

REGISTERED NUMBER 854919

HEANOR GATE PRINTING LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2005



HEANOR GATE PRINTING LIMITED**DIRECTORS:**

B R Reeder
M H Carey
S Cox

SECRETARY:

M H Carey

REGISTERED OFFICE:

Delves Road
Heanor Gate Industrial Estate
Heanor
Derbyshire
DE75 7SJ

AUDITORS:

Mabe Allen LLP
Chartered Accountants
50 Osmaston Road
Derby
DE1 2HU

BANKERS:

HSBC
19 Market Place
Heanor
Derbyshire
DE7 7AD

HEANOR GATE PRINTING LIMITED **DIRECTORS' REPORT 2005**

The Directors present their Annual Report, together with the audited financial statements for the year ended 31st December 2005.

PRINCIPAL ACTIVITY

The principal activity of the Company remains that of printing and finishing.

BUSINESS REVIEW

The loss for the year after taxation amounted to £103,545 (2004 - profit - £27,458) and has been transferred to reserves. Details are shown on page 6.

DIVIDEND

No dividends were paid during this, or the preceding, year. The Directors do not recommend a final ordinary dividend.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

B R Reeder	M H Carey	S Cox
E J Allen (resigned 31/03/05)	V F McGuire (resigned 31/03/05)	

The interests of the directors of Heanor Gate Printing Limited in the ultimate parent undertaking, Heanor Holdings Limited, which is incorporated in Great Britain, are as follows:

	31/12/2005	31/12/2004
Ordinary £1 Shares		
M H Carey	3,000	-
S Cox	2,000	-
B R Reeder	3,000	-
Preference £1 Shares		
M H Carey	27,000	-
S Cox	18,000	-
B R Reeder	27,000	-

According to the register of directors' interests, no rights to subscribe for shares in or debentures of group companies were granted to any of the Directors or their immediate families, or exercised by them, during the financial period.

HEANOR GATE PRINTING LIMITED
DIRECTORS' REPORT 2005
(Cont'd)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- * Select suitable accounting policies and then apply them consistently;
- * Make judgements and estimates that are reasonable and prudent;
- * State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

In accordance with Section 384(2) of the Companies Act 1985, a resolution for the reappointment of Mabe Allen LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



M H Carey
Director/Secretary

27th June 2006

Delves Road
Heanor Gate Industrial Estate
Heanor
Derbyshire
DE75 7SJ

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HEANOR GATE PRINTING LIMITED

We have audited the financial statements of Heanor Gate Printing Limited for the year ended 31st December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters that we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

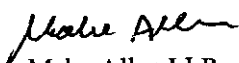
Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant 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 in accordance with United Kingdom generally accepted accounting practice of the state of the company's affairs as at 31st December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Mabe Allen LLP
Chartered Accountants
Registered Auditor
27 June 2006

50 Osmaston Road
Derby
DE1 2HU

HEANOR GATE PRINTING LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2005

	Note	2005 £	2004 £
TURNOVER	2.	5,160,309	5,546,618
Cost of sales		-4,092,191	-4,364,492
GROSS PROFIT		1,068,118	1,182,126
Distribution costs		-205,391	-162,849
Administration expenses		-870,249	-901,077
Exceptional items	4.	-28,666	-37,241
Total administration expenses		-898,915	-938,318
OPERATING (LOSS) PROFIT		-36,188	80,959
Interest receivable	5.	1,222	0
Interest payable and similar charges	5.	-68,579	-53,501
(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2,6.	-103,545	27,458
Taxation on loss on ordinary activities	8.	0	0
RETAINED (LOSS) PROFIT FOR THE FINANCIAL YEAR		-103,545	27,458
Balance brought forward		-36,195	-63,653
RETAINED LOSS CARRIED FORWARD		-139,740	-36,195

The Company's operating (loss) profit for both the current and preceding financial year derives from continuing operations.

The Company had no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 9 to 19 form an integral part of these financial statements.

