

REGISTERED NUMBER 854919

HEANOR GATE PRINTING LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2004



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
50 Osmaston Road
Derby
DE1 2HU

BANKERS:

HSBC
19 Market Place
Heanor
Derbyshire
DE7 7AD

**HEANOR GATE PRINTING LIMITED
DIRECTORS' REPORT 2004**

The Directors present their Annual Report, together with the audited financial statements for the year ended 31st December 2004.

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW

The profit for the year after taxation amounted to £27,458 (2003 - loss - £125,954) and has been transferred to reserves. Details are shown on page 6.

The improvement in the results before exceptional items was satisfactory and the Directors expect this improvement to continue.

On 31st March 2005, the Company's immediate parent undertaking was sold to Heanor Holdings Ltd, 66.67% of which is owned by B Reeder, M Carey & S Cox, directors of the Company. The remaining 33.33% is owned by the two principal sales representatives of the Company. The directors believe that this action secures the future of the Company.

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:

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

E J Allen & V F McGuire have an interest in the share capital of the company's ultimate parent undertaking, Allen, McGuire & Partners Ltd, which is incorporated in the Republic of Ireland, details of which are disclosed in that company's financial statements.

None of the other directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

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 2004
(Cont'd)

EMPLOYEES

The Company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy whenever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

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.

AUDITORS

Immediately prior to the management buy out of the Company's immediate parent undertaking on 31st March 2005, KPMG LLP resigned as auditors of the Company and were replaced by Hazlewoods. Subsequently, Hazlewoods have resigned and have been replaced by Mabe Allen LLP to hold office until the Annual General Meeting. A resolution for the reappointment of Mabe Allen LLP is to be proposed at the forthcoming Annual General Meeting.

By order of the Board


M H Carey
Director/Secretary
17th October 2005

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 2004 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 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 United Kingdom Auditing Standards.

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 Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below. 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. However, the evidence available to us was limited because we were appointed auditors on 24th May 2005 and in consequence were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of stock and work-in-progress appearing in the balance sheet at £179,808. Any adjustments to this figure would have a consequential effect on the profit for the year. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

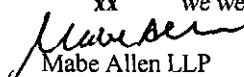
Opinion: disclaimer on view given by the financial statements

Because of the possible effect of limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2004 and of its profit for the year then ended. In all other respects, in our opinion, the financial statements have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to stock and work-in-progress:

xx we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

xx we were unable to determine whether proper accounting records had been maintained.


Mabe Allen LLP
Chartered Accountants
Registered Auditor

17th October 2005

50 Osmaston Road
Derby
DE1 2HU

HEANOR GATE PRINTING LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2004

	Note	2004 £	2003 £
TURNOVER	2.	5,546,618	6,170,673
Cost of sales		-4,364,492	-4,911,977
GROSS PROFIT		<u>1,182,126</u>	<u>1,258,696</u>
Distribution costs		-162,849	-184,780
Administration expenses		-901,077	-995,124
Exceptional items	4.	-37,241	-158,959
Total administration expenses		-938,318	-1,154,083
OPERATING PROFIT (LOSS)		<u>80,959</u>	<u>-80,167</u>
Interest receivable	5.	0	57
Interest payable and similar charges	5.	-53,501	-45,824
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2,6.	<u>27,458</u>	<u>-125,934</u>
Taxation on loss on ordinary activities	8.	0	-20
RETAINED PROFIT (LOSS) FOR THE FINANCIAL YEAR		<u>27,458</u>	<u>-125,954</u>
Balance brought forward		-63,653	62,301
RETAINED PROFIT CARRIED FORWARD		<u><u>-36,195</u></u>	<u><u>-63,653</u></u>

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

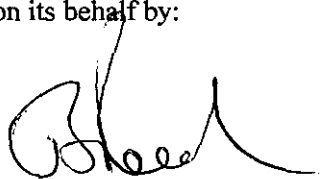
The Company had no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

