

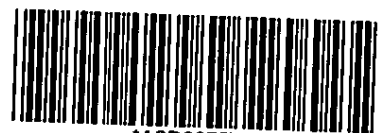
Diva Europe Limited

Registered number 02499521

Directors' report and financial statements

For the year ended 31 December 2012

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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 2012

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

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 accounting 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.

Results

The profit for the year, after taxation, amounted to £442,256 (2011 - £175,544)

Directors

The directors who served during the year were

J E Selby
N C Atkins

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.

Branches in the EU

The group has a branch located in Belgium.

Development and performance of the business

The activity of Diva Europe Limited continues to be that of a holding company and the company result for the year reflects this. During the year the company transferred ownership of its interest in Pure Genius Properties Limited to the ultimate parent company being Pure Genius Holdings Limited. This transaction generated a profit on disposal of £76k. Further, amounts due from the former related party Kent & Fraser Limited and the directors

DIVA EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

loan accounts were transferred to Pure Genius Facilities Management Limited

The challenging economic outlook is continuing to restrict rapid growth in the market. Whilst during the course of the year, we have seen our turnover fall during the year, this is mainly in the lower margin service offerings including the more commodity driven products. The group continues to drive homogenisation of our product range throughout the subsidiaries in the group which has facilitated greater buying power and increased the volume of product which is converted in house. These factors have helped to see our overall gross profit margin increase to 37.4% (2011 - 35.0%). During the course of 2012 and following the end of the lease period, the group completed the relocation of UK operations from its sites in Colchester, into the group headquarters at Diva Innovation Centre in Crawley. As at 31 December 2012, the company has an ongoing dialogue with the former landlord of the Colchester site to conclude the dilapidations obligations on the now lapsed leases. A provision has been included in these financial statements for the directors best estimate of the likely future cost of this obligation.

The result of the relocation of Colchester operations, combined with a continued drive on overhead efficiency savings has resulted in the sub group headed by Diva Europe Limited returning an EBITDA in the year of £1,062k (2011 - £973k). The directors consider this to be a satisfactory result.

During the year, the group restructured its debt allowing it to reallocate £1.5m into creditors due after more than one year. The result of this is that the group consolidated balance sheet position at 31 December 2012 shows a net current asset position of £999k (2011 - net current liability position of £1,325k).

Future plans

Further developments and expansion are planned for the forthcoming year including the introduction of new products into our service offering. The group continues to look for new innovative product and strategic alliances with suppliers which result in symbiotic benefits for all parties including our customers. Furthermore, the company will continue with its reorganisation and consolidation of operations of the business with a view to further reduce the overheads of the group and improve efficiency.

Provision of information to auditors

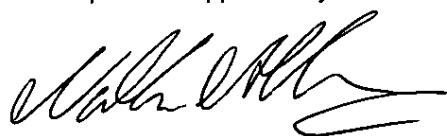
Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- 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.

This report was approved by the board on 5 July 2013 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 2012 which comprise the group Profit and Loss Account, the group and company Balance Sheets, the group consolidated Cash Flow Statement (including reconciliation of net cash flow to movement in net funds/debt), the group Consolidated 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2012 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

5 July 2013

DIVA EUROPE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
Turnover	1,2	18,567,038	20,828,564
Cost of sales		(11,620,084)	(13,532,090)
Gross profit		6,946,954	7,296,474
Distribution costs		(1,177,690)	(1,368,817)
Administrative expenses		(4,894,947)	(4,876,071)
Exceptional administrative expenses		(115,641)	(398,042)
Total administrative expenses		(5,010,588)	(5,274,113)
Other operating income	3	720	1,080
Operating profit	4	759,396	654,624
Exceptional items			
Other exceptional items	8	76,173	-
Profit on ordinary activities before interest		835,569	654,624
Interest receivable and similar income		39,623	14,558
Interest payable and similar charges	7	(280,137)	(337,826)
Profit on ordinary activities before taxation		595,055	331,356
Tax on profit on ordinary activities	9	(152,799)	(155,812)
Profit for the financial year	20	442,256	175,544

All amounts relate to continuing operations

The notes on pages 11 to 28 form part of these financial statements

DIVA EUROPE LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £
Profit for the financial year	442,256	175,544
Foreign exchange movement	(17,300)	(12,899)
Total recognised gains and losses relating to the year	424,956	162,645

