

PaperlinX (Europe) Limited

Revised financial statements
for the period ended 30 June 2003
Registered Number: 4427116



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COMPANIES HOUSE 5/7/04



COMPANIES HOUSE

05/07/04

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Directors' report

The directors present the audited financial statements of the Company, PaperlinX (Europe) Limited and the Group, which includes subsidiary undertakings, for the period ended 30 June 2003.

Principal activities

The principal activity of the Group is paper merchanting.

PaperlinX (Europe) Limited, the Company, was incorporated on 29th April 2002 and did not engage in any trading activities in the period to 30 June 2003.

On 1 July 2002 the Group acquired the whole of the share capital of The Paper Company Limited (formerly Bunzl Fine Paper Limited.) a company whose principal activity is paper merchanting.

Business review, results and dividends

The Group faced difficult trading conditions throughout the period. The Group's profit for the period is £5,364,000.

No interim dividend was paid and the directors do not recommend the payment of a final dividend in respect of the period.

Research and development

For the period under review, the Group's expenditure on research and development was £nil. The Group will look to take advantage of technological developments as they arise but currently, pure research is not a core element of the Group's business.

Policy and practice on payment of creditors

It is the Group's policy to settle the terms of payment with suppliers when agreeing the terms of business with those suppliers and to abide by them. At the year end the amount owed to trade creditors by the company was equivalent to 48 days of purchase from suppliers.

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the period and after the balance sheet date were as follows:

Joint Corporate Services Ltd.	(appointed 29 th April 2002 – resigned 25 th June 2002)
Daryl Gregor Abotomey	(appointed 1 st May 2002)
William Colin Horman	(appointed 12 th June – resigned 23 rd June 2003)
Mark Jonathan Smitheram	(appointed 23 rd June 2003)

None of the directors who held office at the end of the period had any interest in the share capital of the company.
 No Director had any beneficial interest in the shares of the Company at any time during the period.

Mr. Abotomey was also a Director of the Company's ultimate parent company PaperlinX Limited. Details of his beneficial interests in the share capital of that company are fully disclosed the accounts of that company which are available from the address in note 25.

According to the register of directors' interests, no right to subscribe for shares in any group company were granted to the other directors or their immediate families, or exercised by them, during the financial period except as indicated below:

PaperlinX Limited - options on ordinary shares

	At start of period (or date of appointment if later) Number	Granted / (lapsed) during the period Number	Exercised during of period the period Number	At end of period or date of resignation if earlier) Number
MJ Smitheram		30,000	-	30,000
	<hr/>	<hr/>	<hr/>	<hr/>

Directors' report *(continued)*

Employees

It is the Group's policy to ensure that equal opportunity is given for the employment, training and career development of disabled persons, including persons who become disabled whilst in the company's employment.

The motivation and commitment of its employees are a major contribution to the Group's success. The Group seeks the ongoing involvement of staff through its elected Information and Consultation Forum: this covers both commercial and operational performance, major policy issues and local factors that affect employees on a day to day basis.


Political and charitable contributions

The Group made no political contributions during the year. Donations to UK charities amounted to £10,800.

Auditors

During the period KPMG LLP signified their willingness to accept appointment as auditors of the Company and accordingly were appointed by the Directors. A resolution is to be proposed at the forthcoming Annual General Meeting to reappoint KPMG LLP as auditors of the Company.

By order of the board



Mark Jonathan Smitheram
Secretary

1 Bricklayers Arms Distribution Centre
Mandela Way
London SE1 5SP

10 June 2004

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 group 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 group and to prevent and detect fraud and other irregularities.*

Directors' responsibilities with respect to revised accounts

Under section 245 of the *Companies Act 1985* the directors have the authority to revise financial statements or a director's report if they do not comply with the Act. The revised accounts must be amended in accordance with the *Companies (Revision of Defective Financial Statements and Report) Regulations 1990* and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements.

Independent Auditor's report to the members of PaperlinX (Europe) Limited

We have audited the revised financial statements set out on pages 4 to 21. The revised financial statements replace the original financial statements approved by the directors on 25 February 2004. They have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 1990 ("the Regulations") and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 and as required by paragraph 6 of the Regulations. 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 such 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

The directors are responsible for preparing the directors' report and, as described on page 1, the revised financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the revised financial statements give a true and fair view and are properly prepared in accordance with the provisions of the Companies Act 1985 as they have effect under the Regulations.

