

Registered number: 03276924

**CORRUGATED BOX SUPPLIES LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



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**CORRUGATED BOX SUPPLIES LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	A S Sahota M S Sahota J Singh J Singh J Singh
<b>COMPANY SECRETARY</b>	A S Sahota
<b>REGISTERED NUMBER</b>	03276924
<b>REGISTERED OFFICE</b>	CBS House Brandon Way West Bromwich West Midlands B70 8JF
<b>INDEPENDENT AUDITOR</b>	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG
<b>BANKERS</b>	Lloyds Bank plc P O Box 3 Queens Square Wolverhampton West Midlands WV1 1TF
<b>SOLICITORS</b>	Legal Clarity Limited 148 - 149 Great Charles Street Birmingham B3 3HT

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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 2020**

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The directors present their strategic report for the year ended 31 December 2020.

**BUSINESS REVIEW**

The group's principal activity remains unchanged, the directors are satisfied with the performance during the year. Gross profits margins have substantially increased following the investment in plant and machinery during 2020. Growth is expected to be maintained during the forthcoming years.

The results for the year as set out on page 7 show a profit on ordinary activities before tax of £1,304,792 (2019: loss before tax £735,128).

**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 decreased by (1.9)% from £23,457,080 to £23,023,071.

Gross profit margins have seen a increase from 20.9% to 29.3%.

This report was approved by the board on 01/04/2021 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 2020

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The directors present their report and the financial statements for the year ended 31 December 2020.

#### 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.

#### 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 £931,590 (2019 - loss £635,332).

Dividends of £ 260,000 were paid during the year.

#### DIRECTORS

The directors who served during the year were:

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

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**CORRUGATED BOX SUPPLIES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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.

**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.

**AUDITOR**

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 01/04/2021

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 MEMBERS 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 2020, 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 2020 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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## **CORRUGATED BOX SUPPLIES LIMITED**

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

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#### RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out 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 Group financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We have considered the opportunities and incentives that may exist within the Company for fraud. We have identified the greatest fraud potential in the following areas: timing and recognition of income, posting of unusual or complex transactions/journals and manipulating the Company's key performance indicators to meet targets.

We discussed these risks with management; allowing us to design audit procedures to test the timing and recognition of revenue, we tested a sample of journals to confirm they were appropriate and reviewed areas of judgement for indicators of management bias to address these risks.

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.

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**CORRUGATED BOX SUPPLIES LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORRUGATED BOX SUPPLIES LIMITED  
(CONTINUED)**

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Guy Morgan - Senior statutory auditor

*Guy J Morgan*

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

Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG  
Date: 6 April 2021

**CORRUGATED BOX SUPPLIES LIMITED**

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	3	23,023,071	23,457,080
Cost of sales		(16,279,991)	(18,544,653)
<b>Gross profit</b>		<b>6,743,080</b>	<b>4,912,427</b>
Administrative expenses		(5,316,195)	(4,514,284)
Exceptional administrative expenses	13	-	(924,364)
Other operating income		40,406	-
<b>Operating profit/(loss)</b>	5	<b>1,467,291</b>	<b>(526,221)</b>
Interest payable and expenses	9	(162,499)	(208,907)
<b>Profit/(loss) before tax</b>		<b>1,304,792</b>	<b>(735,128)</b>
Tax on profit/(loss)	12	(373,202)	99,796
<b>Profit/(loss) after tax</b>		<b>931,590</b>	<b>(635,332)</b>
Retained earnings at the beginning of the year		2,865,121	3,810,453
Profit for the year		931,590	(635,332)
Dividends declared and paid	10	(260,000)	(310,000)
<b>Retained earnings at the end of the year</b>		<b>3,536,711</b>	<b>2,865,121</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated statement of income and retained earnings.

The notes on pages 14 to 31 form part of these financial statements.

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

**CONSOLIDATED BALANCE SHEET**  
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	14	-	384,074
Tangible assets	15	7,072,519	7,782,395
		<u>7,072,519</u>	<u>8,166,469</u>
<b>Current assets</b>			
Stocks	16	1,099,828	1,236,740
Debtors: amounts falling due within one year	17	5,241,502	5,562,731
Cash at bank and in hand		1,243,926	1,001,640
		<u>7,585,256</u>	<u>7,801,111</u>
Creditors: amounts falling due within one year	18	(6,645,917)	(9,261,208)
<b>Net current assets/(liabilities)</b>		<u>939,339</u>	<u>(1,460,097)</u>
<b>Total assets less current liabilities</b>		<u>8,011,858</u>	<u>6,706,372</u>
Creditors: amounts falling due after more than one year	19	(3,985,885)	(3,519,332)
<b>Provisions for liabilities</b>			
Deferred tax	23	(463,262)	(295,919)
<b>Net assets</b>		<u>3,562,711</u>	<u>2,891,121</u>
<b>Capital and reserves</b>			
Called up share capital	24	26,000	26,000
Profit and loss account	25	3,536,711	2,865,121
		<u>3,562,711</u>	<u>2,891,121</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 April 2021.