HEANOR GATE PRINTING LIMITED
BALANCE SHEET AT 31ST DECEMBER 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	9.	1,173,622	1,388,851
Investments	10.	0	0
		<u>1,173,622</u>	<u>1,388,851</u>
CURRENT ASSETS			
Stocks	11.	272,230	179,808
Debtors	12.	1,464,023	950,509
Cash at bank and in hand		102,279	87,477
		<u>1,838,532</u>	<u>1,217,794</u>
CREDITORS:			
Amounts falling due within one year	13.	-1,848,532	-906,231
NET CURRENT LIABILITIES (ASSETS)			
		<u>-10,000</u>	<u>311,563</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,163,622</u>	<u>1,700,414</u>
CREDITORS:			
Amounts falling due after more than one year	14.	-1,038,342	-1,471,589
NET ASSETS			
		<u>125,280</u>	<u>228,825</u>
CAPITAL AND RESERVES			
Called up share capital	16.	265,020	265,020
Profit and loss account		-139,740	-36,195
Equity shareholders' funds		-134,740	-31,195
Non equity shareholders' funds	16.	260,020	260,020
TOTAL SHAREHOLDERS' FUNDS			
	17.	<u>125,280</u>	<u>228,825</u>

The notes on pages 9 to 19 form an integral part of these financial statements.

The financial statements on pages 6 to 19 were approved by the board of directors on 27th June 2006 and were signed on its behalf by:

B R Reeder



Director

HEANOR GATE PRINTING LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2005

	Note	2005 £	2,004 £
Cash flow from operating activities	22	752,439	697,139
Returns on investments and servicing of finance	23	-67,357	-53,501
Taxation		-	-20
Capital expenditure	23	-37,624	-57,521
Cash inflow before financing		647,458	586,097
Financing	23	-632,656	-290,028
Increase in cash in the year		14,802	296,069

Reconciliation of net cash flow to movement in net debt

Increase in cash in the year	14,802	296,069
Cash outflow from decrease in debt and lease financing	632,656	290,028
Changes in net debt resulting from cash flows	647,458	586,097
New finance leases	-41,800	-
Movement in net debt in the year	605,658	586,097
Net debt at the start of the year	-1,426,693	-2,012,790
Net debt at the end of the year	-821,035	-1,426,693

Analysis of net debt

	At start of year £	Cash flow £	Other non cash changes £	At end of year £
Cash in hand and at bank	87,477	14,802	-	102,279
Debt due within one year	-	-	-195,000	-195,000
Debt due after one year	-1,445,762	226,558	195,000	-1,024,204
Amount owed by ultimate parent undertaking	-	363,939	-	363,939
Finance leases	-68,408	42,159	-41,800	-68,049
	-1,426,693	647,458	-41,800	-821,035

The notes on pages 9 to 19 form an integral part of these financial statements.

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2005 FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

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

Cash and liquid resources

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Turnover

Turnover represents the value of sales invoiced during the year, less returns, allowances and Value Added Tax. Sales are invoiced on fulfilment of orders.

Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided to write off the cost of fixed assets to an estimated residual value over their estimated useful lives. Depreciation is charged in full from the date an asset becomes operational to the date of its disposal.

Rates and bases applied:

Leasehold improvements	Over the period of the lease
Plant and equipment	7.5% - 25% straight line basis on cost

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2005 FINANCIAL STATEMENTS
(Cont'd)

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Stocks and work in progress

Raw materials and consumables are valued at the lower of cost and net realisable value.

Finished goods and work in progress are valued at the lower of cost, including a proportion of overheads, transport and handling costs and net realisable value.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Pension costs

The Company operates a defined contribution scheme in the form of a Group Personal Pension Plan.

Contributions are charged to the profit and loss account so as to spread the cost of pension over employees' working lives with the Company.

2. TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

All turnover and losses before taxation are derived from printing and finishing and are by source and by destination derived from operations in the United Kingdom.

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2005 FINANCIAL STATEMENTS
(Cont'd)

3. STAFF NUMBERS AND COSTS

The average monthly number of persons, including executive directors, employed by the Company during the year was as follows:

	2005	2004
Production	47	51
Administration	17	18
Sales	3	3
	<u>67</u>	<u>72</u>

The aggregate payroll costs of these persons were as follows:

	2005	2004
	£	£
Wages and salaries	1,691,442	1,753,967
Social security costs	181,416	184,294
Pensions and other costs (see note 19)	26,934	26,661
	<u>1,899,792</u>	<u>1,964,922</u>

4. EXCEPTIONAL ITEMS

	2005	2004
Comprise:	£	£
Staff termination costs	28,666	16,500
Reorganisation costs	-	13,889
Impairment of investments	-	6,852
	<u>28,666</u>	<u>37,241</u>