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors.

We also report to you if, in our opinion, the directors' report is not consistent with the revised 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.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the revised financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the revised financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed. The audit of revised financial statements includes the performance of additional procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

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 revised 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 revised financial statements.

Independent Auditor's report to the members of PaperlinX (Europe) Limited
(continued)

Opinions

In our opinion the revised financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of affairs of the company and the group as at 30 June 2003 and of the profit of the group for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 as they have effect under the Regulations.

In our opinion the original financial statements for the period ended 30 June 2003 failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors in the statement contained on page 8 of these revised financial statements.



KPMG LLP
Chartered Accountants
Registered Auditor
London

10/6/04

Consolidated Profit and loss account
for the period 29 April 2002 to 30 June 2003

		<u>Group</u>
	<i>Note</i>	29 April 2002 to 30 June 2003 £000
Turnover from continuing operations		
Acquisitions	2	313,321
Change in stocks of finished goods and work in progress		(2,770)
Purchase of paper		(240,509)
Other external charges		(24,585)
Staff costs	6	(27,647)
Depreciation and other amounts written off tangible and intangible fixed assets	10 & 11	(3,809)
Operating profit from continuing operations		
Acquisitions	3	14,001
Profit on sale of investment		488
Other interest receivable and similar income	7	252
Interest payable and similar charges	8	(5,842)
Profit on ordinary activities before taxation		8,899
Tax on profit on ordinary activities	9	(3,535)
Profit on ordinary activities after taxation		5,364
Retained profit for the financial period transferred to reserves		<u>5,364</u>

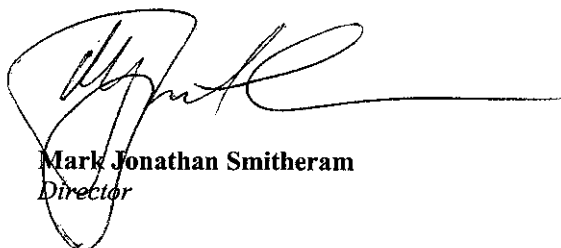
There are no gains or losses other than those recognised above.

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis

Consolidated Balance sheet
At 30 June 2003

		Group	
	<i>Note</i>	2003 £000	2003 £000
Fixed assets			
Intangible assets	<i>10</i>		39,722
Tangible assets	<i>11</i>		9,494
			<hr/>
			49,216
Current assets			
Stocks	<i>13</i>	24,877	
Debtors	<i>14</i>	90,336	
Cash at bank and in hand		22,671	
		<hr/>	
		137,884	
Creditors: amounts falling due within one year	<i>15</i>	(125,726)	
		<hr/>	
Net current assets			12,158
			<hr/>
Total assets less current liabilities			61,374
Creditors: amounts falling due after more than one year	<i>16</i>		(8,000)
			<hr/>
Net assets			53,374
			<hr/>
Capital and reserves			
Called up share capital	<i>17</i>		48,000
Profit and loss account	<i>18</i>		5,364
			<hr/>
Shareholders' funds - equity			53,364
Equity minority interest	<i>19</i>		10
			<hr/>
			53,374
			<hr/>

These financial statements were approved by the board of directors on June 10, 2004 and were signed on its behalf by:

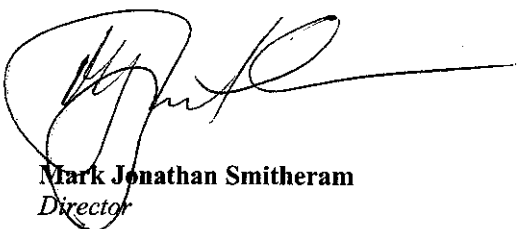


Mark Jonathan Smitheram
Director

Company Balance sheet
At 30 June 2003

		<u>Company</u>	
	<i>Note</i>	2003 £000	2003 £000
Fixed assets			
Investments: shares in subsidiary undertakings	12		48,000
Current assets			
Debtors: other debtors		104	
Intercompany debtor		990	
		<u>1,094</u>	
Creditors: amounts falling due within one year			
Amounts owed to group undertakings		(2)	
		<u></u>	
Net current assets			1,092
Total assets less current liabilities and net assets			<u>49,092</u>
Capital and reserves			
Called up share capital	17		48,000
Profit and loss account	18		1,092
			<u>49,092</u>
Equity Shareholders' funds			<u>49,092</u>

