

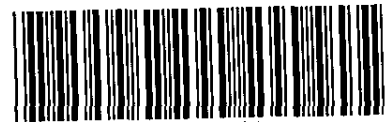
SPRINGFORDS

CHARTERED ACCOUNTANTS

EAGLE ENVELOPES LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

Company Number: SC293145

FRIDAY



SCT *S2GT5T5L* #468
13/09/2013
COMPANIES HOUSE

BEYOND THE NUMBERS

EAGLE ENVELOPES LIMITED

COMPANY INFORMATION

Directors	E M Bartl I M Filo J C Gutteridge
Secretary	J C Gutteridge
Company number	SC293145
Registered office	Unit 1 Block 7 Whiteside Industrial Estate Bathgate West Lothian EH48 2RX
Auditors	Springfords LLP Dundas House Westfield Park Eskbank Edinburgh EH22 3FB
Business address	Unit 1 Block 7 Whiteside Industrial Estate Bathgate West Lothian EH48 2RX
Bankers	Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2YB
Solicitors	MacRoberts Excel House 30 Semple Street Edinburgh EH1 1YN

EAGLE ENVELOPES LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 16

EAGLE ENVELOPES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012.

Principal activities

The principal activity of the company is that of the supply of envelopes and other stationery products.

Review of the business

The net result for the year was a loss of £0.96m.

With the continued decline in Turnover of the business and further pressure on margins, it was decided that the maintenance of a production facility in Bathgate could no longer be justified so the company closed this factory in October 2012 and switched to sourcing of envelopes from within the Mayer Kuvert Network Group. At the same time, with a similar decline in sales of Bespoke envelopes, a decision was also reached to cease production of envelopes at our Walsall site which continues to be produce overprinted envelopes and which now houses an enlarged and enhanced warehouse and distribution centre.

The closure of Bathgate and the cessation of envelope production at Walsall generated significant redundancy costs but also allowed the company to sell a number of machines at a book profit to offset the one off costs.

It is projected that access to the competitive pricing available at group companies will improve the trading profitability of the company but the costs of retaining the Bathgate factory and machinery therein will have a negative impact but with an overall improvement in the bottom line.

Key performance indicators

The directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the company.

Results and dividends

The results for the year are set out on page 5.

Directors

The following directors have held office since 1 January 2012:

E M Bartl

I M Filo

J C Gutteridge

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of price, credit and liquidity risks.

Liquidity risk

The company actively maintains a mixture of long term and short term debt finance that is designed to ensure that the company has sufficient available funds for operations. At present the company remains in a net liabilities position, however the company has received assurances from its parent company that it will continue to support the company for the foreseeable future.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

EAGLE ENVELOPES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risks exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities prices risk as it holds no listed or other equity investments.

Auditors

In accordance with the company's articles, a resolution proposing that Springfords LLP be reappointed as auditors of the company will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



J C Gutteridge

Secretary

28 June 2013

EAGLE ENVELOPES LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EAGLE ENVELOPES LIMITED

We have audited the financial statements of Eagle Envelopes Limited for the year ended 31 December 2012 set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

EAGLE ENVELOPES LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF EAGLE ENVELOPES LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Patricia Reekie CA (Senior Statutory Auditor)
for and on behalf of Springfords LLP**

2 July 2013

**Chartered Accountants
Statutory Auditor**

Dundas House
Westfield Park
Eskbank
Edinburgh
EH22 3FB

EAGLE ENVELOPES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	9,950,116	11,163,987
Cost of sales		(8,921,826)	(9,783,285)
Gross profit		1,028,290	1,380,702
Distribution costs		(555,692)	(670,269)
Administrative expenses		(1,103,554)	(1,752,011)
Exceptional item - Gain on foreign exchange		294,029	84,034
Operating loss	3	(336,927)	(957,544)
Interest payable and similar charges	4	(624,343)	(656,828)
Loss on ordinary activities before taxation		(961,270)	(1,614,372)
Tax on loss on ordinary activities	5	-	-
Loss for the year	13	(961,270)	(1,614,372)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

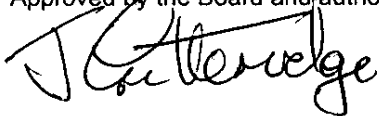
EAGLE ENVELOPES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	6		734,480		1,279,295
Current assets					
Stocks	7	885,870		1,607,947	
Debtors	8	2,555,725		2,359,079	
Cash at bank and in hand		97,296		80,999	
		<u>3,538,891</u>		<u>4,048,025</u>	
Creditors: amounts falling due within one year	9	<u>(5,229,490)</u>		<u>(4,888,473)</u>	
Net current liabilities			<u>(1,690,599)</u>		<u>(840,448)</u>
Total assets less current liabilities			<u>(956,119)</u>		<u>438,847</u>
Creditors: amounts falling due after more than one year	10		7,904,350		8,338,046
Capital and reserves					
Called up share capital	12	4,380,168		4,380,168	
Profit and loss account	13	(13,240,637)		(12,279,367)	
		<u>(956,119)</u>		<u>438,847</u>	