HEANOR GATE PRINTING LIMITED
BALANCE SHEET AT 31ST DECEMBER 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	9.	1,388,851	1,723,419
Investments	10.	0	6,852
		<u>1,388,851</u>	<u>1,730,271</u>
CURRENT ASSETS			
Stocks	11.	179,808	474,157
Debtors	12.	950,509	1,468,341
Cash at bank and in hand		87,477	-
		<u>1,217,794</u>	<u>1,942,498</u>
CREDITORS:			
Amounts falling due within one year	13.	-906,231	-1,698,013
NET CURRENT ASSETS		<u>311,563</u>	<u>244,485</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,700,414</u>	<u>1,974,756</u>
CREDITORS:			
Amounts falling due after more than one year	14.	-1,471,589	-1,773,389
NET ASSETS		<u>228,825</u>	<u>201,367</u>
CAPITAL AND RESERVES			
Called up share capital	16.	265,020	265,020
Profit and loss account		-36,195	-63,653
Equity shareholders' funds		<u>-31,195</u>	<u>-58,653</u>
Non equity shareholders' funds	16.	260,020	260,020
TOTAL SHAREHOLDERS' FUNDS	17.	<u>228,825</u>	<u>201,367</u>

The financial statements on pages 6 to 19 were approved by the board of directors on 17th October 2005 and were signed on its behalf by:

B R Reeder



Director

HEANOR GATE PRINTING LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2004

	Note	2004 £	2,003 £
Cash flow from operating activities	22	697,139	237,685
Returns on investments and servicing of finance	23	-53,501	-45,767
Taxation		-20	-79
Capital expenditure	23	-57,521	-84,649
Cash inflow before financing		586,097	107,190
Financing	23	-290,028	-288,352
Increase (decrease) in cash in the year		296,069	-181,162

Reconciliation of net cash flow to movement in net debt

Increase (decrease) in cash in the year	296,069	-181,162
Cash outflow from decrease in debt and lease financing	290,028	288,352
Changes in net debt resulting from cash flows	586,097	107,190
New finance leases	-	-113,000
Movement in net debt in the year	586,097	-5,810
Net debt at the start of the year	-2,012,790	-2,006,980
Net debt at the end of the year	-1,426,693	-2,012,790

Analysis of net debt

	At start of year	Cash flow	Other non cash changes	At end of year
	£	£	£	£
Cash in hand and at bank	-208,592	296,069	-	87,477
Debt due after one year	-1,712,812	267,050	-	-1,445,762
Finance leases	-91,386	22,978	-	-68,408
	-2,012,790	586,097	0	-1,426,693

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2004 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.

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

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 2004 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 2004 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:

	2004	2003
Production	51	52
Administration	18	20
Sales	3	5
	<u>72</u>	<u>77</u>

The aggregate payroll costs of these persons were as follows:

	2004	2003
	£	£
Wages and salaries	1,753,967	1,873,896
Social security costs	184,294	194,078
Pensions and other costs (see note 19)	26,661	30,442
	<u>1,964,922</u>	<u>2,098,416</u>

4. EXCEPTIONAL ITEMS

	2004	2003
Comprise:	£	£
Staff termination costs	16,500	88,282
Reorganisation costs	13,889	70,677
Impairment of investments	6,852	-
	<u>37,241</u>	<u>158,959</u>

5. INTEREST RECEIVABLE AND PAYABLE

	2004	2003
	£	£
Interest receivable		
Interest receivable	<u>-</u>	<u>57</u>
Interest payable and similar charges		
Group interest payable	44,000	44,000
On overdrafts	1,466	-
Finance charges in respect of finance leases	6,690	1,824
Other	1,345	-
	<u>53,501</u>	<u>45,824</u>

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2004 FINANCIAL STATEMENTS
(Cont'd)

6. PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit (loss) on ordinary activities before taxation is stated after charging (crediting) the following:

	2004	2003
	£	£
Depreciation		
Owned assets	370,525	386,324
Held under finance lease	22,685	5,650
	<u>393,210</u>	<u>391,974</u>
Profit on sale of fixed assets	-1,121	-46,699
Provision for permanent diminution of all fixed assets	6,852	-
Auditors' remuneration		
-audit	8,500	8,500
-other	5,700	3,900
Hire of other assets	151,542	156,392
	<u><u>151,542</u></u>	<u><u>156,392</u></u>

7. DIRECTORS' EMOLUMENTS

The emoluments of the directors were as follows:

	2004	2003
	£	£
Directors' emoluments	117,733	119,292
Company pension contributions to money purchase schemes	5,128	5,359
Compensation for loss of office	-	25,000
	<u>122,861</u>	<u>149,651</u>

No share options were granted or exercised during the year.