5. INTEREST RECEIVABLE AND PAYABLE

	2005	2004
	£	£
Interest receivable		
Interest receivable	<u>1,222</u>	<u>-</u>
Interest payable and similar charges		
Group interest payable	-	44,000
On bank loans and overdrafts	32,743	1,466
Finance charges in respect of finance leases	4,670	6,690
Invoice discounting	31,069	-
Other	97	1,345
	<u>68,579</u>	<u>53,501</u>

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2005 FINANCIAL STATEMENTS
(Cont'd)

6. (LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss) profit on ordinary activities before taxation is stated after charging (crediting) the following:

	2005 £	2004 £
Depreciation		
Owned assets	274,022	370,525
Held under finance lease	23,367	22,685
	<u>297,389</u>	<u>393,210</u>
Profit on sale of fixed assets	-2,736	-1,121
Provision for permanent diminution of all fixed assets	-	6,852
Auditors' remuneration	8,500	8,500
-audit	-	5,700
-other	-	-
Hire of other assets	132,309	151,542
	<u>132,309</u>	<u>151,542</u>

7. DIRECTORS' EMOLUMENTS

The emoluments of the directors were as follows:

	2005 £	2004 £
Directors' emoluments	162,792	117,733
Company pension contributions to money purchase schemes	7,233	5,128
	<u>170,025</u>	<u>122,861</u>

No share options were granted or exercised during the year.

	Number of directors 2005	2004
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>3</u>	<u>3</u>

8. TAXATION

There is no charge for taxation in this or the prior year

The movement in the provision for deferred taxation is shown in note 15.

Factors affecting the tax charge for the current period:-

The current tax charge for the period is higher (2004 - lower) than the standard rate of corporation tax in the UK of 30% (2004 - 30%). The differences are explained below.

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2005 FINANCIAL STATEMENTS
(Cont'd)

	2005 £	2004 £
(Loss) profit on ordinary activities before tax	<u>-103,545</u>	<u>27,458</u>
Current tax at 30% (2004 - 30%)	-31,064	8,237
Effects of:		
Expenses not deductible for tax purposes	2,252	4,497
Depreciation for period in excess of capital allowances	81,222	67,319
Utilisation of tax losses	-51,869	-62,385
Other timing differences	-174	-17,668
Interest received in zero rate band	-367	-
Total current tax charge (see above)	<u>0</u>	<u>0</u>

The Company has unutilised tax losses of approximately £893,670 (2004 - £1,066,568)

9. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Plant & Equipment £	Total £
Cost			
At 1st January 2005	180,025	5,005,009	5,185,034
Additions	2,183	81,241	83,424
Disposals	-	-452,035	-452,035
At 31st December 2005	<u>182,208</u>	<u>4,634,215</u>	<u>4,816,423</u>
Depreciation			
At 1st January 2005	63,206	3,732,977	3,796,183
Charge for the year	11,731	285,658	297,389
Released on disposal	-	-450,771	-450,771
At 31st December 2005	<u>74,937</u>	<u>3,567,864</u>	<u>3,642,801</u>
Net book value			
At 31st December 2005	<u>107,271</u>	<u>1,066,351</u>	<u>1,173,622</u>
At 31st December 2004	<u>116,819</u>	<u>1,272,032</u>	<u>1,388,851</u>

The net book value of plant & equipment at 31st December 2005 includes £103,101 in respect of assets held under finance leases (2004 - £84,665). Depreciation for the year on these assets was £23,367 (2004 - £22,685)

	2005 £	2004 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>1,605</u>	<u>1,605</u>

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2005 FINANCIAL STATEMENTS
(Cont'd)

10. FIXED ASSET INVESTMENTS

	2005 £	2004 £
At cost at start and end of year	<u>-</u>	<u>6,852</u>
Provision for impairment		
At start of year	-	-
Increase in the year	<u>-</u>	<u>6,852</u>
At end of year	<u>0</u>	<u>6,852</u>
Net book value	<u>0</u>	<u>0</u>

Provisions for impairment were made against the cost of investment in certain group companies as follows:

Page Print Finish Limited	-	1,852
Zeros Printers Limited	<u>-</u>	<u>5,000</u>
	<u>0</u>	<u>6,852</u>

On 8th September 2005, both Page Print Finish Limited and Zeros Printers Limited were dissolved. These dormant companies were wholly owned subsidiaries and both were registered in England and Wales.