Approved by the Board and authorised for issue on 28 June 2013



J C Gutteridge
Director

Company Registration No. SC293145

EAGLE ENVELOPES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	£	2012 £	£	2011 £
Net cash inflow from operating activities		246,353		278,604
Returns on investments and servicing of finance				
Interest paid	(624,343)		(656,828)	
Net cash outflow for returns on investments and servicing of finance		(624,343)		(656,828)
Capital expenditure				
Payments to acquire tangible assets	(71,778)		(33,463)	
Receipts from sales of tangible assets	899,761		153,148	
Net cash inflow for capital expenditure		827,983		119,685
Net cash inflow/(outflow) before management of liquid resources and financing		449,993		(258,539)
Financing				
Other new long term loans	-		446,275	
Repayment of other long term loans	(433,696)		-	
Capital element of finance lease contracts	-		(155,279)	
Net cash (outflow)/inflow from financing		(433,696)		290,996
Increase in cash in the year		16,297		32,457

EAGLE ENVELOPES LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

1	Reconciliation of operating loss to net cash inflow from operating activities	2012		2011	
		£		£	
	Operating loss	(336,927)		(957,544)	
	Depreciation of tangible assets	333,818		344,768	
	Profit on disposal of tangible assets	(616,986)		(75,231)	
	Decrease in stocks	722,077		27,796	
	(Increase)/decrease in debtors	(196,646)		456,081	
	Increase in creditors within one year	341,017		482,734	
	Net cash inflow from operating activities	246,353		278,604	
2	Analysis of net debt	1 January 2012	Cash flow	Other non-cash changes	31 December 2012
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	80,999	16,297	-	97,296
	Debt:				
	Debts falling due after one year	(8,338,046)	433,696	-	(7,904,350)
	Net debt	(8,257,047)	449,993	-	(7,807,054)
3	Reconciliation of net cash flow to movement in net debt	2012		2011	
		£		£	
	Increase in cash in the year	16,297		32,457	
	Cash outflow/(inflow) from decrease/(increase) in debt	433,696		(290,996)	
	Movement in net debt in the year	449,993		(258,539)	
	Opening net debt	(8,257,047)		(7,998,508)	
	Closing net debt	(7,807,054)		(8,257,047)	

EAGLE ENVELOPES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has incurred a loss for the year ended 31 December 2012 and has negative net assets as at 31 December 2012. The company has received assurances from its joint parent company Mayer-Kuvert-network GmbH that they will continue to support the company for the foreseeable future. At the date of approval of these financial statements the directors have no reason to believe this support will not continue and accordingly, the financial statements have been prepared on a going concern basis.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

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

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land 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 Freehold	4% Straight Line
Plant and machinery	12.5% to 33% Straight Line

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 and work in progress

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective stocks.

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

EAGLE ENVELOPES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

(continued)

1.8 Deferred taxation

Deferred taxation 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.

Deferred tax assets are only recognised to the extent it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

1.9 Foreign currency translation

Monetary assets and current liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Long term liabilities are translated at a rate which reflects the best estimate of the likely maturity rate and does not take account of short term currency fluctuations. 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.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss

	2012 £	2011 £
Operating loss is stated after charging:		
Depreciation of tangible assets	333,818	344,768
Operating lease rentals		
- Plant and machinery	151,223	177,835
- Other assets	158,625	161,238
Exceptional item - redundancy costs	278,639	48,741
Fees payable to the company's auditor for the audit of the company's annual accounts	13,250	13,250
Accountancy and taxation services	3,900	3,900
and after crediting:		
Profit on disposal of tangible assets	(616,986)	(75,231)
Profit on foreign exchange transactions	(294,029)	(84,034)

EAGLE ENVELOPES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

4	Interest payable	2012 £	2011 £
	On amounts payable to group companies	602,694	596,176
	On bank loans and overdrafts	21,649	38,545
	Hire purchase interest	-	22,107
		<u>624,343</u>	<u>656,828</u>
5	Taxation	2012	2011
	Total current tax	-	-
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	<u>(961,270)</u>	<u>(1,614,372)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.00% (2011 - 26.00%)	<u>(230,705)</u>	<u>(419,737)</u>
	Effects of:		
	Capital allowances in advance of depreciation	(189,050)	(157,064)
	Other timing differences	(992)	3,052
	Unutilised losses	<u>420,747</u>	<u>573,749</u>
		<u>230,705</u>	<u>419,737</u>
	Current tax charge for the year	<u>-</u>	<u>-</u>

Following due consideration of the availability of tax losses in relation to future anticipated taxable profits, the deferred tax asset has not been recognised. The total deferred tax asset, including decelerated capital allowances, is circa £2.6m. The deferred tax asset will be fully recoverable should there be appropriate future taxable profits.

