

2499521

Diva Europe Limited

Abbreviated
Report
and
Financial Statements
for the year ended
31st December 1995



Diva Europe Limited
Year ended 31st December 1995

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Directors	J.E. Selby M.T. Lloyd
Secretary and Registered office	Burstows, Solicitors 8 Ifield Road Crawley West Sussex RH11 7YY
Registered number	2499521 (England and Wales)
Registered auditors	R.C.I. Ghest & Co., Chartered Accountants 103/105 Brighton Road Coulsdon Surrey CR5 2NG

Diva Europe Limited

Directors' Report

The directors present their report and financial statements for the year ended 31st December 1995.

Principal activities

The principal activity of the company is the provision of management services. The principal activities of the subsidiary undertakings are those of suppliers of speciality technology papers. During the year the trades of two subsidiary companies, Aries Paper Limited and Europlot Limited, were transferred into the principal subsidiary, Papergraphics Limited.

Results and dividend

The results for the year ended 31st December 1995 are set out on page 5 and show a profit for the year after taxation of £40,247 which is transferred to reserves. The directors do not recommend the payment of a dividend.

Review of the business

The trading subsidiary companies returned a satisfactory level of profits in the year. From 1st January 1996, all the group's main trading activities are being conducted by the principal subsidiary company, Papergraphics Limited. The directors consider the group to be well placed to take advantage of any suitable opportunities which might arise for expansion.

Changes in fixed assets

Details of changes in fixed assets investments are shown in note 6 to the financial statements.

Directors and their interests

The following persons served as directors during the year and their interests in the ordinary share capital of the company were as follows:

	Number of ordinary shares of £1 each	
	31.12.95	1.1.95
J.E. Selby	25,000	25,000
M.T. Lloyd	25,000	25,000

Diva Europe Limited
Directors' Report (continued)

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 as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements the directors are required to:

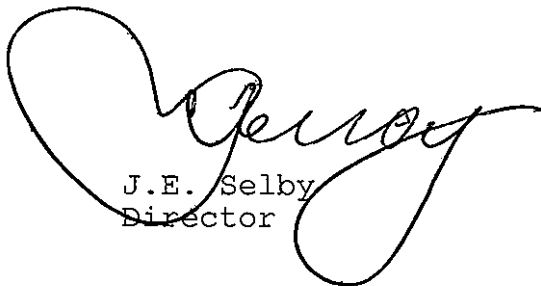
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which 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. 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.

Auditors

R.C.I. Ghest & Co. have expressed their willingness to continue in office as auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the board



J.E. Selby
Director

17th July 1996

Report of the Auditors to the Directors of

Diva Europe Limited

Under Paragraph 24 of Schedule 8 to the Companies Act 1985

We have examined the abbreviated financial statements set out on pages 5 to 14, together with the full statutory financial statements of the company for the year ended 31st December 1995, prepared under section 226 of the Companies Act 1985.

Respective responsibilities of Directors and Auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 6 and whether the abbreviated financial statements have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the full statutory financial statements that the company is entitled to the exemptions and that the abbreviated financial statements have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full statutory financial statements.

Opinion

In our opinion the company is entitled under sections 246, 247 and 249 of the Companies Act 1985 to the exemptions conferred by Section B of Part III of Schedule 8 to that Act, in respect of the year ended 31st December 1995 and the abbreviated financial statements on pages 5 to 14 have been properly prepared in accordance with that Schedule.

Other information

On 17th July 1996 we reported, as auditors of Diva Europe Limited, to the shareholders on the full statutory financial statements for the year ended 31st December 1995, and our audit report was as follows:-

"We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Report of the Auditors to the Directors of
Diva Europe Limited

Under Paragraph 24 of Schedule 8 to the Companies Act 1985

Continued

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relating to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

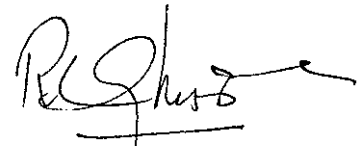
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

103/105 Brighton Road
Coulsdon
Surrey CR5 2NG

17th July 1996



R.C.I. Ghest & Co
Chartered Accountants
and Registered Auditors

Diva Europe Limited
Abbreviated Profit and Loss Account
Year ended 31st December 1995

	Notes	1995 £	1994 £
Gross profit		107,617	50,067
Interest receivable		7,492	661
		115,109	50,728
Interest payable	4	55,930	47,323
Profit on ordinary activities before taxation	2	59,179	3,405
Taxation	5	18,932	14,368
Profit/(loss) for the financial year	11	40,247	(10,963)

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial periods.

Total recognised gains and losses

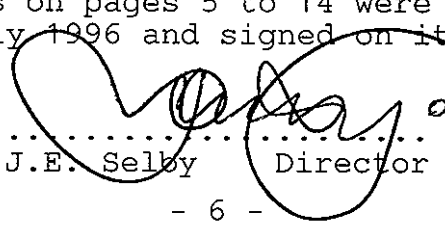
The company had no recognised gains or losses other than the profit/(loss) identified for the above two financial periods.