11. STOCKS

	2005 £	2004 £
Raw materials & consumables	109,157	101,150
Work in progress	163,073	78,658
	<u>272,230</u>	<u>179,808</u>

12. DEBTORS: Amounts falling due within one year

	2005 £	2004 £
Trade debtors	1,003,325	863,767
Amounts owed by group undertakings	363,939	3,765
Other debtors	35,906	30,118
Prepayments and accrued income	60,853	52,859
	<u>1,464,023</u>	<u>950,509</u>

The amounts owed by group undertakings includes £363,939 (2004 - £nil) which is unsecured and due after more than one year. No set repayment plan has been agreed.

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2005 FINANCIAL STATEMENTS
(Cont'd)

13. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Obligations under finance leases (see note 14)	53,911	42,581
Bank borrowings (see note 14)	195,000	-
Trade creditors	855,872	761,770
Invoice discounting	600,082	-
Amounts owed to group undertakings	-	99
Taxation and social security	52,664	43,258
Accruals	88,920	56,870
Other creditors	2,083	1,653
	<u>1,848,532</u>	<u>906,231</u>

Invoice finance facilities have been made available subject to the granting of a fixed charge to the provider over the company's debts.

14. CREDITORS: Amounts falling due after more than one year

	2005 £	2004 £
Loan from parent undertaking	740,054	1,445,762
Bank borrowings	284,150	-
Obligations under finance leases	14,138	25,827
	<u>1,038,342</u>	<u>1,471,589</u>

The amount due to the parent undertaking is unsecured and due after more than one year. No set repayment plan has been agreed.

Debt can be analysed as falling due:

In one year or less (see note 13)	248,911	42,581
Between one and two years	152,888	25,827
Between two and five years	145,400	-
	<u>547,199</u>	<u>68,408</u>

Debt, for the purpose of this analysis, comprises obligations under finance leases and bank borrowings and excludes amounts owed to group undertakings which have no fixed repayment date.

Obligations under finance leases are secured on the assets to which they relate.

The bank borrowings include £385,400 secured against the plant and machinery of the Company subject to an interest rate of 2.85% per annum above the provider's banker's base rate. The remaining bank borrowings of £93,750 are unsecured but are subject to an interest rate of 3.85% per annum above the provider's banker's base rate.

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2005 FINANCIAL STATEMENTS
(Cont'd)

15. PROVISIONS FOR LIABILITIES AND CHARGES

	2005 £	2004 £
Elements of deferred taxation		
Difference between accumulated depreciation and amortisation and capital allowances	225,197	300,659
Other timing differences	-204	-378
Tax losses	-224,993	-300,281
Deferred tax	<u>0</u>	<u>0</u>

The Company has excess tax losses of £143,693 (2004 - £65,632) which are available to relieve against future trading profits. The Directors do not feel it is appropriate to recognise a net deferred tax asset on the excess losses carried forward.

16. CALLED UP SHARE CAPITAL

	2005 £	2004 £
Authorised, allotted, called up and fully paid		
Equity: 5,000 ordinary shares of £1 each	5,000	5,000
Non-equity:		
200 'B' Ordinary shares of 10p each	20	20
260,000 15% cumulative preference shares of £1 each	260,000	260,000
	<u>265,020</u>	<u>265,020</u>

The "B" ordinary shares have the right of a dividend on any such share of an amount equal to twenty times the dividend paid on each "A" ordinary share. The shares entitle holders to twenty votes in respect of each "B" ordinary share and have a preferential right to a return of capital on a winding up.

The preference shares are irredeemable and have the right to a fixed cumulative preferential dividend at the rate of 15p cash net per annum payable half yearly on 6th April and 6th October. The right to the receipt of these dividends has been waived.

