

Company Registration No. 2623319 (England and Wales)

CRAFTEC PAPER LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2004



CRAFTEC PAPER LIMITED

CONTENTS

	Page
Directors' report	1
Auditors' report	2
Abbreviated profit and loss account	3
Abbreviated balance sheet	4
Cash flow statement	5
Notes to the cash flow statement	6
Notes to the abbreviated accounts	7 - 15

CRAFTEC PAPER LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report and financial statements for the year ended 31 December 2004.

Principal activities and review of the business

The principal activity of the company continued to be that of paper converters and distributors.

Results and dividends

The results for the year are set out on page 3.

The directors do not recommend payment of an ordinary dividend.

Future developments

The company expects to expand its business during the course of the next year.

Directors

The following directors have held office since 1 January 2004:

J E Selby

D Wood

N C Atkins

(Appointed 31 August 2004)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	31 December 2004	Ordinary of £ 1 each 1 January 2004
J E Selby	-	-
D Wood	-	-
N C Atkins	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that glm Ghest Lloyd be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

On behalf of the board



N C Atkins

Director

26 October 2005

CRAFTEC PAPER LIMITED

**AUDITORS' REPORT TO CRAFTEC PAPER LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 3 to 15, together with the financial statements of the company for the year ended 31 December 2004 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 15 are properly prepared in accordance with that provision.



glm Ghest Lloyd

Chartered Accountants
Registered Auditor

26 October 2005

103/105 Brighton Road
Coulsdon
Surrey
CR5 2NG

CRAFTEC PAPER LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004**

		2004	2003
	Notes	£	£
Gross profit		1,710,391	1,456,947
Distribution costs		(530,689)	(350,863)
Administrative expenses		(1,082,117)	(984,790)
		<hr/>	<hr/>
Operating profit	2	97,585	121,294
Interest payable and similar charges	3	(87,825)	(66,774)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		9,760	54,520
Tax on profit on ordinary activities	4	(3,600)	4,325
		<hr/>	<hr/>
Profit on ordinary activities after taxation	13	6,160	58,845
		<hr/>	<hr/>

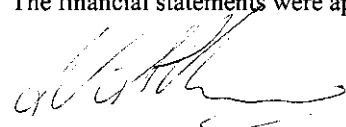
CRAFTEC PAPER LIMITED

**ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2004**

	Notes	2004 £	£	2003 £	£
Fixed assets					
Intangible assets	5		15,998		21,622
Tangible assets	6		572,093		183,811
			<u>588,091</u>		<u>205,433</u>
Current assets					
Stocks	7	702,065		542,119	
Debtors	8	1,688,704		1,382,661	
Cash at bank and in hand		9,262		9,496	
		<u>2,400,031</u>		<u>1,934,276</u>	
Creditors: amounts falling due within one year	9	<u>(2,395,963)</u>		<u>(1,859,710)</u>	
Net current assets			<u>4,068</u>		<u>74,566</u>
Total assets less current liabilities			<u>592,159</u>		<u>279,999</u>
Creditors: amounts falling due after more than one year	10		(320,161)		(17,760)
Provisions for liabilities and charges	11		<u>(21,801)</u>		<u>(18,201)</u>
			<u>250,197</u>		<u>244,038</u>
Capital and reserves					
Called up share capital	12		1,000		1,000
Profit and loss account	13		249,197		243,038
Shareholders' funds - equity interests	14		<u>250,197</u>		<u>244,038</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 26 October 2005



N C Atkins
Director

CRAFTEC PAPER LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2004**

	2004		2003	
	£	£	£	£
Net cash inflow from operating activities		170,082		53,405
Returns on investments and servicing of finance				
Interest paid	(87,825)		(66,774)	
Net cash outflow for returns on investments and servicing of finance		(87,825)		(66,774)
Capital expenditure and financial investment				
Payments to acquire intangible assets	-		(27,027)	
Payments to acquire tangible assets	(429,274)		(18,070)	
Receipts from sales of tangible assets	-		13,923	
Receipts from sales of investments	-		1	
Net cash outflow for capital expenditure		(429,274)		(31,173)
Net cash outflow before management of liquid resources and financing		(347,017)		(44,542)
Financing				
Repayment of other long term loans	(17,760)		(28,800)	
Capital element of hire purchase contracts	(3,782)		-	
Capital element of finance lease contracts	390,200		-	
Net cash inflow/(outflow) from financing		368,658		(28,800)
Increase/(decrease) in cash in the year		21,641		(73,342)

CRAFTEC PAPER LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004**

1	Reconciliation of operating profit to net cash inflow from operating activities	2004	2003
		£	£
	Operating profit	97,585	121,294
	Depreciation of tangible assets	40,993	54,782
	Amortisation of intangible assets	5,624	5,406
	Loss on disposal of tangible assets	-	8,422
	(Increase)/decrease in stocks	(159,946)	272,966
	(Increase)/decrease in debtors	(306,043)	403,227
	Increase/(decrease) in creditors within one year	491,869	(812,692)
	Net cash inflow from operating activities	170,082	53,405