Diva Europe Limited
Abbreviated Balance Sheet
As at 31st December 1995

	Notes	1995		1994	
		£	£	£	£
Fixed assets					
Investments	6		1,336,738		1,321,738
Current assets					
Debtors	7	-		101,769	
Cash at bank and in hand		11,374		2,600	
		<u>11,374</u>		<u>104,369</u>	
Creditors: Amounts falling due within one year	8	<u>749,067</u>		<u>811,492</u>	
Net current liabilities			<u>(737,693)</u>		<u>(707,123)</u>
Total assets less current liabilities			599,045		614,615
Creditors: Amounts falling due after more than one year	9		<u>505,516</u>		<u>561,333</u>
Net assets			<u>93,529</u>		<u>53,282</u>
Capital and reserves					
Called up share capital	10		52,500		52,500
Share premium account			3,000		3,000
Profit and loss account			<u>38,029</u>		<u>(2,218)</u>
Shareholders' funds (Equity interests)	11		<u>93,529</u>		<u>53,282</u>

The directors have taken advantage of the exemptions conferred by Section B of Part III of Schedule 8 to the Companies Act 1985 and have done so on the grounds that, in their opinion, the company qualifies as a medium sized company.

The financial statements on pages 5 to 14 were approved by the board of directors on 17th July 1996 and signed on its behalf by:



 J.E. Selby Director

Diva Europe Limited
Cash Flow Statement
Year ended 31st December 1995

	Notes	1995	1994
		£	£
Net cash inflow from operating activities	12.1	277,905	615,218
Returns on investments and servicing of finance			
Interest received		7,492	661
Interest paid		(43,068)	(5,176)
		<u>(35,576)</u>	<u>(4,515)</u>
Net cash inflow before investing activities		242,329	610,703
Taxation			
Corporation tax paid		12,750	2,151
		<u>229,579</u>	<u>608,552</u>
Investing activities			
Payments to acquire fixed asset investments	6	15,000	1,210,567
Net cash inflow/(outflow) before financing		<u>214,579</u>	<u>(602,015)</u>
Financing			
Increase in share capital		-	32,500
Share premium received		-	3,000
(Decrease)/increase in directors loans		(163,315)	526,333
Net cash (outflow)/inflow from financing		<u>(163,315)</u>	<u>561,833</u>
Increase/(decrease) in cash at bank and in hand	12.2	<u>51,264</u>	<u>(40,182)</u>

Diva Europe Limited
Notes to the Financial Statements
Year ended 31st December 1995

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Consolidated financial statements

The company and its subsidiary undertakings comprise a medium sized group. The company has taken advantage of the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts. Consequently these financial statements reflect only the results of the parent undertaking.

(c) Investments

Investments in subsidiary undertakings are stated at cost.

(d) Turnover

Turnover comprises fees receivable net of value added tax.

(e) Pension costs

Pension costs are charged to the profit and loss account as incurred.

2. Profit on ordinary activities
before taxation

	1995 £	1994 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	<u>800</u>	<u>800</u>

Diva Europe Limited
Notes to the Financial Statements (continued)
Year ended 31st December 1995

3. Directors and employees

	1995 £	1994 £
Costs during the year:		
Wages and salaries	48,000	28,667
Social security costs	5,139	2,631
Other pension costs	32,000	-
	<u>85,139</u>	<u>31,298</u>

The average weekly number of employees (including executive directors) during the year was 2 (1994 - 2).

	1995 £	1994 £
Directors' emoluments including pension contributions		
For services as directors	<u>83,897</u>	<u>28,667</u>
The emoluments of the following directors, excluding pension contributions, were as follows:		
Chairman	24,000	14,334
Highest paid director	<u>27,897</u>	<u>14,334</u>

The number of directors (including the chairman) who received emoluments, excluding pension contributions, within the following ranges was:

	Number	Number
£10,001 - £15,000	-	2
£20,001 - £25,000	1	-
£25,001 - £30,000	<u>1</u>	<u>-</u>

4. Interest payable

	1995 £	1994 £
Interest on bank overdraft wholly repayable within 5 years	920	5,176
Loan interest	54,956	42,147
Other interest	54	-
	<u>55,930</u>	<u>47,323</u>

Diva Europe Limited
Notes to the Financial Statements (continued)
Year ended 31st December 1995

5. Taxation

	1995 £	1994 £
The tax charge consists of:		
Corporation tax	22,000	14,368
Overprovision in earlier years	(3,068)	-
	<u>18,932</u>	<u>14,368</u>

UK corporation tax has been provided on the profits for the year at a rate of 25%

In the opinion of the directors the company is a close company within the meaning of ICTA 1988.

