

**CORRUGATED BOX SUPPLIES LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



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**CORRUGATED BOX SUPPLIES LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

A S Sahota  
M S Sahota  
J Singh  
J Singh  
J Singh

**COMPANY SECRETARY**

A S Sahota

**REGISTERED NUMBER**

03276924

**REGISTERED OFFICE**

CBS House  
Brandon Way  
West Bromwich  
West Midlands  
B70 8JF

**INDEPENDENT AUDITOR**

Crowe U.K. LLP  
Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

**BANKERS**

Lloyds Bank plc  
P O Box 3  
Queens Square  
Wolverhampton  
West Midlands  
WV1 1TF

**SOLICITORS**

Shakespeare Martineau LLP  
Birmingham  
B4 6AA

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## CORRUGATED BOX SUPPLIES LIMITED

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## CORRUGATED BOX SUPPLIES LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their strategic report for the year ended 31 December 2018.

#### BUSINESS REVIEW

The group's principal activity remains unchanged, the directors are satisfied with the performance during the year. However gross profits margins have fallen. Growth is expected to be achieved during the forthcoming years with an improvement in gross profit margins, as a result of considerable investment in new plant during 2019.

The results for the year as set out on page 7 show a profit on ordinary activities before tax of £225,158 (2017: £468,497).

#### PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategies are subject to risks which are reviewed by the board of directors to ensure that appropriate processes are put in place to monitor these risks.

The directors believe the following key risks have impacted the Company:

- 1) The company operates in a highly competitive environment and faces tough competition from other companies in the industry and has to compete on price and continue investing in capital assets to improve on production efficiencies and cost savings to drive sales and increase market share.
- 2) The company is exposed to commodity price risk as a result of its operations with the price of raw material continually rising.
- 3) Trade debtors - the company's customers have favourable credit terms and the credit risk on trade debtors is managed through regular monitoring of overdue accounts and review of customer credit limits.

#### FINANCIAL KEY PERFORMANCE INDICATORS

Turnover for the year increased by 1.2% from £22,921,310 to £23,190,501.

Gross profit margins have seen a decrease of 2.3% to 22.3% and with rising operating costs has resulted in pre taxation profits falling by £243,339 compared to the prior year.

This report was approved by the board on 18 September 2019 and signed on its behalf.



**A S Sahota**  
Director

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## CORRUGATED BOX SUPPLIES LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their report and the financial statements for the year ended 31 December 2018.

#### PRINCIPAL ACTIVITY

The principal activity of the group is the manufacture of boxes.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £203,831 (2017 - £352,997).

Dividends of £120,000 were paid during the year.

Dividends of £270,000 have been paid after the year end.

#### DIRECTORS

The directors who served during the year were:

A S Sahota  
M S Sahota  
J Singh  
J Singh  
J Singh

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**CORRUGATED BOX SUPPLIES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**DISCLOSURE OF INFORMATION TO AUDITOR**

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

**FUTURE DEVELOPMENTS**

The directors anticipate the business environment will remain competitive. They believe that the company is in a good financial position and that the risks that have been identified are being well managed, with careful focus on appropriate diversification and development of new products, as well as continuing review of the state of the market and the activities of the competitors, the directors are confident in the company's ability to maintain and build on this position, albeit with cautious growth expectations.

**POST BALANCE SHEET EVENTS**

From 1st January 2019 Corrugated Box Supplies Limited took over certain of the trading activities of Connect Packaging Limited.

**AUDITOR**

During the year Anil K Bhagi Chartered Accountants resigned and Crowe U.K. LLP were appointed in their place.

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18 September 2019 and signed on its behalf.



**A S Sahota**  
Director

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## CORRUGATED BOX SUPPLIES LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CORRUGATED BOX SUPPLIES LIMITED

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#### OPINION

We have audited the financial statements of Corrugated Box Supplies Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Group Statement of income and retained earnings, the Group and Company Balance sheets, the Group Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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## CORRUGATED BOX SUPPLIES LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CORRUGATED BOX SUPPLIES LIMITED (CONTINUED)

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#### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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## CORRUGATED BOX SUPPLIES LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CORRUGATED BOX SUPPLIES LIMITED (CONTINUED)

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#### RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

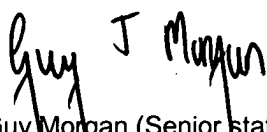
#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

#### USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.



Guy Morgan (Senior statutory auditor)

for and on behalf of  
**Crowe U.K. LLP**

Statutory Auditor

Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

18 September 2019

**CORRUGATED BOX SUPPLIES LIMITED**

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	3	23,190,501	22,921,310
Cost of sales		<b>(18,008,840)</b>	<b>(17,282,876)</b>
<b>Gross profit</b>		<b>5,181,661</b>	<b>5,638,434</b>
Administrative expenses		<b>(4,769,163)</b>	<b>(5,006,576)</b>
<b>Operating profit</b>	4	<b>412,498</b>	<b>631,858</b>
Interest receivable and similar income		-	4
Interest payable and expenses	8	<b>(187,340)</b>	<b>(163,365)</b>
<b>Profit before tax</b>		<b>225,158</b>	<b>468,497</b>
Tax on profit	11	<b>(21,327)</b>	<b>(115,500)</b>
<b>Profit after tax</b>		<b>203,831</b>	<b>352,997</b>
Retained earnings at the beginning of the year		<b>3,726,622</b>	<b>3,573,625</b>
Profit for the year		<b>203,831</b>	<b>352,997</b>
Dividends declared and paid	9	<b>(120,000)</b>	<b>(200,000)</b>
<b>Retained earnings at the end of the year</b>		<b>3,810,453</b>	<b>3,726,622</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of income and retained earnings.

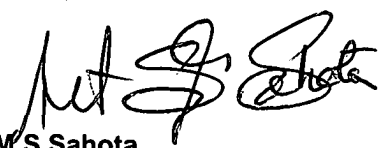
The notes on pages 12 to 28 form part of these financial statements.

**CORRUGATED BOX SUPPLIES LIMITED**  
**REGISTERED NUMBER: 03276924**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	12	459,904	551,884
Tangible assets	13	3,686,954	4,193,835
		4,146,858	4,745,719
<b>Current assets</b>			
Stocks	15	1,253,733	1,148,835
Debtors: amounts falling due within one year	16	7,953,645	7,314,364
Cash at bank and in hand		608,446	641,395
		9,815,824	9,104,594
Creditors: amounts falling due within one year	17	(9,178,406)	(9,055,136)
<b>Net current assets</b>		637,418	49,458
<b>Total assets less current liabilities</b>		4,784,276	4,795,177
Creditors: amounts falling due after more than one year		(656,464)	(668,167)
<b>Provisions for liabilities</b>			
Deferred tax	21	(291,359)	(374,388)
<b>Net assets</b>		3,836,453	3,752,622
<b>Capital and reserves</b>			
Called up share capital	22	26,000	26,000
Profit and loss account	23	3,810,453	3,726,622
		3,836,453	3,752,622

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 September 2019.

  
**M S Sahota**  
 Director

The notes on pages 12 to 28 form part of these financial statements.

**CORRUGATED BOX SUPPLIES LIMITED**  
**REGISTERED NUMBER: 03276924**

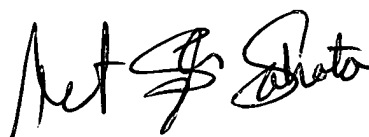
**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	13	3,447,291	3,910,483
Investments	14	1,047,000	2,207,550
		4,494,291	6,118,033
<b>Current assets</b>			
Stocks	15	979,646	839,130
Debtors: amounts falling due within one year	16	7,095,157	5,744,172
Cash at bank and in hand		397,684	575,215
		8,472,487	7,158,517
Creditors: amounts falling due within one year	17	(7,504,085)	(6,892,868)
		968,402	265,649
<b>Net current assets</b>		968,402	265,649
<b>Total assets less current liabilities</b>		5,462,693	6,383,682
Creditors: amounts falling due after more than one year		(656,464)	(668,167)
<b>Provisions for liabilities</b>			
Deferred taxation	21	(270,679)	(348,636)
<b>Net assets</b>		4,535,550	5,366,879
<b>Capital and reserves</b>			
Called up share capital	22	26,000	26,000
Profit and loss account carried forward		4,509,550	5,340,879
		4,535,550	5,366,879

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The loss after tax of the company for the year was £711,329 (2017 -Profit £677,112).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 September 2019.

**M S Sahota**  
 Director



The notes on pages 12 to 28 form part of these financial statements.