2	Analysis of net debt	1 January 2004	Cash flow	Other non-cash changes	31 December 2004
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	9,496	(234)	-	9,262
	Bank overdrafts	(33,547)	21,875	-	(11,672)
		<u>(24,051)</u>	<u>21,641</u>	<u>-</u>	<u>(2,410)</u>
	Debt:				
	Finance leases	-	(397,460)	-	(397,460)
	Debts falling due within one year	(28,800)	11,040	-	(17,760)
	Debts falling due after one year	(17,760)	17,760	-	-
		<u>(46,560)</u>	<u>(368,660)</u>	<u>-</u>	<u>(415,220)</u>
	Net debt	<u>(70,611)</u>	<u>(347,019)</u>	<u>-</u>	<u>(417,630)</u>

3	Reconciliation of net cash flow to movement in net debt	2004	2003
		£	£
	Increase/(decrease) in cash in the year	21,641	(73,342)
	Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(368,660)	28,800
	Movement in net debt in the year	(347,019)	(44,542)
	Opening net debt	(70,611)	(26,069)
	Closing net debt	<u>(417,630)</u>	<u>(70,611)</u>

CRAFTEC PAPER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention. The company and its subsidiary comprise a medium sized group and the company has taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts. These financial statements therefore reflect the results of the company only.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of five years.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	straight line basis over the life of the lease
Plant and machinery	15% reducing balance basis
Fixtures, fittings & equipment	20% reducing balance basis
Motor vehicles	20% reducing balance basis

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Deferred taxation

The accounting policy reflects the requirements of FRS 19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

CRAFTEC PAPER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

2	Operating profit	2004	2003
		£	£
	Operating profit is stated after charging:		
	Amortisation of intangible assets	5,624	5,406
	Depreciation of tangible assets	40,993	54,782
	Loss on disposal of tangible assets	-	8,422
	Loss on foreign exchange transactions	7,423	-
	Operating lease rentals	17,043	12,645
	Auditors' remuneration	7,629	6,500
	and after crediting:		
	Profit on foreign exchange transactions	-	(41,054)
		<u> </u>	<u> </u>
3	Interest payable	2004	2003
		£	£
	On bank loans and overdrafts	3,474	1,164
	Hire purchase interest	9,258	-
	Other interest	75,093	65,610
		<u> </u>	<u> </u>
		87,825	66,774
		<u> </u>	<u> </u>
4	Taxation	2004	2003
		<u> </u>	<u> </u>
	Current tax charge	-	-
	Deferred tax		
	Deferred tax charge/credit current year	3,600	(4,325)
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	9,760	54,520
		<u> </u>	<u> </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2003: 19.00%)	1,854	10,359
		<u> </u>	<u> </u>
	Effects of:		
	Non deductible expenses	692	1,738
	Depreciation add back	8,857	13,036
	Capital allowances	(36,749)	(7,122)
	Tax losses utilised	25,346	1,402
	Other tax adjustments	-	(19,413)
		<u> </u>	<u> </u>
		(1,854)	(10,359)
		<u> </u>	<u> </u>
	Current tax charge	-	-
		<u> </u>	<u> </u>

CRAFTEC PAPER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

5 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 January 2004 & at 31 December 2004	27,028
	<hr/>
Amortisation	
At 1 January 2004	5,406
Charge for the year	5,624
	<hr/>
At 31 December 2004	11,030
	<hr/>
Net book value	
At 31 December 2004	15,998
	<hr/>
At 31 December 2003	21,622
	<hr/>

CRAFTEC PAPER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

6 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2004	28,489	419,007	49,753	59,984	557,233
Additions	-	404,200	13,153	11,921	429,274
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	28,489	823,207	62,906	71,905	986,507
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 2004	10,816	276,149	37,094	49,362	373,421
Charge for the year	2,849	28,473	5,162	4,509	40,993
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	13,665	304,622	42,256	53,871	414,414
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 December 2004	14,824	518,585	20,650	18,034	572,093
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	17,672	142,858	12,660	10,621	183,811
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £	Motor vehicles £	Total £
Net book values			
At 31 December 2004	387,838	9,536	397,374
	<hr/>	<hr/>	<hr/>
Depreciation charge for the year			
31 December 2004	430	2,384	2,814
	<hr/>	<hr/>	<hr/>

Debt due in one year or less of £17,760 are secured on the fixed assets of the company.