These financial statements were approved by the board of directors on June 10, 2004 and were signed on its behalf by:



Mark Jonathan Smitheram
Director

Reconciliation of movements in shareholders' funds
for the period 29 April 2002 to 30 June 2003

(a) The Group

	<u>Group</u>
	29 April 2002 to 30 June 2003 £000
Profit for the period	5,364
New share capital subscribed (net of issue costs)	48,000
	<hr/>
Net addition to shareholders' funds	53,364
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	53,364
	<hr/>

(b) The Company

	<u>Company</u>
	29 April 2002 to 30 June 2003 £000
Profit for the period	1,092
New share capital subscribed (net of issue costs)	48,000
	<hr/>
Net addition to shareholders' funds	49,092
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	49,092
	<hr/>

Revised financial statements

These revised financial statements replace the original financial statements for the period ended 30 June 2003 and are now, therefore, the statutory financial statements for the period.

The revised financial statements have been prepared as at 25 February 2004 being the date on which the original financial statements were approved by the board of directors and accordingly do not deal with events between this date and the date of approval of these revised financial statements.

The original financial statements had omitted three subsidiary undertakings PPX Partner (No. 1) Limited, PPX Partner (No. 2) Limited and PPX Australia Limited Liability Partnership from the group consolidation. Accordingly in the opinion of the directors the original financial statements did not comply with the Companies Act 1985.

The consequential amendments in the consolidated balance sheet were the reclassification of £72,000,000 from non-equity minority interests to Creditors: amounts falling due within one year and the elimination of £990,000 of amounts owed by group undertakings, and the introduction of £1,000,000 of cash at bank and in hand held by PPX Australia Limited Liability Partnership. As a result, net assets have reduced by £71,990,000. The consequential amendment to the consolidated profit and loss account was the reclassification of non-equity minority interests of £5,400,000 to interest payable and similar charges. There has been no effect on the group's profit for the year. The following notes have been amended.

Note 8 has been amended to include £5,400,000 of interest payable to group undertakings which has been reclassified from non-equity minority interests.

Note 9 has been amended to reduce profit on ordinary activities before taxation in the tax reconciliation to £8,899,000 as a consequence of the reclassification of £5,400,000 from non-equity minority interests to interest payable and similar charges in the profit and loss account..

Note 12 has been amended to include PPX Partner (No. 1) Limited, PPX Partner (No. 2) Limited and PPX Australia Limited Liability Partnership within the list of subsidiary undertakings. Note 12 has also been amended to record the company's purchase and disposal of preference shares issued by PaperlinX (Investments) Europe Limited during the period.

Note 14 has been amended to eliminate £990,000 of amounts owed by group undertakings which were owed by PPX Partner (No. 1) Limited and PPX Partner (No. 2) Limited, to the company.

Note 15 has been amended to include £72,000,000 due to group undertakings owed by PPX Australia Limited Liability Partnership.

Note 19 has been amended to disclose the 1% minority interest in PPX Australia Limited Liability Partnership.

Notes to the financial statements *(forming part of the financial statements)*

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared on a going concern basis, in accordance with applicable accounting standards and under the historical cost accounting rules.

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 June unless otherwise stated. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

Under Financial Reporting Standard 1 (revised 1996) the Group is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the group in its own published consolidated financial statements.

As the Group is a wholly owned subsidiary of PaperlinX Limited, a company registered and incorporated in Australia, the Group has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of PaperlinX Limited, within which the results of this group are included, can be obtained from the address given in note 25.

Investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost less any provision for any diminution in value.

Goodwill and negative goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

Negative goodwill arising on consolidation in respect of acquisitions since 1 January 1998 is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

On the subsequent disposal or termination of a business acquired since 1 January 1998, the profit or loss on disposal or termination is calculated after charging (crediting) the unamortised amount of any related goodwill (negative goodwill).

Notes (continued)

1 Accounting policies (continued)

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Patents purchased by the company are amortised to nil by equal annual instalments over their useful economic lives.