J Singh  
Director



The notes on pages 14 to 31 form part of these financial statements.

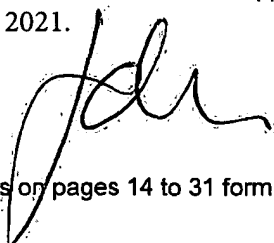
**CORRUGATED BOX SUPPLIES LIMITED**  
**REGISTERED NUMBER: 03276924**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	14	-	16,150
Tangible assets	15	7,072,517	7,782,393
		<u>7,072,517</u>	<u>7,798,543</u>
<b>Current assets</b>			
Stocks	16	1,099,828	1,236,740
Debtors: amounts falling due within one year	17	5,241,503	5,571,189
Cash at bank and in hand		1,152,233	976,136
		<u>7,493,564</u>	<u>7,784,065</u>
Creditors: amounts falling due within one year	18	(6,565,258)	(9,155,278)
<b>Net current assets/(liabilities)</b>		<u>928,306</u>	<u>(1,371,213)</u>
<b>Total assets less current liabilities</b>		<u>8,000,823</u>	<u>6,427,330</u>
Creditors: amounts falling due after more than one year	19	(3,985,885)	(3,519,332)
<b>Provisions for liabilities</b>			
Deferred taxation	23	(463,262)	(295,919)
<b>Net assets</b>		<u>3,551,676</u>	<u>2,612,079</u>
<b>Capital and reserves</b>			
Called up share capital	24	26,000	26,000
Profit and loss account carried forward		3,525,676	2,586,079
		<u>3,551,676</u>	<u>2,612,079</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 April 2021.

**J Singh**  
 Director



The notes on pages 14 to 31 form part of these financial statements.

**CORRUGATED BOX SUPPLIES LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	931,590	(635,332)
<b>Adjustments for:</b>		
Amortisation of intangible assets	384,074	108,130
Depreciation of tangible assets	963,815	785,687
Loss on disposal of tangible assets	23,101	6,504
Government grants	(77,040)	(44,302)
Interest paid	162,499	208,907
Taxation charge	373,202	(99,796)
Decrease in stocks	363,912	16,993
Decrease in debtors	452,638	528,934
(Decrease) in creditors	(516,343)	(159,830)
Corporation tax (paid)	(30,000)	(130,494)
(Increase)/decrease in amounts owed by companies under common control	79,549	1,861,980
<b>Net cash generated from operating activities</b>	<b>3,110,997</b>	<b>2,447,381</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	-	(32,300)
Purchase of tangible fixed assets	(165,087)	(779,378)
Sale of tangible fixed assets	8,000	64,300
HP interest paid	(88,981)	(49,341)
Cash acquired on trade and asset purchase	130,067	-
<b>Net cash from investing activities</b>	<b>(116,001)</b>	<b>(796,719)</b>
<b>Cash flows from financing activities</b>		
New secured loans	1,000,000	-
Repayment of other loans	(2,984,942)	97,045
Repayment of/new finance leases	(491,995)	(961,308)
Dividends paid	(260,000)	(310,000)
Interest paid	(73,518)	(159,566)
Government grant income	57,745	76,361
<b>Net cash used in financing activities</b>	<b>(2,752,710)</b>	<b>(1,257,468)</b>
<b>Net increase in cash and cash equivalents</b>	<b>242,286</b>	<b>393,194</b>
Cash and cash equivalents at beginning of year	1,001,640	608,446
<b>Cash and cash equivalents at the end of year</b>	<b>1,243,926</b>	<b>1,001,640</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 2020**

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	2020	2019
	£	£
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,243,926	1,001,640
	<u>1,243,926</u>	<u>1,001,640</u>

The notes on pages 14 to 31 form part of these financial statements.

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**CORRUGATED BOX SUPPLIES LIMITED**

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**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	At 1 January 2020 £	Cash flows £	Trade and Asset acquisition £	At 31 December 2020 £
Cash at bank and in hand	1,001,640	112,219	130,067	1,243,926
Debt due after 1 year	-	(803,030)	-	(803,030)
Debt due within 1 year	(3,592,317)	2,820,611	(14,277)	(785,983)
Finance leases	(4,069,976)	426,999	(18,131)	(3,661,108)
	<u>(6,660,653)</u>	<u>2,556,799</u>	<u>97,659</u>	<u>(4,006,195)</u>

The notes on pages 14 to 31 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 2020

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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 unless otherwise specified within these accounting policies and 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.

On 1 September 2020 the trade, assets and liabilities of Pack King Limited were acquired.

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## CORRUGATED BOX SUPPLIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 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.

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations, and cash flows of the Group. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time. The business has taken adequate provisions to control the impact the pandemic may have and given the industry of operation, does not foresee any material effect on trading.

