

Diva Europe Limited

Registered number 02499521

Directors' report and financial statements

For the year ended 31 December 2011

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DIVA EUROPE LIMITED

COMPANY INFORMATION

Directors

J E Selby
N C Atkins

Company number

02499521

Registered office

Diva Innovation Centre
Crompton Way
West Sussex
RH10 9QR

Auditors

Mazars LLP
Chartered Accountants & Statutory Auditor
37 Frederick Place
Brighton
BN1 4EA

DIVA EUROPE LIMITED

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DIVA EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the year ended 31 December 2011

Directors' responsibilities statement

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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The company's principal activity was the provision of management services. The principal activities of the subsidiary undertakings were the supply of specialty technology papers.

Development and performance of the business

During the year, the continued economic uncertainty in the United Kingdom and Europe has had an effect on the business carried out by the group. As a result, year on year turnover derived from continuing operations have failed to grow to the level anticipated, resulting in an increase of just 3%. Considering the continued difficult trading conditions and underlying lack of confidence in the economy, the directors consider the result in trading to be acceptable. Operational improvements have also been key throughout the year in order to achieve a year-on-year EBITDAE (earnings before interest, tax, depreciation, amortisation and exceptional items) growth of 17% (2010 £1,170K - 2011 £1,369K).

The group remains exposed to fluctuations in exchange rates and interest rates. Where possible these risks are mitigated through the use of forward contracts and swap contracts.

During the course of 2011, and following the year end, Craftec Paper Limited, a subsidiary of the group, completed the relocation of operations from its sites in Colchester, into the group headquarters at Diva Innovation Centre in Crawley. This decision will result in significant overhead savings in future periods but has commanded a commitment to incurring exceptional costs in order to realise this relocation both during 2011 and into the following period. During the course of 2011, costs with respect to the relocation of the business amounted to £176,915. Subsequent to the year end, exceptional costs were incurred with respect to the relocation of the business amounting to £24,045 and exceptional costs relating to the dilapidations on the Colchester site amounting to £197,082, (generating a combined, exceptional total of £398,042). The exceptional costs incurred in 2012 have been presented in the profit and loss account for the year ended 31 December

DIVA EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

2011

Future plans.

Further growth is anticipated for 2012, primarily coming from organic growth & further integration of Quality Graphics BV into the group. Furthermore, developments are planned for the forthcoming year to control costs and improve internal efficiency, whilst allowing increased organic growth and further acquisitions should opportunities present themselves. Expansion into related technologies and products are planned in order to expand our revenue and profit per customer. Further acquisitions of related organisations may be considered in order to gain additional expertise and immediate footholds in markets the group is not currently active in. The large scale re-organisation of the Groups UK operations which was referred to in the 2010 Directors' report has neared its conclusion as at today's date and this has enabled us to further reduce our overheads without impacting on our service levels or capacity.

FINANCIAL RISK

Foreign Exchange risk

The Group trades primarily in GBP, EUR & USD and is therefore exposed to any significant fluctuations in these currencies. The group analyses these risks on a frequent basis and utilises forward exchange contracts to minimise the impact of significant fluctuations, and retain a competitive advantage.

Liquidity & Interest Rates

The Group's primary subsidiaries are financed on an ongoing rolling basis through invoice discounting agreements, which are not fully utilised. The Group monitors its cash position regularly to ensure it has sufficient funds to meet its needs. The Group considers its liquidity risk to be low, however it is exposed to material movements in interest rates.

Results

The profit for the year, after taxation, amounted to £175,544 (2010 - £93,668)

Directors

The directors who served during the year were

J E Selby
N C Atkins

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DIVA EUROPE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011**

This report was approved by the board on 27-9-12

and signed on its behalf



N C Atkins
Director

DIVA EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DIVA EUROPE LIMITED

We have audited the financial statements of Diva Europe Limited for the year ended 31 December 2011 which comprise the group Profit and Loss Account, the group and company Balance Sheets, the group Cash Flow Statement (including reconciliation of net cash flow to movement in net funds/debt) , the group Statement of Total Recognised Gains and Losses and the related notes. 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)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 (APB's) Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's profit 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 the 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

DIVA EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DIVA EUROPE 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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