**CORRUGATED BOX SUPPLIES LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	203,831	352,997
<b>Adjustments for:</b>		
Amortisation of intangible assets	91,980	91,980
Depreciation of tangible assets	631,296	610,530
(Profit)/Loss on disposal of tangible assets	(5,000)	17,701
Government grants	(47,694)	(49,398)
Interest paid	187,340	163,365
Interest received	-	(4)
Taxation charge	26,504	115,500
Increase in stocks	(104,898)	(194,679)
(Increase)/decrease in debtors	(248,001)	435,571
Increase in amounts owed by companies under common control	(403,581)	(194,799)
(Decrease)/increase in creditors	(11,494)	65,247
Corporation tax (paid)	(145,355)	(73,293)
<b>Net cash generated from operating activities</b>	<b>174,928</b>	<b>1,340,718</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(124,065)	(661,610)
Sale of tangible fixed assets	4,650	4,564
Interest received	-	4
Hire purchase interest paid	(45,446)	(38,153)
<b>Net cash from investing activities</b>	<b>(164,861)</b>	<b>(695,195)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	270,206	591,724
Repayment of/new finance leases	25,154	(415,480)
Movement in directors current accounts	(98,099)	(9,005)
Dividends paid	(120,000)	(200,000)
Interest paid	(141,894)	(125,212)
<b>Net cash used in financing activities</b>	<b>(64,633)</b>	<b>(157,973)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(54,566)</b>	<b>487,550</b>
Cash and cash equivalents at beginning of year	640,939	153,389
<b>Cash and cash equivalents at the end of year</b>	<b>586,373</b>	<b>640,939</b>

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**CORRUGATED BOX SUPPLIES LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	2018 £	2017 £
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	608,446	641,395
Bank overdrafts	-	(456)
	<u>608,446</u>	<u>640,939</u>

The notes on pages 12 to 28 form part of these financial statements.

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## CORRUGATED BOX SUPPLIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1. GENERAL INFORMATION

The principal activity of Corrugated Box Supplies Limited ("the company") and its subsidiary undertaking (together, "the group") was that of the design, print and manufacture of corrugated cardboard packaging.

The company is a private company limited by shares (registered number 03276924) and is incorporated in England. The address of the registered office is CBS House, Brandon Way, West Bromwich, West Midlands, B79 8JF.

#### 2. ACCOUNTING POLICIES

##### 2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements.

The following principal accounting policies have been applied:

##### 2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's Identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

##### 2.3 GOING CONCERN

The directors have assessed the group's ability to continue as a going concern. As result of this assessment, no material uncertainties have been identified that cast doubt about the ability of the company or the group to continue as a going concern.

The group meets its day-to-day working capital requirements through group banking facilities and the directors are confident that current facilities will continue to be made available to the group.

Accordingly, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis of accounting in preparing these financial statements.

##### 2.4 REVENUE

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, which is deemed to be at the point of despatch.

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## CORRUGATED BOX SUPPLIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.5 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on *tangible fixed assets* are credited to the Consolidated statement of income and retained earnings at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of income and retained earnings in the same period as the related expenditure.

##### 2.6 PENSIONS

###### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

##### 2.7 GOODWILL

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of income and retained earnings over its useful economic life of ten years.

##### 2.8 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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## CORRUGATED BOX SUPPLIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.8 TANGIBLE FIXED ASSETS (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Short-term leasehold property	- over the period of the lease
Plant and machinery	- 15%
Motor vehicles	- 25%
Fixtures and fittings	- 15%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of income and retained earnings.

##### 2.9 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.10 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 2.11 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

###### Debtors

Short term debtors are measured at transaction price, less any impairment.

###### Creditors

Short term creditors are measured at the transaction price.

#### 3. TURNOVER

Turnover is substantially attributable to the United Kingdom.

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**CORRUGATED BOX SUPPLIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**4. OPERATING PROFIT**

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation - owned assets	390,884	339,593
Depreciation - assets on hire purchase	240,412	270,930
Exchange differences	(1,613)	447
Other operating lease rentals	61,620	45,042
Amortisation of goodwill	91,980	91,980
Profit/(loss) on disposal of fixed assets	(5,000)	17,701
	<u>                    </u>	<u>                    </u>

**5. AUDITOR'S REMUNERATION**

	2018 £	2017 £
The auditing of accounts of the Group's financial statements	18,000	9,000
	<u>                    </u>	<u>                    </u>

