept cash and shares from a publicly quoted company.
- Consider whether you are prepared to remain in the business for a period post completion. Some buyers prefer this and it is sometimes for a period of up to 3 years.

Marketing the business is an important step which will affect your life in many ways. Never "go it alone" or choose an accountant with limited experience in the industry.

It is also important to keep the business healthy whilst seeking a sale and a good adviser will guide you through the process and allow you to run the business effectively, not taking your "eye off the ball."

Good luck!

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.

BUSINESSADVICE

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