The preference shares are non voting and have a preferential right to return of capital on a winding up. The shareholders funds attributable to non-equity interests are as follows:

Non-equity interest in shareholders' funds are as follows:

	2005 £	2004 £
"B" ordinary shares	20	20
Cumulative 15% £1 preference shares	260,000	260,000
	<u>260,020</u>	<u>260,020</u>

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2005 FINANCIAL STATEMENTS
(Cont'd)

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Shareholders' funds at start of year	228,825	201,367
(Loss) profit for the financial year	-103,545	27,458
Shareholders' funds at end of year	<u>125,280</u>	<u>228,825</u>

18. OPERATING LEASE COMMITMENTS

At 31st December 2005 the Company had annual commitments under non-cancellable operating leases as follows:

	2005		2004	
	Land & buildings £	Other £	Land & buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	9,144
In the second to fifth year inclusive	-	58,658	-	32,813
Over five years	68,500	-	68,500	-
	<u>68,500</u>	<u>58,658</u>	<u>68,500</u>	<u>41,957</u>

19. PENSION OBLIGATIONS

As explained in the Accounting Policies set out on page 10, during the year the Company operated a Group Personal Pension Plan. The Company contributes to this scheme at the rate of 1.5% of relevant earnings for each member and the total contributions are shown in note 3.

The outstanding contributions at the end of the financial year were £1,759 (2004 - £5,487).

In accordance with Government requirements, the Company has arranged for all eligible employees to have access to a Stakeholder Pension. No employees have joined this Stakeholder scheme.

20. CONTINGENT LIABILITIES

Cross guarantees in respect of bank borrowings and amounts owed to the provider of the facilities exist with regard to all group companies.

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2005 FINANCIAL STATEMENTS
(Cont'd)

21. RELATED PARTY TRANSACTIONS

During the year there were the following transactions with the following companies:

	2005	2004
	£	£
(i) Heanor Gate Holdings Limited		
Management fees charged to Heanor Gate Holdings Limited	15,000	24,000
Loan repayments made to Heanor Gate Holdings Limited	686,253	-
Amounts due to Heanor Gate Holdings Limited	740,054	1,445,762

Heanor Gate Holdings Limited has a 100% interest in the equity capital of the Company.

(ii) ACT Print Management Limited

Amounts due from ACT Print Management Limited	-	3,666
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Prior to the management buyout of the Company which took place on 31st March 2005, ACT Print Management Limited and Heanor Gate Printing Limited were under common control.

(iii) Heanor Holdings Limited

Management fees charged to Heanor Holdings Limited	9,000	-
Cost of investment met by the Company on behalf of Heanor Holdings Limited	474,939	-
Amounts due from Heanor Holdings Limited	363,939	-

Following the management buyout of the Company which took place on 31st March 2005, Heanor Holdings Limited became the ultimate parent company for Heanor Gate Printing Limited.

22. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS

	2005	2004
	£	£
Operating (loss) profit	-36,188	80,959
Depreciation charge	297,389	393,210
Profit on sale of tangible fixed assets	-2,736	-1,121
Provision for impairment of all fixed assets	-	6,852
(Increase) decrease in stocks	-92,422	294,349
(Increase) decrease in debtors	-149,575	517,832
Increases (decrease) in creditors	735,971	-594,942
Net cash inflow from operating activities	<u>752,439</u>	<u>697,139</u>

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2005 FINANCIAL STATEMENTS
(Cont'd)

23. ANALYSIS OF CASH FLOWS

	2005 £	2004 £
Returns on investment and servicing of finance		
Interest received	1,222	-
Interest paid	-63,909	-46,811
Interest element of finance lease rentals payments	-4,670	-6,690
	<u>-67,357</u>	<u>-53,501</u>
Capital expenditure		
Purchase of tangible fixed assets	-41,624	-59,521
Sale of tangible fixed assets	4,000	2,000
	<u>-37,624</u>	<u>-57,521</u>
Financing		
Capital element of finance lease rentals payments	-42,159	-22,978
New borrowings	625,400	-
Borrowings repaid	-146,250	-
New loan to ultimate parent undertaking	-363,939	-
Loan from immediate parent undertaking repaid	-705,708	-267,050
	<u>-632,656</u>	<u>-290,028</u>

24. PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The Company is a wholly owned subsidiary undertaking of Heanor Gate Holdings Limited, which in turn is a wholly owned subsidiary undertaking of Heanor Holdings Limited. All the companies are incorporated in Great Britain and registered in England and Wales.

The ultimate controlling party are the directors of Heanor Holdings Limited - M Carey, S Cox and B Reeder - by virtue of their controlling interest in the equity capital of Heanor Holdings Limited.

The results of the Company are not consolidated in any other set of financial statements.