Fixed assets and depreciation

Depreciation is provided on the cost of tangible fixed assets by equal annual instalments over the estimated remaining useful lives of assets. Depreciation is not provided on the cost of land. Asset lives are reviewed regularly. In general, the estimated useful lives are as follows:

Freehold and long leasehold properties excluding land	- 50 years
Short leasehold property	- period to first rent review
Plant and fittings	- 4 to 20 years
Motor vehicles	- 4 to 5 years
Computer equipment	- 3 to 7 years

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

Until 31 December 2002, contributions were paid by the group for the benefit of employees to pension schemes operated by Bunzl plc and were based upon recommendations of independent actuaries. These were charged against profits on a systematic basis over the expected remaining service lives of participating employees. The assets of the schemes are held separately from those of the group.

Following the change of ownership and with effect from 1 January 2003 the group has set up a defined contribution scheme. The group's contributions to this scheme are charged to the profit and loss account as they fall due.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Notes (continued)

1 Accounting policies (continued)

Taxation

Current tax is provided on the company's profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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.

Turnover

Turnover represents net sales, excluding value added tax, invoiced to third parties.

2 Group segmental analysis

No analysis of turnover by class of business is given, as it is the opinion of the Directors that all turnover arose from the sole line of business, namely the sale of paper to third parties.

Substantially all turnover arose in the UK.

3 Profit on ordinary activities before taxation

29 April 2002 to
30 June 2003
£000

Profit on ordinary activities before taxation is stated after charging

Auditors' remuneration:

Statutory audit (including audit of the Company of £7,000)	125
Depreciation on owned tangible fixed assets	1,721
Amortisation of goodwill	2,087
Hire of plant and machinery - rentals payable under operating leases	4,433
Hire of other assets - rentals payable under operating leases	3,039

4 Profit of the parent company

The profit of the parent company for the period was £1,092,000.

By virtue of section 230 of the Companies Act 1985, the Company is exempt from the requirement to present a separate profit and loss.

Notes (continued)

5 Remuneration of directors

None of the directors received any remuneration in respect of services provided to the group during the period ended 30th June 2003.

6 Staff numbers and costs

Number of employees
29 April 2002 to
30 June 2003

Average number of employees (including Directors) during the period 976

The aggregate payroll costs of these persons were as follows:

29 April 2002 to
30 June 2003
£000

Wages and salaries	23,692
Social security costs	2,233
Other pension costs (see note 22)	1,722
	<hr/>
	27,647
	<hr/>

7 Other interest receivable and similar income

29 April 2002 to
30 June 2003
£000

Other interest receivable	252
	<hr/>
	252
	<hr/>

8 Interest payable and similar charges

29 April 2002 to
30 June 2003
£000

On bank loans and overdrafts	7
Amounts payable to Group undertakings	5,835
	<hr/>
	5,842
	<hr/>

Notes (continued)

9 Taxation

Analysis of charge in period

	29 April 2002 to 30 June 2003 £000	29 April 2002 to 30 June 2003 £000
<i>UK corporation tax</i>		
Current tax on income for the period		4,592
Total current tax		
Deferred tax		
Short term timing differences	(1,288)	
Tangible fixed assets accelerated capital	231	
		(1,057)
Tax on profit on ordinary activities		3,535

Factors affecting the tax charge for the current period

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

	29 April 2002 to 30 June 2003 £000
<i>Current tax reconciliation</i>	
Profit on ordinary activities before tax	8,899
Current tax at 30%	2,670
<i>Effects of:</i>	
Expenses not deductible for tax purposes (primarily goodwill amortisation)	626
Timing differences between capital allowances and depreciation	231
Other timing differences	8
Total current tax charge (see above)	3,535

Notes (continued)

10 Intangible fixed assets

	Group		
	Patents	Goodwill	Total
	£000	£000	£000
<i>Cost</i>			
At beginning of period	-	-	-
Additions	30	41,780	41,810
	<hr/>	<hr/>	<hr/>
At end of period	30	41,780	41,810
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At beginning of period	-	-	-
Charged in period	1	2,087	2,088
	<hr/>	<hr/>	<hr/>
At end of period	1	2,087	2,088
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2003	29	39,693	39,722
	<hr/>	<hr/>	<hr/>
At 29 April 2002	-	-	-
	<hr/>	<hr/>	<hr/>

Patents are amortised over 10 years, being the period until expiry of the legal rights.