6. Fixed asset investments

	1995 £	1994 £
Cost		
At 1st January 1995	1,321,738	111,171
Addition	<u>15,000</u>	<u>1,210,567</u>
At 31st December 1995	<u>1,336,738</u>	<u>1,321,738</u>

The balance at 31st December 1995
is represented by:

Shares in subsidiary undertakings	336,680	321,680
Loan notes in subsidiary undertakings	<u>1,000,058</u>	<u>1,000,058</u>
	<u>1,336,738</u>	<u>1,321,738</u>

Diva Europe Limited
Notes to the Financial Statements (continued)
Year ended 31st December 1995

6. Fixed asset investments (continued)

The company had the following interests in subsidiary undertakings at 31st December 1995:

Subsidiary company and holdings	Proportion
Aries Paper Limited	
Ordinary shares of £1 each	100%
Cumulative redeemable preference shares of £1 each	100%
Europlot Limited	
Ordinary shares of £1 each	100%
Graphic Resources (UK) Limited	
Ordinary shares of £1 each	100%
Papergraphics Limited	
Ordinary shares of £1 each	100%
Loan notes of £1 each	100%

All the above subsidiary undertakings are registered in England and Wales.

Details of the trading subsidiaries' aggregate share capital and reserves are as follows:

	1995 £	1994 £
Aries Paper Limited	127,229	93,179
Europlot Limited	96,743	60,307
Papergraphics Limited	104,561	(105,119)

Details of the trading subsidiaries' profits after taxation are as follows:

	1995 £	1994 £
Aries Paper Limited	34,050	18,111
Europlot Limited	36,434	40,664
Papergraphics Limited	209,680	30,326

The aggregate investment of the company in the shares of subsidiary undertakings under the equity method of accounting was £1,328,591 at 31st December 1995 (1994 - £1,048,425).

Diva Europe Limited

Notes to the Financial Statements (continued)

Year ended 31st December 1995

6. Fixed asset investments (continued)

The cost of the investment in Papergraphics Limited exceeds the underlying net asset value and this would result in goodwill arising on consolidation. The directors are confident that this subsidiary will trade profitably in future and, in their opinion, the investment is worth at least the value at which it is stated in the company's financial statements.

7. Debtors

	1995 £	1994 £
Social security and other taxes	-	1,769
Other debtors	-	100,000
	-	101,769

8. Creditors - Amounts falling due within one year

	1995 £	1994 £
Bank overdraft (secured)	-	42,490
Amounts due to group undertakings	615,533	546,429
Other taxes and social security costs	1,819	1,679
Other creditors	72,977	60,894
Directors' loans	37,502	145,000
Corporation tax	21,236	15,000
	749,067	811,492

9. Creditors - Amounts falling due after more than one year

	1995 £	1994 £
Directors' loans	505,516	561,333

Diva Europe Limited
Notes to the Financial Statements (continued)
Year ended 31st December 1995

10. Called up share capital

	1995 £	1994 £
Authorised:		
995,000 ordinary shares of £1	995,000	995,000
5,000 non voting ordinary shares of £1	5,000	5,000
500,000 redeemable preference shares of £1	500,000	500,000
Allotted, called up and fully paid:		
50,000 ordinary shares of £1	50,000	50,000
2,500 non voting ordinary shares of £1	2,500	2,500
	52,500	52,500

The non-voting ordinary shares rank pari passu with the ordinary shares of the company in all respects other than voting rights.

11. Reconciliation of movement of shareholders' funds

	1995 £	1994 £
Retained profit/(loss) for the year	40,247	(10,963)
New share capital subscribed		
ordinary shares	-	30,000
non-voting ordinary shares	-	2,500
Share premium received	-	3,000
	40,247	(24,537)
Opening shareholders' funds at 1st January 1995	53,282	28,745
Closing shareholders' funds at 31st December 1995	93,529	53,282

Diva Europe Limited
Notes to the Financial Statements (continued)
Year ended 31st December 1995

12. Notes to the cash flow statement

12.1 Reconciliation of operating profit/
(loss) to net cash inflow from
operating activities

	1995 £	1994 £
Operating profit	107,617	50,067
Decrease/(increase) in debtors	101,769	(188)
Increase in creditors	68,519	565,339
Net cash inflow from operating activities	<u>277,905</u>	<u>615,218</u>

12.2 Analysis of changes in
cash at bank and in
hand during the year

	1995 £	1994 £	Change in year £
Cash at bank and in hand	11,374	2,600	8,774
Bank overdraft	-	(42,490)	42,490
	<u>11,374</u>	<u>(39,890)</u>	<u>51,264</u>

13. Contingent liabilities

The company, in conjunction with other group undertakings, has given guarantees in respect of finance facilities extended to group undertakings. The commitment in connection with related group undertakings' finance facilities (security for which has been given by each undertaking in respect of its own borrowings) comprises guarantees in respect of borrowings of £488,088 (1994 - £647,726).

14. Pension obligations

The company contributed discretionary amounts to personal pension schemes. Total contributions in the year were £32,000 (1994 - £Nil).