**Fees payable to the group's auditor in respect of:**

Taxation compliance services	2,000	-
All other services	5,000	20,000
	<u>                    </u>	<u>                    </u>
	<u>7,000</u>	<u>20,000</u>

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**CORRUGATED BOX SUPPLIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**6. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	4,228,739	4,413,172
Social security costs	347,892	371,741
Pension costs	88,146	60,127
	<u>4,664,777</u>	<u>4,845,040</u>

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

	2018 No.	2017 No.
Production and sales	145	151
Management & admin	46	49
	<u>191</u>	<u>200</u>

**7. DIRECTORS' REMUNERATION**

	2018 £	2017 £
Directors' emoluments	50,000	50,000
Company contributions to defined contribution pension schemes	11,182	-
	<u>61,182</u>	<u>50,000</u>

During the year retirement benefits were accruing to 5 directors (2017 - NIL) in respect of defined contribution pension schemes.

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**CORRUGATED BOX SUPPLIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2018 £	2017 £
Bank interest payable	-	575
Other loan interest payable	4,671	937
Finance leases and hire purchase contracts	45,446	38,153
Factoring charges	137,223	123,700
	<u>187,340</u>	<u>163,365</u>

**9. DIVIDENDS**

	2018 £	2017 £
Dividends paid on Ordinary shares	60,000	100,000
Dividends paid on A Ordinary shares	60,000	100,000
	<u>120,000</u>	<u>200,000</u>

**10. PARENT COMPANY PROFIT FOR THE YEAR**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £(711,329) (2017: Profit £677,112).

**CORRUGATED BOX SUPPLIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**11. TAXATION**

	2018 £	2017 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	104,356	129,448
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(83,029)	(13,948)
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>21,327</b>	<b>115,500</b>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	225,158	468,497
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	42,780	90,167
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,344	21,736
Origination and reversal of timing differences	4,395	(14,104)
Amortisation of Goodwill	17,475	17,701
Adjustments to tax charge in respect of prior periods deferred tax	(45,667)	-
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>21,327</b>	<b>115,500</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factor that may affect future tax charges.

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**CORRUGATED BOX SUPPLIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**12. INTANGIBLE ASSETS**

**Group**

	<b>Goodwill £</b>
<b>COST</b>	
At 1 January 2018	<b>849,274</b>
At 31 December 2018	<b>849,274</b>
<b>AMORTISATION</b>	
At 1 January 2018	<b>297,390</b>
Charge for the year	<b>91,980</b>
At 31 December 2018	<b>389,370</b>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<b>459,904</b>
At 31 December 2017	<b>551,884</b>

**CORRUGATED BOX SUPPLIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**13. TANGIBLE FIXED ASSETS**

**Group**

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>COST OR VALUATION</b>					
At 1 January 2018	252,666	10,541,663	207,633	488,629	11,490,591
Additions	-	33,908	90,157	-	124,065
Disposals	-	(499,365)	-	(344,533)	(843,898)
At 31 December 2018	<u>252,666</u>	<u>10,076,206</u>	<u>297,790</u>	<u>144,096</u>	<u>10,770,758</u>
<b>DEPRECIATION</b>					
At 1 January 2018	15,457	6,786,857	63,251	431,191	7,296,756
Charge for the year	3,330	560,714	55,066	12,186	631,296
Disposals	-	(499,715)	-	(344,533)	(844,248)
At 31 December 2018	<u>18,787</u>	<u>6,847,856</u>	<u>118,317</u>	<u>98,844</u>	<u>7,083,804</u>
<b>NET BOOK VALUE</b>					
At 31 December 2018	<u>233,879</u>	<u>3,228,350</u>	<u>179,473</u>	<u>45,252</u>	<u>3,686,954</u>
At 31 December 2017	<u>237,209</u>	<u>3,754,806</u>	<u>144,382</u>	<u>57,438</u>	<u>4,193,835</u>

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

	2018 £	2017 £
Plant and machinery	1,125,863	1,424,174
Motor vehicles	137,909	121,734
	<u>1,263,772</u>	<u>1,545,908</u>