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. During the period, the goodwill arose on the acquisition by the company of The Paper Company Limited. The directors estimate that the useful economic life of this goodwill is at least 20 years and is amortised over 20 years in accordance with FRS 10.

Notes (continued)

11 Tangible fixed assets

	Group		
	Land and buildings	Plant and fittings	Total
	£000	£000	£000
<i>Cost or valuation</i>			
At beginning of period	-	-	-
Acquired	5,818	13,335	19,153
Additions	111	946	1,057
Disposals	(515)	(2,448)	(2,963)
Transfers between items	311	(311)	-
	<hr/>	<hr/>	<hr/>
At end of period	5,725	11,522	17,247
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of period	-	-	-
Acquired	1,410	7,380	8,790
Charge for year	188	1,533	1,721
On disposals	(320)	(2,438)	(2,758)
Transfers between items	31	(31)	-
	<hr/>	<hr/>	<hr/>
At end of period	1,309	6,444	7,753
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 2003	4,416	5,078	9,494
	<hr/>	<hr/>	<hr/>
At 29 April 2002	-	-	-
	<hr/>	<hr/>	<hr/>

The net book value of land and buildings comprises:

	2003 £000
Freehold	3,470
Long leasehold	-
Short leasehold	946
	<hr/>
	4,416
	<hr/>

Notes (continued)

12 Fixed asset investments

	<u>Company</u>
	Shares in group undertakings
	£000
<i>Cost and net book value</i>	
At beginning of period	-
Additions – ordinary shares	48,000
Additions – preference shares	72,000
Disposals – preference shares	(72,000)
	<hr/>
At end of period	48,000
	<hr/>

During the year, the Company acquired the entire ordinary share capital of PaperlinX Investments (Europe) Limited. On 1 July 2002 the Company acquired 72,000,000 preference shares issued by PaperlinX Investments (Europe) Limited. On 31 July 2002 these preference shares were sold to Paper Associates Pty Ltd, a fellow Group undertaking. On 30 June 2003 the preference shares were repurchased by PaperlinX (Europe) Limited and immediately transferred to PPX Australia Limited Liability Partnership.

The principal undertakings in which the company's interest at the year end is more than 20% are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held	
PaperlinX Investments (Europe) Limited	UK	Investment	Ordinary shares	100%
The Paper Company Limited (*)	UK	Paper merchanting	Ordinary shares	100%
PPX Partner (No. 1) Limited	UK	Investment	Ordinary shared	100%
PPX Partner (No.2) Limited	UK	Investment	Ordinary shared	100%
PPX Australia Limited Liability Partnership (*)	Australia	Investment	Equity	99%

(*) held by intermediate subsidiary undertakings

13 Stocks

	2003 £000
Finished goods and goods for resale	24,877
	<hr/>
	24,877
	<hr/>

Notes (continued)

14 Debtors

	2003 £000
Trade debtors	81,077
Amounts owed by group undertakings	138
Net deferred tax assets	1,277
Prepayments and accrued income	3,345
Other debtors	4,499
	<hr/> 90,336 <hr/>

15 Creditors: amounts falling due within one year

	2003 £000
Trade creditors	32,870
Taxation and social security	6,919
Accruals and deferred income	3,848
Other creditors	10,089
Amounts owed to group undertakings	72,000
	<hr/> 125,726 <hr/>

Amounts owed to group undertakings represent amounts owed to Paper Associates Pty Ltd.

16 Creditors: amounts falling due after more than one year

	2003 £000
Other creditors	8,000
	<hr/> 8,000 <hr/>

Other creditors falling due within one year and due after more than one year includes deferred consideration payable to Bunzl Plc for the acquisition of The Paper Company Limited (previously Bunzl Fine Paper Limited) of £18 million. £10 million of this deferred consideration was paid on 1 July 2003, with the balance payable within 2 to 5 years.