Alistair Fraser (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

37 Frederick Place
Brighton
BN1 4EA

Date 27 September 2012

DIVA EUROPE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
Turnover	1,2	20,828,564	20,231,991
Cost of sales		(13,532,090)	(13,151,711)
Gross profit		7,296,474	7,080,280
Distribution costs		(1,368,817)	(1,359,217)
Administrative expenses		(4,876,071)	(4,968,164)
Exceptional administrative expenses		(398,042)	-
Total administrative expenses		(5,274,113)	(4,968,164)
Other operating income	3	1,080	1,080
Operating profit	4	654,624	753,979
Exceptional items			
Other exceptional items	8	-	(267,565)
Profit on ordinary activities before interest		654,624	486,414
Interest receivable and similar income		14,558	-
Interest payable and similar charges	7	(337,826)	(365,164)
Profit on ordinary activities before taxation		331,356	121,250
Tax on profit on ordinary activities	9	(155,812)	(27,582)
Profit for the financial year	20	175,544	93,668

All amounts relate to continuing operations

The notes on pages 12 to 31 form part of these financial statements

DIVA EUROPE LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 £	2010 £
Profit for the financial year	175,544	93,668
Foreign exchange movement	(12,899)	(34,745)
Total recognised gains and losses relating to the year	162,645	58,923

The notes on pages 12 to 31 form part of these financial statements

DIVA EUROPE LIMITED
REGISTERED NUMBER: 02499521

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Intangible assets	10		1,065,106		1,159,129
Tangible assets	11		2,965,976		2,994,434
			<u>4,031,082</u>		<u>4,153,563</u>
Current assets					
Stocks	13	1,861,426		1,924,978	
Debtors amounts falling due after more than one year	14	498,550		446,177	
Debtors amounts falling due within one year	14	5,199,152		5,138,428	
Cash at bank and in hand		186,854		203,127	
		<u>7,745,982</u>		<u>7,712,710</u>	
Creditors: amounts falling due within one year	15	<u>(9,070,980)</u>		<u>(9,238,864)</u>	
Net current liabilities			<u>(1,324,998)</u>		<u>(1,526,154)</u>
Total assets less current liabilities			<u>2,706,084</u>		<u>2,627,409</u>
Creditors: amounts falling due after more than one year	16		(2,183,896)		(2,219,437)
Provisions for liabilities					
Other provisions	18		-		(48,429)
Net assets			<u>522,188</u>		<u>359,543</u>
Capital and reserves					
Called up share capital	19		42,858		42,858
Share premium account	20		3,000		3,000
Capital redemption reserve	20		9,642		9,642
Profit and loss account	20		466,688		304,043
Shareholders' funds	21		<u>522,188</u>		<u>359,543</u>

DIVA EUROPE LIMITED

CONSOLIDATED BALANCE SHEET (continued) AS AT 31 DECEMBER 2011

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
27-9-12



N C Atkins
Director

The notes on pages 12 to 31 form part of these financial statements

DIVA EUROPE LIMITED
REGISTERED NUMBER: 02499521

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Investments	12		3,751,289		3,751,289
Current assets					
Debtors amounts falling due after more than one year	14	554,024		487,695	
Debtors amounts falling due within one year	14	900,154		578,314	
Cash at bank		9,059		258	
		<u>1,463,237</u>		<u>1,066,267</u>	
Creditors: amounts falling due within one year	15	<u>(4,920,431)</u>		<u>(5,097,679)</u>	
Net current liabilities			<u>(3,457,194)</u>		<u>(4,031,412)</u>
Total assets less current liabilities			<u>294,095</u>		<u>(280,123)</u>
Capital and reserves					
Called up share capital	19		42,858		42,858
Share premium account	20		3,000		3,000
Capital redemption reserve	20		9,642		9,642
Profit and loss account	20		238,595		(335,623)
Shareholders' funds/(deficit)	21		<u>294,095</u>		<u>(280,123)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27-9-12