The notes on pages 11 to 28 form part of these financial statements

DIVA EUROPE LIMITED
REGISTERED NUMBER: 02499521

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	10		971,083		1,065,106
Tangible assets	11		583,068		2,965,976
			<u>1,554,151</u>		<u>4,031,082</u>
Current assets					
Stocks	13	1,908,814		1,861,426	
Debtors amounts falling due after more than one year	14	-		498,550	
Debtors amounts falling due within one year	14	5,844,216		5,199,152	
Cash at bank and in hand		96,554		186,854	
		<u>7,849,584</u>		<u>7,745,982</u>	
Creditors' amounts falling due within one year	15	<u>(6,850,377)</u>		<u>(9,070,980)</u>	
Net current assets/(liabilities)			<u>999,207</u>		<u>(1,324,998)</u>
Total assets less current liabilities			<u>2,553,358</u>		<u>2,706,084</u>
Creditors amounts falling due after more than one year	16		<u>(1,573,813)</u>		<u>(2,183,896)</u>
Provisions for liabilities					
Deferred tax	17		<u>(32,401)</u>		<u>-</u>
Net assets			<u><u>947,144</u></u>		<u><u>522,188</u></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		891,644		466,688
Shareholders' funds	21		<u><u>947,144</u></u>		<u><u>522,188</u></u>

DIVA EUROPE LIMITED

CONSOLIDATED BALANCE SHEET (continued) AS AT 31 DECEMBER 2012

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 July 2013



N C Atkins
Director

The notes on pages 11 to 28 form part of these financial statements

DIVA EUROPE LIMITED
REGISTERED NUMBER: 02499521

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Investments	12		3,751,289		3,751,289
Current assets					
Debtors amounts falling due after more than one year	14	-		554,024	
Debtors amounts falling due within one year	14	2,005,097		900,154	
Cash at bank		-		9,059	
			<u>2,005,097</u>	<u>1,463,237</u>	
Creditors: amounts falling due within one year	15	<u>(5,305,087)</u>		<u>(4,920,431)</u>	
Net current liabilities			<u>(3,299,990)</u>		<u>(3,457,194)</u>
Net assets			<u>451,299</u>		<u>294,095</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		395,799		238,595
Shareholders' funds	21		<u>451,299</u>		<u>294,095</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 July 2013



N C Atkins
 Director

The notes on pages 11 to 28 form part of these financial statements

DIVA EUROPE LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	23	931,486	1,017,202
Returns on investments and servicing of finance	24	(240,514)	(323,267)
Taxation		(121,917)	(283,132)
Capital expenditure and financial investment	24	(57,358)	(199,029)
Cash inflow before financing		511,697	211,774
Financing	24	(383,918)	(369,016)
Increase/(Decrease) in cash in the year		127,779	(157,242)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £
Increase/(Decrease) in cash in the year	127,779	(157,242)
Cash outflow from decrease in debt and lease financing	383,918	369,016
Change in net debt resulting from cash flows	511,697	211,774
Other non-cash changes	2,062,946	-
Movement in net debt in the year	2,574,643	211,774
Net debt at 1 January 2012	(5,668,595)	(5,880,369)
Net debt at 31 December 2012	(3,093,952)	(5,668,595)

The notes on pages 11 to 28 form part of these financial statements

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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')

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%	straight line
Goodwill	-	5%	straight line

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012

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

Foreign currency transactions are recorded in the functional currency of the relevant subsidiary or branch at the exchange rate at the date of transaction. Foreign currency monetary assets and liabilities are retranslated into the relevant functional currency at the exchange rate at the balance sheet date

Income and expenses of overseas subsidiaries and branches are translated into sterling at the average rates for the year. Balance sheets of overseas subsidiaries and branches, including any fair value adjustments and including related goodwill, are translated into sterling at the exchange rates at the balance sheet date

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

1.13 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred

1.14 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

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

2 Turnover

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

A geographical analysis of turnover is as follows

	2012 £	2011 £
United Kingdom	13,012,162	14,290,048
Rest of European Union	5,351,627	6,313,670
Rest of world	203,249	224,846
	<u>18,567,038</u>	<u>20,828,564</u>

3 Other operating income

	2012 £	2011 £
Government grants receivable	<u>720</u>	<u>1,080</u>

4 Operating profit

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Amortisation - intangible fixed assets	94,022	94,024
Depreciation of tangible fixed assets		
- owned by the group	149,152	122,611
- held under finance leases	60,202	101,557
Auditors' remuneration	49,275	51,380
Operating lease rentals		
- plant and machinery	379	244
- other operating leases	55,552	61,153
Difference on foreign exchange	15,017	(57,684)
Exceptional administrative expenses	<u>115,641</u>	<u>398,042</u>