Notes (continued)

17 Called up share capital

	2003 £000
<i>Authorised</i>	
Equity: 48,000,000 Ordinary shares of £1 each	48,000
	<hr/> 48,000 <hr/>
<i>Allotted, called up and fully paid</i>	
Equity: 48,000,000 Ordinary shares of £1 each	48,000
	<hr/> 48,000 <hr/>
On 1 July 2002, the Company allotted 48,000,000 ordinary shares of £1 each for a consideration of £48 million.	<hr/> 48,000 <hr/>

18 Reserves

(a) The Group

	<u>Group</u>	
	Profit and loss account £000	Total £000
At beginning of period	-	-
Retained profit for the period	5,364	5,364
	<hr/>	<hr/>
At end of period	5,364	5,364
	<hr/>	<hr/>

(b) The Company

	<u>Company</u>	
	Profit and loss account £000	Total £000
At beginning of period	-	-
Retained profit for the period	1,092	1,092
	<hr/>	<hr/>
At end of period	1,092	1,092
	<hr/>	<hr/>

Notes (continued)

19 Equity minority interest

The minority interest represents 1% of the ownership of PPX Australia Limited Liability Partnership which is owned by Paper Associates Pty. Ltd.

20 Acquisitions

On 1 July 2002, the Group acquired the entire share capital of The Paper Company Limited (previously Bunzl Fine Paper Limited), which has been accounted for using the acquisition method of accounting. The resulting goodwill of £41,780 was capitalised and will be written off over 20 years. The fair value of the assets acquired was not materially different to their book values. The assessment of the net assets acquired and the consideration payable is given below:

	Book and fair value £000
Tangible fixed assets	10,363
Stocks	27,648
Debtors	97,580
Creditors	(92,829)
	<hr/>
Total net assets acquired	42,762
Goodwill	41,780
	<hr/>
Consideration	84,542
	<hr/>
Consideration comprises:	
Purchase consideration	62,762
Acquisition Costs	3,780
Deferred consideration	18,000
	<hr/>
Total consideration	84,542
	<hr/>

The Paper Company Limited's most recent accounting period was the 18 month period ending 30 June 2003. Its profit after tax for that 18 month period was £13,327,000 (12 months ending 31 December 2002 £6,570,000).

Notes (continued)

21 Commitments

- (a) Capital commitments at the end of the financial year for which no provision has been made are as follows:

	<u>Group and Company</u>
	2003 £000
Contracted	40

- (b) Annual commitments under non-cancellable operating leases are as follows:

	<u>Group and Company</u>	
	2003	
	Land and buildings £000	Other £000
Operating leases which expire:		
Within one year	60	1,014
In the second to fifth years inclusive	643	2,885
Over five years	2,261	65
	<u>2,964</u>	<u>3,964</u>

22 Pension scheme

Certain employees of the Group were members of the Bunzl Pension Plan and the Bunzl Senior Pension Scheme ('the Group Schemes') until 31 December 2002. The Group schemes are both defined benefit schemes, providing benefits based on final pensionable pay, and defined contribution schemes, providing benefits based on monthly contributions. The assets of the Group schemes are held separately from those of Bunzl plc and its subsidiaries and contributions are determined by a qualified actuary every three years using the projected unit method.

The schemes are multi-employer schemes in which the company is unable to identify its share of the underlying assets and liabilities in the schemes on a consistent and reasonable basis and therefore, as required by FRS 17, accounts for the schemes as if they were defined contribution schemes. Details of the Group schemes and particulars of the actuarial valuations of these are set out in the financial statements of Bunzl plc for the year ended 31 December 2002.

There was a pension charge for 2002 of £1,970,000 (2001: £2,070,000) in respect of these schemes.

Following the change of ownership from Bunzl plc to PaperlinX Limited the company set up a new defined contribution pension scheme for its employees. There was a pension charge of £741,000 in 2003 relating to this scheme and there were no outstanding or prepaid contributions at 30 June 2003.

Notes (continued)

23 Post balance sheet events

On 1 November 2003, the Group completed the acquisition of the Paper Merchanting division of Buhrmann NV.

24 Related party disclosures

As the Company and its Group are wholly owned subsidiaries of PaperlinX Limited, they have taken advantage of the exception contained within FRS 8, not to disclose transactions of balances with entities which also form part of the Group.

25 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company's immediate holding company is Paper Associates Pty Limited, a company registered and incorporated in Australia.

The Company's ultimate holding company is PaperlinX Limited, a company registered and incorporated in Australia.

PaperlinX Limited is the smallest and largest group of higher undertakings within which the results of the Company and its Group are consolidated.

The consolidated accounts of PaperlinX Limited may be obtained from 307 Ferntree Gully, Mount Waverley, Melbourne, Victoria 3149, Australia.