N C Atkins
 Director

The notes on pages 12 to 31 form part of these financial statements

DIVA EUROPE LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
Net cash flow from operating activities	23	1,017,202	909,813
Returns on investments and servicing of finance	24	(323,267)	(365,165)
Taxation		(283,132)	(69,520)
Capital expenditure and financial investment	24	(199,029)	(128,640)
Cash inflow before financing		211,774	346,488
Financing	24	(369,016)	(366,812)
Decrease in cash in the year		(157,242)	(20,324)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 £	2010 £
Decrease in cash in the year	(157,242)	(20,324)
Cash outflow from decrease in debt and lease financing	369,016	366,812
Movement in net debt in the year	211,774	346,488
Net debt at 1 January 2011	(5,880,370)	(6,226,858)
Net debt at 31 December 2011	(5,668,596)	(5,880,370)

The notes on pages 12 to 31 form part of these financial statements

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The financial statements have been prepared on the going concern basis on the assumption that the group's bankers will support the group by providing adequate loan facilities to enable the group to meet its financial obligations as they fall due for a period of at least twelve months from the date on which these financial statements are signed

The financial statements make no provision for any adjustment should the going concern basis not be appropriate

1.3 Basis of consolidation

The financial statements consolidate the accounts of Diva Europe Limited and all of its subsidiary undertakings ('subsidiaries')

The results of subsidiaries acquired during the year are included from the effective date of acquisition

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life

This is generally considered to be over 20 years, unless conditions arise whereby an impairment of goodwill is identified

Amortisation is provided at the following rates

Patents and trademarks	-	25%	straightline
Goodwill	-	5%	straight line

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Accounting Policies (continued)

1.6 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery	- 15% reducing balance and 25% on cost
Motor vehicles	- 20% reducing balance and 25% on cost
Fixtures & fittings	- 20% reducing balance and 25% on cost

Land and buildings are depreciated at rates calculated to write off the cost less residual value over its useful economic life

1.7 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment

1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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.

1.9 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Accounting Policies (continued)

1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if 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 differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.12 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

2. Turnover

The whole of the turnover is attributable to the supply of specialty technology papers

A geographical analysis of turnover is as follows

	2011 £	2010 £
United Kingdom	14,290,048	14,122,430
Rest of European Union	6,313,670	5,866,393
Rest of world	224,846	243,168
	<u>20,828,564</u>	<u>20,231,991</u>

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

3. Other operating income

	2011 £	2010 £
Government grants receivable	1,080	1,080

4. Operating profit

The operating profit is stated after charging/(crediting)

	2011 £	2010 £
Amortisation - intangible fixed assets	94,024	338,095
Depreciation of tangible fixed assets		
- owned by the group	122,612	158,567
- held under finance leases	101,557	97,736
Auditors' remuneration	51,380	53,931
Operating lease rentals		
- plant and machinery	244	15,719
- other operating leases	61,153	2,340
Difference on foreign exchange	(57,684)	(54,919)
Exceptional administrative expenses	398,042	-

Auditors fees for the company were £9,730 (2010 - £6,250)

5 Staff costs

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	2,824,044	2,698,712
Social security costs	338,926	356,403
Other pension costs	46,756	46,882
	3,209,726	3,101,997

The average monthly number of employees, including the directors, during the year was as follows

	2011 No	2010 No.
Administration and distribution	36	46
Selling	25	30
Production	15	16
	76	92

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

6 Directors' remuneration

	2011 £	2010 £
Emoluments	200,166	202,877
Company pension contributions to defined contribution pension schemes	1,443	1,443

During the year retirement benefits were accruing to 1 director (2010 - 1) in respect of defined contribution pension schemes

The highest paid director received remuneration of £100,166 (2010 - £152,877)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,443 (2010 - £1,443)

7 Interest payable

	2011 £	2010 £
On bank loans and overdrafts	132,814	174,417
On other loans	187,490	180,569
On finance leases and hire purchase contracts	17,522	10,178
	337,826	365,164

8. Exceptional items

	2011 £	2010 £
Impairment of goodwill within a subsidiary's financial statements	-	92,274
Exceptional goodwill charge due to change in estimate	-	175,291
Expenses associated with dilapidations and moving costs	398,042	-
	398,042	267,565

The exceptional charge of £175,291 related to the additional amortisation charge required to correct the carrying net book value of goodwill after the change in accounting estimate has been made