Auditors fees for the company were £6,780 (2011 - £9,730)

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

5 Staff costs

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	2,029,769	2,824,044
Social security costs	232,775	338,926
Other pension costs	49,795	46,756
	<u>2,312,339</u>	<u>3,209,726</u>

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

	2012 No.	2011 No.
Administration and distribution	17	36
Selling	27	25
Production	11	15
	<u>55</u>	<u>76</u>

6. Directors' remuneration

	2012 £	2011 £
Emoluments	<u>32,020</u>	<u>200,166</u>
Company pension contributions to defined contribution pension schemes	<u>3,750</u>	<u>1,443</u>

During the year retirement benefits were accruing to 1 director (2011 - 1) in respect of defined contribution pension schemes

The highest paid director received remuneration of £49,750 (2011 - £100,166)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2011 - £1,443)

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

7 Interest payable

	2012 £	2011 £
On bank loans and overdrafts	90,032	132,814
On other loans	108,387	109,498
On finance leases and hire purchase contracts	13,547	17,522
Other interest payable	68,171	77,992
	<u>280,137</u>	<u>337,826</u>

8 Exceptional items

	2012 £	2011 £
Profit on disposal of Pure Genius Properties Limited (negative reserves at date of transfer)	(76,173)	-
Expenses associated with dilapidations and moving costs	115,641	398,042
	<u>39,468</u>	<u>398,042</u>

9. Taxation

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	89,573	60,601
Adjustments in respect of prior periods	(6,091)	38,608
	<u>83,482</u>	<u>99,209</u>
Foreign tax on income for the year	25,524	29,692
	<u>109,006</u>	<u>128,901</u>
Deferred tax		
Origination and reversal of timing differences	42,396	24,019
Effect of increased tax rate on opening liability	1,397	2,892
	<u>43,793</u>	<u>26,911</u>
Total deferred tax (see note 17)		
	<u>152,799</u>	<u>155,812</u>

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 26% (2011 - 28%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	595,055	331,356
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	154,714	92,780
Effects of.		
Non-tax deductible amortisation of goodwill and impairment	24,446	25,791
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	10,525	20,202
Difference between capital allowances and depreciation treatment	17,152	(2,723)
Utilisation of tax losses	(39,010)	214
Adjustments to tax charge in respect of prior periods	(6,091)	38,608
Other timing differences leading to an increase (decrease) in taxation	(15,578)	(22,551)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(19,805)	-
Non-taxable income	-	(323)
Other tax charge (relief) on exceptional items	(6,375)	-
Group relief	(659)	-
Marginal relief	(10,313)	(20,610)
Difference in overseas tax rate	-	(2,487)
Current tax charge for the year (see note above)	109,006	128,901

Factors that may affect future tax charges

Diva Europe Limited has tax losses of approximately £86,000 to carry forward

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

10. Intangible fixed assets

Group	Trademarks	Goodwill	Total
Cost	£	£	£
At 1 January 2012 and 31 December 2012	7,653	2,341,416	2,349,069
Amortisation			
At 1 January 2012	4,174	1,279,789	1,283,963
Charge for the year	1,914	92,109	94,023
At 31 December 2012	6,088	1,371,898	1,377,986
Net book value			
At 31 December 2012	1,565	969,518	971,083
At 31 December 2011	3,479	1,061,627	1,065,106

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

11 Tangible fixed assets

Group	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost					
At 1 January 2012	2,231,311	2,056,360	415,136	483,636	5,186,443
Additions	-	19,392	7,290	37,126	63,808
Transfers intra group	(2,231,311)	-	-	-	(2,231,311)
Disposals	-	-	(17,766)	-	(17,766)
Foreign exchange movement	-	(2,673)	(4,693)	455	(6,911)
At 31 December 2012	-	2,073,079	399,967	521,217	2,994,263
Depreciation					
At 1 January 2012	-	1,661,868	285,186	273,413	2,220,467
Charge for the year	-	85,058	51,464	72,832	209,354
On disposals	-	-	(13,044)	-	(13,044)
Foreign exchange movement	-	(2,325)	(2,042)	(1,215)	(5,582)
At 31 December 2012	-	1,744,601	321,564	345,030	2,411,195
Net book value					
At 31 December 2012	-	328,478	78,403	176,187	583,068
At 31 December 2011	2,231,311	394,492	129,950	210,223	2,965,976

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

Group	2012 £	2011 £
Plant and machinery	16,045	256,273
Motor vehicles	49,863	87,526
Furniture, fittings and equipment	50,952	74,512
	<u>116,860</u>	<u>418,311</u>