**CORRUGATED BOX SUPPLIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**13. TANGIBLE FIXED ASSETS (CONTINUED)**

**Company**

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
<b>COST OR VALUATION</b>				
At 1 January 2018	252,666	7,723,127	203,219	8,179,012
Additions	-	33,908	90,157	124,065
At 31 December 2018	<u>252,666</u>	<u>7,757,035</u>	<u>293,376</u>	<u>8,303,077</u>
<b>DEPRECIATION</b>				
At 1 January 2018	15,457	4,192,605	60,467	4,268,529
Charge for the year	3,330	529,297	54,630	587,257
At 31 December 2018	<u>18,787</u>	<u>4,721,902</u>	<u>115,097</u>	<u>4,855,786</u>
<b>NET BOOK VALUE</b>				
At 31 December 2018	<u>233,879</u>	<u>3,035,133</u>	<u>178,279</u>	<u>3,447,291</u>
At 31 December 2017	<u>237,209</u>	<u>3,530,522</u>	<u>142,752</u>	<u>3,910,483</u>

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

	2018 £	2017 £
Plant and machinery	1,125,863	1,424,174
Motor vehicles	137,909	121,734
	<u>1,263,772</u>	<u>1,545,908</u>

**CORRUGATED BOX SUPPLIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**14. FIXED ASSET INVESTMENTS**

**Company**

	<b>Subsidiary company £</b>
<b>COST OR VALUATION</b>	
At 1 January 2018 and 31 December 2018	2,207,550
<b>IMPAIRMENT</b>	
Charge for the period	1,160,550
At 31 December 2018	1,160,550
<b>NET BOOK VALUE</b>	
At 31 December 2018	1,047,000
At 31 December 2017	2,207,550

**SUBSIDIARY UNDERTAKING**

The following was a subsidiary undertaking of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Connect Packaging Limited	Ordinary	100%

The registered office of the subsidiary is CBS House, Brandon Way, West Bromwich, B70 8JF.

**15. STOCKS**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Raw materials and consumables	794,126	744,563	771,051	699,624
Work in progress	118,656	88,201	65,470	6,620
Finished goods and goods for resale	340,951	316,071	143,125	132,886
	1,253,733	1,148,835	979,646	839,130

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**CORRUGATED BOX SUPPLIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**16. DEBTORS**

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Trade debtors	<b>4,707,492</b>	<i>5,093,406</i>	<b>3,902,365</b>	<i>3,838,974</i>
Owed by companies under common control	<b>2,500,552</b>	<i>2,096,971</i>	<b>2,489,049</b>	<i>1,855,801</i>
Other debtors	<b>520,489</b>	<i>31,673</i>	<b>518,229</b>	<i>2,062</i>
Prepayments and accrued income	<b>225,112</b>	<i>92,314</i>	<b>185,514</b>	<i>47,335</i>
	<b><u>7,953,645</u></b>	<i><u>7,314,364</u></i>	<b><u>7,095,157</u></b>	<i><u>5,744,172</u></i>

The trade debtors for the group and company are subject to a debt factoring agreement.

**CORRUGATED BOX SUPPLIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**17. CREDITORS: Amounts falling due within one year**

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Bank overdrafts	-	456	-	456
Invoice discounting facility	<b>3,465,863</b>	3,195,657	<b>2,854,333</b>	2,435,252
Trade creditors	<b>4,186,566</b>	4,515,668	<b>3,127,621</b>	3,006,812
Owed to group undertakings	-	-	<b>113,678</b>	363,900
Corporation tax	<b>234,850</b>	275,849	<b>234,850</b>	275,849
Other taxation and social security	<b>636,661</b>	437,713	<b>540,046</b>	288,688
Obligations under finance lease and hire purchase contracts	<b>422,512</b>	424,522	<b>422,512</b>	424,522
Other creditors	<b>28,592</b>	92,203	<b>28,592</b>	15,980
Accruals and deferred income	<b>203,362</b>	113,068	<b>182,453</b>	81,409
	<b>9,178,406</b>	9,055,136	<b>7,504,085</b>	6,892,868

The following liabilities were secured:

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Bank overdraft	-	456	-	456
Invoice discounting facility	<b>3,465,863</b>	3,195,657	<b>2,854,333</b>	2,435,252
Hire purchase and finance leases	<b>858,729</b>	833,575	<b>858,729</b>	833,575
	<b>4,324,592</b>	4,029,688	<b>3,713,062</b>	3,269,283

Details of security provided:

Lloyds Bank plc hold a debenture over the company's assets date 20 July 2001.

Lloyds Bank Commercial Lease Finance Limited hold a fixed and floating charge over all property and undertaking of the company dated 24 December 2013. HSBC Asset Finance Limited hold a fixed charge over certain plant and machinery.