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

9 Taxation

	2011 £	2010 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	60,601	30,354
Adjustments in respect of prior periods	38,608	(10,993)
	99,209	19,361
Foreign tax on income for the year	29,692	19,968
Total current tax	128,901	39,329
Deferred tax		
Origination and reversal of timing differences	24,019	(11,747)
Effect of increased tax rate on opening liability	2,892	-
Total deferred tax (see note 17)	26,911	(11,747)
Tax on profit on ordinary activities	155,812	27,582

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 28% (2010 - 28%) The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	331,356	121,250
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 28%)	92,780	33,950
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	25,791	26,814
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	20,202	23,170
Capital allowances for year in excess of depreciation	(2,723)	13,788
Utilisation of tax losses	214	(52,982)
Adjustments to tax charge in respect of prior periods	38,608	(10,993)
Other timing differences leading to an increase (decrease) in taxation	(22,551)	(15)
Non-taxable income	(323)	(302)
Double taxation relief	-	(13,453)
Unrelieved tax losses carried forward	-	26,935
Marginal relief	(20,610)	-
Difference in overseas tax rate	(2,487)	(7,583)
Current tax charge for the year (see note above)	128,901	39,329

Factors that may affect future tax charges

There were no factors that may affect future tax charges

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

10. Intangible fixed assets

	Trademarks £	Goodwill £	Total £
Group			
Cost			
At 1 January 2011 and 31 December 2011	7,653	2,341,416	2,349,069
Amortisation			
At 1 January 2011	2,261	1,187,679	1,189,940
Charge for the year	1,913	92,110	94,023
At 31 December 2011	4,174	1,279,789	1,283,963
Net book value			
At 31 December 2011	3,479	1,061,627	1,065,106
At 31 December 2010	5,392	1,153,737	1,159,129

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

11. Tangible fixed assets

Group	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £
Cost				
At 1 January 2011	2,231,311	2,002,687	436,403	511,020
Additions	-	55,255	4,495	142,662
Disposals	-	-	(22,541)	(169,316)
Foreign exchange movement	-	(1,582)	(3,221)	(730)
At 31 December 2011	2,231,311	2,056,360	415,136	483,636
Depreciation				
At 1 January 2011	-	1,561,270	240,762	384,955
Charge for the year	-	101,662	64,071	58,436
On disposals	-	-	(17,989)	(169,316)
Foreign exchange movement	-	(1,064)	(1,658)	(662)
At 31 December 2011	-	1,661,868	285,186	273,413
Net book value				
At 31 December 2011	2,231,311	394,492	129,950	210,223
At 31 December 2010	2,231,311	441,417	195,641	126,065

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

11. Tangible fixed assets (continued)

Group	Total £
Cost	
At 1 January 2011	5,181,421
Additions	202,412
Disposals	(191,857)
Foreign exchange movement	(5,533)
At 31 December 2011	5,186,443
Depreciation	
At 1 January 2011	2,186,987
Charge for the year	224,169
On disposals	(187,305)
Foreign exchange movement	(3,384)
At 31 December 2011	2,220,467
Net book value	
At 31 December 2011	2,965,976
At 31 December 2010	2,994,434

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

Group	2011 £	2010 £
Plant and machinery	256,273	274,267
Motor vehicles	87,526	101,102
Furniture, fittings and equipment	74,512	38,945
	418,311	414,314

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

12. Fixed asset investments

Company	Investments in subsidiary companies £	Loans to subsidiaries £	Total £
Cost or valuation			
At 1 January 2011 and 31 December 2011	3,758,964	53,726	3,812,690
Impairment			
At 1 January 2011 and 31 December 2011	7,675	53,726	61,401
Net book value			
At 31 December 2011	3,751,289	-	3,751,289
At 31 December 2010	3,751,289	-	3,751,289

The company's principal subsidiaries are

Company name	Country	Percentage Shareholding	Description
Papergraphics Limited	England and Wales	100%	Supply of specialty technology printing consumables
Craftec Paper Limited	England and Wales	100%	Supply of specialty technology printing consumables
Quality Graphics Zoetermeer BV	The Netherlands	100%	Supply of specialty technology printing consumables
DDL114 Limited	England and Wales	100%	Investment in property

13. Stocks

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Raw materials	1,006,952	1,200,787	-	-
Finished goods and goods for resale	854,474	724,191	-	-
	1,861,426	1,924,978	-	-