	Number of directors	
	2004	2003
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>3</u>	<u>4</u>

8. TAXATION

	2004	2003
	£	£
Analysis of charge in period		
UK corporation tax		
Current tax on income for the period	-	20
	<u>0</u>	<u>20</u>
Total current tax	0	20
Deferred taxation (see note 15)	-	-
	<u>0</u>	<u>20</u>

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2004 FINANCIAL STATEMENTS
(Cont'd)

Factors affecting the tax charge for the current period:-

The current tax charge for the period is lower (2003 - higher) than the standard rate of corporation tax in the UK of 30% (2003 - 30%). The differences are explained below.

	2004 £	2003 £
Profit (loss) on ordinary activities before tax	<u>27,458</u>	<u>-125,934</u>
Current tax at 30% (2003 - 30%)	8,237	-37,780
Effects of:		
Expenses not deductible for tax purposes	4,497	4,563
Depreciation for period in excess of capital allowances	67,319	52,690
Utilisation of tax losses	-62,385	-21,287
Other timing differences	-17,668	1,834
Total current tax charge (see above)	<u>0</u>	<u>20</u>

The Company has unutilised tax losses of approximately £1,066,568 (2003 - £1,274,520)

9. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Plant & Equipment £	Total £
Cost			
At 1st January 2004	174,430	4,970,711	5,145,141
Additions	5,595	53,926	59,521
Disposals	-	-19,628	-19,628
At 31st December 2004	<u>180,025</u>	<u>5,005,009</u>	<u>5,185,034</u>
Depreciation			
At 1st January 2004	51,738	3,369,984	3,421,722
Charge for the year	11,468	381,742	393,210
Released on disposal	-	-18,749	-18,749
At 31st December 2004	<u>63,206</u>	<u>3,732,977</u>	<u>3,796,183</u>
Net book value			
At 31st December 2004	<u>116,819</u>	<u>1,272,032</u>	<u>1,388,851</u>
At 31st December 2003	<u>122,692</u>	<u>1,600,727</u>	<u>1,723,419</u>

The net book value of Plant & equipment at 31st December 2004 includes £84,665 in respect of assets held under finance leases (2003 - £107,350). Depreciation for the year on these assets was £22,685 (2003 - £5,650)

	2004 £	2003 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>1,605</u>	<u>-</u>

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2004 FINANCIAL STATEMENTS
(Cont'd)

10. FIXED ASSET INVESTMENTS

The Company owns all of the share capital of the following companies:

Name	Nature of business	Country of registration	Shares held	
			Class	Percentage
Page Print Finish Limited	Dormant	England	Ordinary	100%
Zeros Printers Limited	Dormant	England	Ordinary	100%

Group accounts have not been produced since the Company is a wholly owned subsidiary undertaking of another EU company.

	2004 £	2003 £
At cost at start and end of year	<u>6,852</u>	<u>6,852</u>
Provision for impairment		
At start of year	-	-
Increase in the year	<u>6,852</u>	-
At end of year	<u>6,852</u>	-
Net book value	<u>0</u>	<u>6,852</u>

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

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

11. STOCKS

	2004 £	2003 £
Finished goods	-	84,431
Raw materials & consumables	101,150	101,049
Work in progress	78,658	288,677
	<u>179,808</u>	<u>474,157</u>

12. DEBTORS: Amounts falling due within one year

	2004 £	2003 £
Trade debtors	863,767	1,267,581
Amounts owed by related undertakings	3,765	72,863
Other debtors	30,118	60,424
Prepayments and accrued income	52,859	67,473
	<u>950,509</u>	<u>1,468,341</u>

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2004 FINANCIAL STATEMENTS
(Cont'd)

13. CREDITORS: Amounts falling due within one year

	2004	2003
	£	£
Bank overdraft	-	208,592
Obligations under finance leases (see note 14)	42,581	30,809
Trade creditors	761,770	1,328,776
Amounts owed to related undertakings	99	3,838
Taxation and social security	43,258	49,253
Accruals	56,870	74,728
Other creditors	1,653	2,017
	<u>906,231</u>	<u>1,698,013</u>

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

	2004	2003
	£	£
Loan from parent undertaking	1,445,762	1,712,812
Obligations under finance leases	25,827	60,577
	<u>1,471,589</u>	<u>1,773,389</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)	42,581	30,809
Between one and two years	25,827	33,241
Between two and five years	-	27,336
	<u>68,408</u>	<u>91,386</u>

Debt, for the purpose of this analysis, comprises obligations under finance leases 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.