**CORRUGATED BOX SUPPLIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**18. CREDITORS: Amounts falling due after more than one year**

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Net obligations under finance leases and hire purchase contracts	436,217	409,053	436,217	409,053
Government grants received	220,247	259,114	220,247	259,114
	<u>656,464</u>	<u>668,167</u>	<u>656,464</u>	<u>668,167</u>

**19. HIRE PURCHASE AND FINANCE LEASES**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Within one year	422,512	424,522	422,512	424,522
Between 1-5 years	436,217	409,053	436,217	409,053
	<u>858,729</u>	<u>833,575</u>	<u>858,729</u>	<u>833,575</u>

**20. FINANCIAL INSTRUMENTS**

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
<b>FINANCIAL ASSETS</b>				
Financial assets that are debt instruments measured at amortised cost	8,349,280	7,863,445	7,319,628	6,272,052
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities measured at amortised cost	(8,728,163)	(8,750,627)	(7,150,457)	(6,737,384)

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, invoice discounting facility, overdrafts, finance lease creditors, accruals, other creditors and group creditors.

**CORRUGATED BOX SUPPLIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**21. DEFERRED TAXATION**

**Group**

	<b>2018</b> £
At beginning of year	(374,388)
Charged to profit or loss	83,029
<b>AT END OF YEAR</b>	<u><u>(291,359)</u></u>

**Company**

	<b>2018</b> £
At beginning of year	(348,636)
Charged to profit or loss	77,957
<b>AT END OF YEAR</b>	<u><u>(270,679)</u></u>

The provision for deferred taxation is made up as follows:

	<b>Group</b> <b>2018</b> £	<i>Group</i> <i>2017</i> £	<b>Company</b> <b>2018</b> £	<i>Company</i> <i>2017</i> £
Accelerated capital allowances	(291,359)	(374,388)	(270,679)	(348,636)
	<u><u>(291,359)</u></u>	<u><u>(374,388)</u></u>	<u><u>(270,679)</u></u>	<u><u>(348,636)</u></u>

**22. SHARE CAPITAL**

	<b>2018</b> £	<i>2017</i> £
<b>Allotted, called up and fully paid</b>		
25,000 (2017 - 25,000) Ordinary shares of £1.00 each	25,000	25,000
1,000 (2017 - 1,000) A Ordinary shares of £1.00 each	1,000	1,000
	<u><u>26,000</u></u>	<u><u>26,000</u></u>

**CORRUGATED BOX SUPPLIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**23. RESERVES**

**Profit and loss account**

This reserve includes all current and prior period retained profits and losses.

**24. CAPITAL COMMITMENTS**

At 31 December 2018 the Group and Company had capital commitments as follows:

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Contracted for but not provided in these financial statements	<u><b>4,407,786</b></u>	<u>-</u>	<u><b>4,407,786</b></u>	<u>-</u>

**25. PENSION COMMITMENTS**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Contributions totalling £13,643 (2017 - £12,981) were payable to the fund at the reporting date and are included in creditors.

**26. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Not later than 1 year	<b>84,037</b>	96,639	<b>61,620</b>	61,620
Later than 1 year and not later than 5 years	<b>178,759</b>	236,640	<b>152,641</b>	189,561
Later than 5 years	<b>65,433</b>	89,093	<b>65,433</b>	89,093
	<u><b>328,229</b></u>	<u>422,372</u>	<u><b>279,694</b></u>	<u>340,274</u>

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**CORRUGATED BOX SUPPLIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**27. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption under FRS 102 section 33 not to disclose related party transactions and balances between the subsidiary and the parent company.

Each director and his spouse received dividends of £24,000 during the year.

The directors control the following companies with which the group had the following transactions during the year:

Pack King Limited - Sales were made for £1,534,075 (2017: £1,076,736) and purchases for £Nil (2017: £2,799).

Swaran Properties Limited - Rent paid £334,080 (2017: £334,080).

At the year end the group had a balance outstanding with Swaran Properties Limited for £2,500,552 (2017: £869,087), with Dorden Limited for £Nil (2017: £570,464) and with Pack King Limited for £Nil (2017: £657,420).

**28. POST BALANCE SHEET EVENTS**

From 1st January 2019 Corrugated Box Supplies Limited took over certain of the trading activities of Connect Packaging Limited.

**29. CONTROLLING PARTY**

The ultimate controlling parties are the directors by virtue of their majority shareholding, each having 20% of the voting rights.