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

14. Debtors

	<u>Group</u>		<u>Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	£	£	£	£
Due after more than one year				
Amounts owed by undertakings in which the company has a participating interest	496,676	407,874	496,676	407,874
Deferred tax asset (see note 17)	1,874	38,303	57,348	79,821
	<u>498,550</u>	<u>446,177</u>	<u>554,024</u>	<u>487,695</u>
	<u>Group</u>		<u>Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	£	£	£	£
Due within one year				
Trade debtors	4,165,937	4,444,307	-	-
Amounts owed by group undertakings	-	-	166,579	119,736
Corporation tax repayable	-	-	-	-
Directors' loan account	560,257	351,542	585,600	365,558
Other debtors	102,944	45,595	1,575	1,630
Prepayments and accrued income	214,096	205,594	-	-
Tax recoverable	146,400	91,390	146,400	91,390
Deferred tax asset (see note 17)	9,518	-	-	-
	<u>5,199,152</u>	<u>5,138,428</u>	<u>900,154</u>	<u>578,314</u>

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

15. Creditors: Amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	366,233	222,563	-	-
Other loans	3,313,356	3,614,609	-	-
Net obligations under finance leases and hire purchase contracts	42,724	78,728	-	-
Trade creditors	3,825,074	3,526,780	31,676	22,645
Amounts owed to group undertakings	-	-	4,677,075	4,222,634
Amounts owed to associates	48,203	13,469	17,338	-
Corporation tax	138,130	237,352	55,010	83,538
Social security and other taxes	415,356	750,550	49,517	303,838
Directors loan account	9,896	75,593	9,896	75,593
Other creditors	32,439	408,594	4,925	364,437
Accruals and deferred income	879,569	310,626	74,994	24,994
	<u>9,070,980</u>	<u>9,238,864</u>	<u>4,920,431</u>	<u>5,097,679</u>

Bank loans and overdrafts are secured by a floating charge over the group's assets

Other loans are secured by a fixed charge over the trade debtors and stock and a floating charge over the remaining assets of the group

16. Creditors: Amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans	2,047,646	2,124,782	-	-
Net obligations under finance leases and hire purchase contracts	85,490	42,815	-	-
Government grants received	50,760	51,840	-	-
	<u>2,183,896</u>	<u>2,219,437</u>	<u>-</u>	<u>-</u>

Creditors include amounts not wholly repayable within 5 years as follows

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Repayable by instalments	<u>1,730,117</u>	<u>1,818,056</u>	<u>-</u>	<u>-</u>

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

16. Creditors: Amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	£	£	£	£
Between one and five years	85,490	42,815	-	-

17 Deferred tax asset

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	£	£	£	£
At beginning of year	38,303	26,556	79,821	83,763
(Charge for)/released during the year	(12,955)	11,747	(22,473)	(3,942)
Other movement	(13,956)	-	-	-
At end of year	11,392	38,303	57,348	79,821

The deferred tax asset is made up as follows

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	£	£	£	£
Accelerated capital allowances	(46,258)	(41,647)	-	-
Tax losses carried forward	57,348	79,821	57,348	79,821
Other short term differences	302	129	-	-
	11,392	38,303	57,348	79,821

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

18. Provisions

Group	Dilapidations £
At 1 January 2011	48,429
Reduction in provision	(48,429)
At 31 December 2011	-

Dilapidations

Provisions in the amount of £48,429 are in respect of the directors best estimate of future liabilities arising in respect of dilapidations on the two former premises occupied by Papergraphics Limited

Company

The Company has no provisions

19. Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
42,858 Ordinary shares of £1 each	42,858	42,858

20. Reserves

Group	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2011	3,000	9,642	304,043
Profit for the year	-	-	175,544
Foreign exchange movement	-	-	(12,899)
At 31 December 2011	3,000	9,642	466,688

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

20 Reserves (continued)

	Share premium account £	Capital redemption reserve £	Profit and loss account £
Company			
At 1 January 2011	3,000	9,642	(335,623)
Profit for the year	-	-	574,218
	<u>3,000</u>	<u>9,642</u>	<u>238,595</u>
At 31 December 2011			

21. Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Group		
Opening shareholders' funds	359,543	300,620
Profit for the year	175,544	93,668
Other recognised gains and losses during the year	(12,899)	(34,745)
	<u>522,188</u>	<u>359,543</u>
Closing shareholders' funds		