15. PROVISIONS FOR LIABILITIES AND CHARGES

	2004	2003
	£	£
Elements of deferred taxation		
Difference between accumulated depreciation and amortisation and capital allowances	300,659	313,778
Other timing differences	-378	-18,046
Tax losses	-300,281	-295,732
Deferred tax	<u>0</u>	<u>0</u>

The Company has excess tax losses of £65,632 (2003 - £290,367) 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.

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2004 FINANCIAL STATEMENTS
(Cont'd)

16. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised, allotted, called up and fully paid		
Equity: 5,000 ordinary shares of £1 each	5,000	5,000
Non-equity:		
2,000 '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:

	2004 £	2003 £
"B" ordinary shares	20	20
Cumulative 15% £1 preference shares	260,000	260,000
	<u>260,020</u>	<u>260,020</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Shareholders' funds at start of year	201,367	327,321
Profit (loss) for the financial year	27,458	-125,954
Shareholders' funds at end of year	<u>228,825</u>	<u>201,367</u>

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2004 FINANCIAL STATEMENTS
(Cont'd)

18. OPERATING LEASE COMMITMENTS

At 31st December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	2004		2003	
	Land & buildings	Other	Land & buildings	Other
	£	£	£	£
Operating leases which expire:				
Within one year	-	9,144	-	13,520
In the second to fifth year inclusive	-	32,813	-	36,596
Over five years	68,500	-	62,000	-
	<u>68,500</u>	<u>41,957</u>	<u>62,000</u>	<u>50,116</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 £5,487 (2003 - £4,972).

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

The Company and the parent undertaking have entered into a composite banking arrangement to secure group banking facilities. As part of this arrangement, a cross-guarantee was given to the bank by the Company.

Group bank borrowings affected by this guarantee at 31st December 2004 are £150,000 (2003 - £400,000).

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2004 FINANCIAL STATEMENTS
(Cont'd)

21. RELATED PARTY TRANSACTIONS

The nature of the relationship and amounts transacted during the year are disclosed below.

Party	Relationship	Debtor (creditor) at year end	
		2004	2003
		£	£
ACT Print Management Ltd	Common controlling undertaking	3,666	69,459
Aspen Preprint Ltd	Common controlling undertaking	-	-434
Heanor Gate Holdings Ltd	Parent undertaking	-1,445,762	-1,712,812
Allen McGuire & Partners Ltd	Ultimate parent undertaking	-	-
Value of transactions within the year with the above undertakings		<u>334,830</u>	

22. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS

	2004	2003
	£	£
Operating profit (loss)	80,959	-80,167
Depreciation charge	393,210	391,974
Profit on sale of tangible fixed assets	-1,121	-46,699
Provision for impairment of all fixed assets	6,852	-
Decrease (increase) in stocks	294,349	-161,366
Decrease in debtors	517,832	92,715
(Decrease) increase in creditors	-594,942	41,228
Net cash inflow from operating activities	<u>697,139</u>	<u>237,685</u>

HEANOR GATE PRINTING LIMITED
NOTES TO THE 2004 FINANCIAL STATEMENTS
(Cont'd)

23. ANALYSIS OF CASH FLOWS

	2004 £	2003 £
Returns on investment and servicing of finance		
Interest received	-	57
Interest paid	-46,811	-44,000
Interest element of finance lease rentals payments	-6,690	-1,824
	<u>-53,501</u>	<u>-45,767</u>
Capital expenditure		
Purchase of tangible fixed assets	-59,521	-143,149
Sale of tangible fixed assets	2,000	58,500
	<u>-57,521</u>	<u>-84,649</u>
Financing		
Capital element of finance lease rentals payments	-22,978	-21,614
Loan from parent undertaking repaid	-267,050	-266,738
	<u>-290,028</u>	<u>-288,352</u>

24. PARENT UNDERTAKING

The Company is a subsidiary undertaking of Heanor Gate Holdings Limited, incorporated in England. The ultimate parent undertaking and controlling party is Allen McGuire & Partners Limited, registered in the Republic of Ireland. The results of the Company are not consolidated in any other set of financial statements.

25. POST BALANCE SHEET EVENT

On 31st March 2005, the entire share capital of the company's immediate parent undertaking, Heanor Gate Holdings Limited, was acquired by Heanor Holdings Limited, an undertaking owned by some of the management of the Company. No adjustments to these financial statements arise therefrom.