EAGLE ENVELOPES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

6 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Total
	£	£	£
Cost			
At 1 January 2012	446,345	4,103,600	4,549,945
Additions	-	71,778	71,778
Disposals	-	(1,174,533)	(1,174,533)
At 31 December 2012	446,345	3,000,845	3,447,190
Depreciation			
At 1 January 2012	106,645	3,164,005	3,270,650
On disposals	-	(891,758)	(891,758)
Charge for the year	19,061	314,757	333,818
At 31 December 2012	125,706	2,587,004	2,712,710
Net book value			
At 31 December 2012	320,639	413,841	734,480
At 31 December 2011	339,700	939,595	1,279,295

7 Stocks and work in progress

	2012 £	2011 £
Raw materials and consumables	-	389,659
Work in progress	-	6,193
Finished goods and goods for resale	885,870	1,212,095
	885,870	1,607,947

EAGLE ENVELOPES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

8 Debtors	2012 £	2011 £
Trade debtors	1,779,150	1,520,627
Amounts owed by parent and fellow subsidiary undertakings	699,359	654,803
Other debtors	-	83,196
Prepayments and accrued income	77,216	100,453
	<u>2,555,725</u>	<u>2,359,079</u>

9 Creditors: amounts falling due within one year	2012 £	2011 £
Trade creditors	177,902	521,215
Amounts owed to parent and fellow subsidiary undertakings	3,759,158	3,029,678
Taxes and social security costs	239,624	222,936
Other creditors	397,107	638,902
Accruals and deferred income	655,699	475,742
	<u>5,229,490</u>	<u>4,888,473</u>

Included within other creditors are invoice financing liabilities of £333,294 (2011 - £622,632). These amounts are secured by a fixed charge on trade debtors and a floating charge on all other assets of the company. The balance is repayable on demand.

EAGLE ENVELOPES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

10 Creditors: amounts falling due after more than one year	2012 £	2011 £
Loans due to group undertakings	7,904,350	8,338,046
Analysis of loans		
Wholly repayable within five years	7,904,350	8,338,046
	7,904,350	8,338,046
Loan maturity analysis		
In more than one year but not more than two years	7,904,350	8,338,046

The long term loan represents a loan from the parent company Mayer-Kuvert-network GmbH. The loan amount is made up of several unsecured loans which bear interest at varying rates between 6.25% and 7.25%.

11 Pension and other post-retirement benefit commitments Defined contribution

	2012 £	2011 £
Contributions payable by the company for the year	57,215	69,100

12 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
4,380,168 Ordinary shares of £1 each	4,380,168	4,380,168

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2012	(12,279,367)
Loss for the year	(961,270)
Balance at 31 December 2012	(13,240,637)

EAGLE ENVELOPES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

14 Reconciliation of movements in shareholders' funds	2012	2011
	£	£
Loss for the financial year	(961,270)	(1,614,372)
Opening shareholders' funds	(7,899,199)	(6,284,827)
Closing shareholders' funds	<u>(8,860,469)</u>	<u>(7,899,199)</u>

15 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013:

	Land and buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	8,108	14,077
Between two and five years	-	-	30,047	71,342
In over five years	158,595	158,595	-	-
	<u>158,595</u>	<u>158,595</u>	<u>38,155</u>	<u>85,419</u>

16 Directors' remuneration	2012	2011
	£	£
Remuneration for qualifying services	74,493	72,000
Company pension contributions to defined contribution schemes	5,040	5,040
	<u>79,533</u>	<u>77,040</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2011 - 1).

EAGLE ENVELOPES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

17 Employees

Number of employees

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

	2012 Number	2011 Number
Manufacturing	58	69
Other	21	22
	<u>79</u>	<u>91</u>

Employment costs

	2012 £	2011 £
Wages and salaries	2,182,918	2,218,265
Social security costs	162,875	181,913
Other pension costs	57,215	69,100
	<u>2,403,008</u>	<u>2,469,278</u>

18 Control

The immediate parent company is Mayer-Kuvert (UK) Holdings Limited, a company registered in Scotland. Mayer-Kuvert (UK) Holdings Limited prepares group consolidated accounts and copies can be obtained from Unit 1 Block 7, Whiteside Industrial Estate, Bathgate, West Lothian, EH48 2RX.

The Company's ultimate joint controlling parties are Mayer-Kuvert-network GmbH, incorporated and registered in Germany and Eco Invest s a, incorporated and registered in the Republic of Slovakia. Copies of the consolidated financial statements of Mayer-Kuvert-network GmbH can be obtained from Mayer-Kuvert-network GmbH, Wannenackerstrasse 65, 74078 Heilbronn Germany. The financial statements of Eco Invest s a can be obtained from Obchodna ulica 2 6, 811 08 Bratislava, Republic of Slovakia.

19 Related party relationships and transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.