7 Stocks	2004 £	2003 £
Raw materials and consumables	702,065	542,119
	<hr/>	<hr/>

CRAFTEC PAPER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

8 Debtors	2004	2003
	£	£
Trade debtors	1,214,793	1,028,350
Amounts owed by parent and fellow subsidiary undertakings	401,795	266,258
Other debtors	20,994	39,131
Prepayments and accrued income	51,122	48,922
	<u>1,688,704</u>	<u>1,382,661</u>

Other creditors are secured against Trade debtors.

9 Creditors: amounts falling due within one year	2004	2003
	£	£
Bank loans and overdrafts	29,432	62,347
Net obligations under hire purchase contracts	77,299	-
Trade creditors	1,143,822	704,609
Other creditors	1,090,652	854,612
Amounts owed to parent and fellow subsidiary undertakings	-	153,192
Taxes and social security costs	23,444	38,329
Accruals and deferred income	31,314	46,621
	<u>2,395,963</u>	<u>1,859,710</u>
Debt due in one year or less	<u>17,760</u>	<u>28,800</u>

The bank overdraft is secured by a floating charge over the company's assets. Other creditors are secured by a fixed charge over the trade debtors and fixed assets and a floating charge over the company's assets.

CRAFTEC PAPER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

10 Creditors: amounts falling due after more than one year	2004	2003
	£	£
Other loans	-	17,760
Net obligations under hire purchase contracts	320,161	-
	<u>320,161</u>	<u>17,760</u>
Analysis of loans		
Wholly repayable within five years	17,760	46,560
	<u>17,760</u>	<u>46,560</u>
Included in current liabilities	(17,760)	(28,800)
	<u>-</u>	<u>17,760</u>
Loan maturity analysis		
In more than one year but not more than two years	-	17,760
	<u>-</u>	<u>17,760</u>
Net obligations under hire purchase contracts		
Repayable within one year	97,023	-
Repayable between one and five years	349,694	-
Repayable after five years	21,180	-
	<u>467,897</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	(70,437)	-
	<u>397,460</u>	<u>-</u>
Included in liabilities falling due within one year	(77,299)	-
	<u>320,161</u>	<u>-</u>

CRAFTEC PAPER LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

11 Provisions for liabilities and charges

**Deferred tax
liability
£**

Balance at 1 January 2004	18,201
Profit and loss account	3,600
	<u>21,801</u>
Balance at 31 December 2004	<u>21,801</u>

Deferred taxation provided in the financial statements is as follows:

Fully provided

2004 2003
£ £

Accelerated capital allowances	<u>21,801</u>	<u>18,201</u>
--------------------------------	---------------	---------------

12 Share capital

2004 2003
£ £

Authorised		
10,000 Ordinary of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid		
1,000 Ordinary of £1 each	<u>1,000</u>	<u>1,000</u>

13 Statement of movements on profit and loss account

**Profit and loss
account**

£

Balance at 1 January 2004	243,037
Retained profit for the year	6,160
	<u>249,197</u>
Balance at 31 December 2004	<u>249,197</u>

14 Reconciliation of movements in shareholders' funds

2004 2003
£ £

Profit for the financial year	6,160	58,845
Opening shareholders' funds	<u>244,038</u>	<u>185,193</u>
Closing shareholders' funds	<u>250,197</u>	<u>244,038</u>

CRAFTEC PAPER LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2004**15 Contingent liabilities**

The company has given guarantees in respect of finance facilities extended to its fellow subsidiary Papergraphics Limited. The commitment in connection with these facilities comprises guarantees in respect of borrowings as at 31st December 2004 amounting to £1,217,908 (2002 - £1,207,771). A primary charge exists in Papergraphics Limited in respect of these borrowings.

16 Financial commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2004	2003
	£	£
Expiry date:		
In over five years	160,000	160,000

17 Capital commitments

2004	2003
£	£

At 31 December 2004 the company had capital commitments as follows:

Contracted for but not provided in the financial statements	11,530	-
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18 Directors' emoluments

2004	2003
£	£

Emoluments for qualifying services	16,525	12,603
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CRAFTEC PAPER LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2004**19 Employees****Number of employees**

The average monthly number of employees (including directors) during the year was:

	2004	2003
	Number	Number
Production	20	20
Selling and distribution	12	11
Administration	8	5
	<u>40</u>	<u>36</u>

Employment costs

	£	£
Wages and salaries	918,051	818,443
Social security costs	59,346	52,846
	<u>977,397</u>	<u>871,289</u>

20 Ultimate parent company

The immediate and ultimate parent company is Diva Europe Limited, a company registered in England and Wales.

21 Related party transactions

During the year the company traded with Papergraphics Limited, a fellow subsidiary of Diva Europe Limited. The company supplied goods of £1,340,020 (2003- £887,261) and purchased goods of £1,148,270 (2003-£25,924). During the year Diva Europe Limited supplied services of £2,500 (2003 - £1,000). The amounts due in relation to these parties are shown in the debtors and creditors notes to the accounts.