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

12. Fixed asset investments

Company	Investments in subsidiary companies £	Loans to subsidiaries £	Total £
Cost or valuation			
At 1 January 2012 and 31 December 2012	3,758,964	53,726	3,812,690
Impairment			
At 1 January 2012 and 31 December 2012	7,675	53,726	61,401
Net book value			
At 31 December 2012	3,751,289	-	3,751,289
At 31 December 2011	3,751,289	-	3,751,289

The company's principal subsidiaries are

Company name	Country	Percentage Shareholding	Description
Papergraphics Limited	England & Wales	100	Supply of specialty technology printing consumables
Craftec Paper Limited	England & Wales	100	Supply of specialty technology printing consumables
Quality Graphics Zoetermeer BV	Netherlands	100	Supply of specialty technology printing consumables
Aries Paper Limited	England & Wales	100	Dormant
Graphic Resources Limited	England & Wales	100	Dormant
Europlot Limited	England & Wales	100	Dormant

During the year Pure Genius Properties Limited was disposed of

13. Stocks

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Raw materials	986,680	1,006,952	-	-
Finished goods and goods for resale	922,134	854,474	-	-
	1,908,814	1,861,426	-	-

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

14 Debtors

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Due after more than one year				
Amounts owed by undertakings in which the company has a participating interest	-	496,676	-	496,676
Deferred tax asset (see note 17)	-	1,874	-	57,348
	-	498,550	-	554,024
	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Due within one year				
Trade debtors	3,676,739	4,165,937	-	-
Amounts owed by group undertakings	1,709,316	-	1,762,605	166,579
Directors' loan account	-	560,257	-	585,600
Other debtors	117,276	102,944	96,092	1,575
Prepayments and accrued income	194,485	214,096	-	-
Tax recoverable	146,400	146,400	146,400	146,400
Deferred tax asset (see note 17)	-	9,518	-	-
	5,844,216	5,199,152	2,005,097	900,154

15. Creditors: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Bank loans and overdrafts	84,426	366,233	9,244	-
Other loans	1,486,165	3,313,356	-	-
Net obligations under finance leases and hire purchase contracts	46,103	42,724	-	-
Trade creditors	3,619,200	3,825,074	9,623	31,676
Amounts owed to group undertakings	702,836	-	5,211,616	4,677,075
Amounts owed to associates	-	48,203	-	17,338
Corporation tax	114,659	138,130	7,925	55,010
Social security and other taxes	256,724	415,356	54,548	49,517
Directors loan account	-	9,896	-	9,896
Other creditors	40,412	32,439	5,631	4,925
Accruals and deferred income	499,852	879,569	6,500	74,994
	6,850,377	9,070,980	5,305,087	4,920,431

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

15. Creditors'
Amounts falling due within one year (continued)

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

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Bank loans	-	2,047,646	-	-
Other loans	1,500,000	-	-	-
Net obligations under finance leases and hire purchase contracts	73,813	85,490	-	-
Government grants received	-	50,760	-	-
	<u>1,573,813</u>	<u>2,183,896</u>	<u>-</u>	<u>-</u>

Creditors include amounts not wholly repayable within 5 years as follows

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Repayable by instalments	-	1,730,117	-	-

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

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£	£	£	£
Between one and five years	<u>73,813</u>	<u>85,490</u>	<u>-</u>	<u>-</u>

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

17. Deferred taxation

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
At beginning of year	11,392	38,303	57,348	79,821
Charge for the year	(52,146)	(12,955)	(57,348)	(22,473)
Other movement	8,353	(13,956)	-	-
At end of year	<u>(32,401)</u>	<u>11,392</u>	<u>-</u>	<u>57,348</u>

The deferred taxation balance is made up as follows

	<u>Group</u>		<u>Company</u>	
	2012 £	2011 £	2012 £	2011 £
Accelerated capital allowances	32,898	46,258	-	-
Tax losses carried forward	-	(57,348)	-	(57,348)
Other short term differences	(497)	(302)	-	-
	<u>32,401</u>	<u>(11,392)</u>	<u>-</u>	<u>(57,348)</u>

18. Provisions

The Company has no provisions

19. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
42,858 Ordinary shares of £1 each	<u>42,858</u>	<u>42,858</u>

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

20 Reserves

	Share premium account £	Capital redemption reserve £	Profit and loss account £
Group			
At 1 January 2012	3,000	9,642	466,688
Profit for the year	-	-	442,256
Foreign exchange movement	-	-	(17,300)
At 31 December 2012	3,000	9,642	891,644
Company			
At 1 January 2012	3,000	9,642	238,595
Profit for the year	-	-	157,204
At 31 December 2012	3,000	9,642	395,799

21. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Group		
Opening shareholders' funds	522,188	359,543
Profit for the year	442,256	175,544
Other recognised gains and losses during the year	(17,300)	(12,899)
Closing shareholders' funds	947,144	522,188
Company		
Opening shareholders' funds/(deficit)	294,095	(280,123)
Profit for the year	157,204	574,218
Closing shareholders' funds	451,299	294,095

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 2011 or 31 December 2012

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

23. Net cash flow from operating activities

	2012 £	2011 £
Operating profit	759,396	654,624
Amortisation of intangible fixed assets	94,023	94,023
Depreciation of tangible fixed assets	209,354	224,169
(Profit)/loss on disposal of tangible fixed assets	(1,728)	1,169
Government grants	(720)	(1,080)
(Increase)/decrease in stocks	(47,388)	63,552
Increase in debtors	(291,458)	(84,995)
Increase in creditors	225,977	124,919
Decrease in provisions	-	(48,429)
Foreign exchange adjustment to opening reserves and fixed assets	(15,970)	(10,750)
Net cash inflow from operating activities	931,486	1,017,202

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

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	39,623	14,558
Interest paid	(266,590)	(320,303)
Hire purchase interest	(13,547)	(17,522)
Net cash outflow from returns on investments and servicing of finance	(240,514)	(323,267)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(63,808)	(202,412)
Sale of tangible fixed assets	6,450	3,383
Net cash outflow from capital expenditure	(57,358)	(199,029)

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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

	2012 £	2011 £
Financing		
Repayment of loans	(48,429)	(74,434)
Repayment of other loans	(327,191)	(301,253)
(Repayment of)/new finance leases	(8,298)	6,671
Net cash outflow from financing	(383,918)	(369,016)

25. Analysis of changes in net debt

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	186,854	(89,925)	(375)	96,554
Bank overdraft	(302,130)	217,704	-	(84,426)
	<u>(115,276)</u>	<u>127,779</u>	<u>(375)</u>	<u>12,128</u>
Debt:				
Finance leases	(128,214)	8,298	-	(119,916)
Debts due within one year	(3,377,459)	375,620	1,515,675	(1,486,164)
Debts falling due after more than one year	(2,047,646)	-	547,646	(1,500,000)
Net debt	(5,668,595)	511,697	2,062,946	(3,093,952)

Bank loans of £2,063,321 were transferred out of the group due to the disposal of Pure Genius Properties Limited

26. Contingent liabilities

A cross guarantee and debenture exists in relation to liabilities owed to Barclays Bank plc and Close Invoice Finance Limited by Pure Genius Holdings Limited, Pure Genius Facilities Management Limited, Craftec Paper Limited, Papergraphics Limited, Pure Genius Properties Limited and Kent & Fraser Limited. The outstanding liabilities at year end was £3,771,678.

27. 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 2012

28. Operating lease commitments

At 31 December 2012 the group had annual commitments under non-cancellable operating leases as follows

Group	Land and buildings	
	2012	2011
Expiry date.	£	£
Within 1 year	-	81,932
Between 2 and 5 years	56,472	20,000
	<u>56,472</u>	<u>20,000</u>

29. 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

	2012	2011
	£	£
Euros	-	258,411
US Dollars	692,853	596,712
	<u>692,853</u>	<u>855,123</u>

30. Ultimate parent undertaking and controlling party

The immediate and ultimate parent company is Pure Genius Holdings Limited, a company controlled by J E Selby

DIVA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

31. 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 2012 was £1,683 (2011 - £518,252). During the year the group made sales to £34,271 (2011 £56,903) and made purchases of £35 (2011 £14) from Kent and Fraser Limited.

The group incurred management charges of £1,197,983 (2011 £65,000) from Pure Genius Facilities Management Limited, a company related through common directors. At the year end an amount of £714,579 (2011 £17,338) was owed to Pure Genius Facilities Management Limited and an amount of £1,716,688 was owed by Pure Genius Facilities Management Limited. The group charged management fees of £162,000 to Pure Genius Facilities Management Limited.

During the year the group made sales of £52,509 (2011 £nil) and purchases of £109 (2011 £nil) to Canalis Dynamics, a company related by common directors. At the year end the company was owed £75,976 (2011 £nil) from Canalis Dynamics.

At the year end an amount of £14,970 (2011 £nil) was owed to Pure Genius Holdings Limited.

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.