	2011 £	2010 £
Company		
Opening shareholders' deficit	(280,123)	(188,100)
Profit/(loss) for the year	574,218	(92,023)
	<u>294,095</u>	<u>(280,123)</u>
Closing shareholders' funds/(deficit)		

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account

22. Dividends

No dividends were proposed or paid in the year ended 31 December 2010 or 31 December 2011

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

23. Net cash flow from operating activities

	2011 £	2010 £
Operating profit	654,624	753,979
Amortisation of intangible fixed assets	94,023	162,804
Depreciation of tangible fixed assets	224,169	256,302
Loss/(profit) on disposal of tangible fixed assets	1,169	(2,653)
Net effect of foreign exchange differences	(1,080)	-
Decrease in stocks	63,552	66,446
(Increase)/decrease in debtors	(84,995)	44,004
Increase/(decrease) in creditors	124,919	(348,283)
(Decrease)/increase in provisions	(48,429)	5,636
Foreign exchange adjustment to opening reserves and fixed assets	(10,750)	(28,422)
Net cash inflow from operating activities	1,017,202	909,813

24. Analysis of cash flows for headings netted in cash flow statement

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	14,558	-
Interest paid	(320,303)	(354,987)
Hire purchase interest	(17,522)	(10,178)
Net cash outflow from returns on investments and servicing of finance	(323,267)	(365,165)
Capital expenditure and financial investment		
Purchase of intangible fixed assets	-	(41,958)
Purchase of tangible fixed assets	(202,412)	(90,781)
Sale of tangible fixed assets	3,383	4,099
Net cash outflow from capital expenditure	(199,029)	(128,640)

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

24 Analysis of cash flows for headings netted in cash flow statement (continued)

	2011 £	2010 £
Financing		
Repayment of loans	(74,434)	(475,303)
Other new loans	-	275,271
Repayment of other loans	(301,253)	-
New/(repayment of) finance leases	6,671	(166,780)
Net cash outflow from financing	(369,016)	(366,812)

25. Analysis of changes in net debt

	1 January 2011 £	Cash flow £	Other non-cash changes £	31 December 2011 £
Cash at bank and in hand	203,127	(16,273)	-	186,854
Bank overdraft	(161,161)	(140,969)	-	(302,130)
	<u>41,966</u>	<u>(157,242)</u>	<u>-</u>	<u>(115,276)</u>
Debt				
Debts due within one year	(3,754,739)	369,016	(34,461)	(3,420,184)
Debts falling due after more than one year	(2,167,597)	-	34,461	(2,133,136)
Net debt	(5,880,370)	211,774	-	(5,668,596)

26. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

27. Operating lease commitments

At 31 December 2011 the group had annual commitments under non-cancellable operating leases as follows

Group	Land and buildings	
	2011	2010
Expiry date	£	£
Within 1 year	81,932	-
Between 2 and 5 years	20,000	188,364
	<u> </u>	<u> </u>

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

28. Other financial commitments

At the year end the group was committed to making the following payments under non-cancellable foreign exchange forward contracts which mature within one year

Foreign exchange forward contracts

	2011 £	2010 £
Euros	258,411	148,488
US Dollars	596,712	316,578
	<u>855,123</u>	<u>465,066</u>

29. Related party transactions

During the year, the group advanced monies to Kent and Fraser Limited, a related party by virtue of common ownership. The balance owed by Kent and Fraser Limited at 31 December 2011 was £518,252 (2010 - £407,874). During the year the group made sales to £56,903 and made purchases of £14 from Kent and Fraser Limited.

At the year end the group owed Suffolk Life Annuities Pension £30,865 (2010 £13,469) of which J E Selby is a beneficiary.

The group incurred management charges of £65,000 from Pure Genius Facilities Management Limited, a company related through common directors. At the year end an amount of £17,338 was owed.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related Party Disclosures', not to disclose transactions with members of the group as detailed in note 12 on the grounds that 100% of the voting rights of those companies are controlled within the group headed by Diva Europe Limited. The transactions are eliminated within the consolidated financial statements.

30. Controlling party

The company was controlled throughout the period by J E Selby, a director of the company, by virtue of his majority holding of the issued share capital.