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.

##### 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 profit or loss 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 profit or loss 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.

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## CORRUGATED BOX SUPPLIES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 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.

Goodwill on the purchase of customer lists is amortised on a straight line basis to the Consolidated statement of income and retained earnings over its useful economic life of two years.

##### 2.8 EXCEPTIONAL ITEMS

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

##### 2.9 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.

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

Depreciation is provided on the following basis:

Short-term leasehold property	- 4%
Plant and machinery	- 5% - 10%
Motor vehicles	- 25%
Fixtures and fittings	- 15%
Computer equipment	- 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 profit or loss.

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**CORRUGATED BOX SUPPLIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.10 IMPAIRMENT OF FIXED ASSETS AND GOODWILL**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**2.11 VALUATION OF INVESTMENTS**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.12 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.

**2.13 FINANCIAL INSTRUMENTS**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

**Debtors**

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

**Creditors**

Short term creditors are measured at the transaction price.

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**CORRUGATED BOX SUPPLIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**3. TURNOVER**

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	22,969,558	23,457,080
Rest of Europe	53,513	-
	<u>23,023,071</u>	<u>23,457,080</u>

**4. OTHER OPERATING INCOME**

	2020 £	2019 £
Government grants receivable	40,406	-
	<u>40,406</u>	<u>-</u>

The company has been eligible to claim additional funding in the year to 31 December 2020 from the furlough support scheme provided by the government in response to the coronavirus outbreak (CJRS) whereby the company furloughed staff. The funding received of £40,406 relates to staff costs included in note 7.

**5. OPERATING PROFIT/(LOSS)**

The operating profit/(loss) is stated after charging:

	2020 £	2019 £
Depreciation - owned assets	630,873	626,783
Depreciation - assets on hire purchase	332,942	158,904
Exchange differences	(2,416)	(96,574)
Other operating lease rentals	98,904	116,226
Amortisation of goodwill	91,980	91,980
Impairment of goodwill	275,944	-
Amortisation of other intangible assets	16,150	16,150
(Profit)/loss on disposal of fixed assets	23,101	6,504
	<u>23,101</u>	<u>6,504</u>

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**CORRUGATED BOX SUPPLIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**6. AUDITOR'S REMUNERATION**

	2020 £	2019 £
The auditing of accounts of the Group's financial statements	<u>25,500</u>	<u>23,750</u>
<b>Fees payable to the group's auditor in respect of:</b>		
Taxation compliance services	3,000	3,000
All other services	12,650	13,775
	<u>15,650</u>	<u>16,775</u>

**7. EMPLOYEES**

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

	Group 2020 £	Group 2019 £
Wages and salaries	4,304,093	4,106,142
Social security costs	361,503	335,580
Cost of defined contribution scheme	107,191	130,740
	<u>4,772,787</u>	<u>4,572,462</u>

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

	2020 No.	2019 No.
Production and sales	150	141
Management & admin	44	40
	<u>194</u>	<u>181</u>

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**CORRUGATED BOX SUPPLIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**8. DIRECTORS' REMUNERATION**

	2020	2019
	£	£
Directors' emoluments	105,080	63,155
Directors pension costs	12,901	1,375
	<u>117,981</u>	<u>64,530</u>

During the year retirement benefits were accruing to 5 directors (2019 - 5) in respect of defined contribution pension schemes.

**9. INTEREST PAYABLE AND SIMILAR CHARGES**

	2020	2019
	£	£
Short term loan interest payable	-	21,204
Other loan interest payable	299	786
Finance leases and hire purchase contracts	88,981	49,341
Factoring charges	73,219	137,576
	<u>162,499</u>	<u>208,907</u>

**10. DIVIDENDS**

	2020	2019
	£	£
Dividends paid on Ordinary shares	130,000	155,000
Dividends paid on A Ordinary shares	130,000	155,000
	<u>260,000</u>	<u>310,000</u>

**11. 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 profit (2019: loss) after tax of the parent Company for the year was £1,265,680 (2019: £1,613,371).

**CORRUGATED BOX SUPPLIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**12. TAXATION**

	2020 £	2019 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	205,859	-
Adjustments in respect of previous periods	-	(104,356)
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	167,343	4,560
<b>TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES</b>	<b>373,202</b>	<b>(99,796)</b>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit/(loss) on ordinary activities before tax	1,304,792	(735,028)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	247,910	(139,655)
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,847	20,794
Origination and reversal of timing differences	29,346	1,590
Tax acquired on trade and assets acquisition of Pack King Limited	24,194	-
Amortisation and impairment of Goodwill	69,905	17,475
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>373,202</b>	<b>(99,796)</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factor that may affect future tax charges.

**CORRUGATED BOX SUPPLIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**13. EXCEPTIONAL ITEMS**

	2020 £	2019 £
Bad debt with Pack King Limited (connected company)	-	353,900
Bad debt with Dorden Limited (connected company)	-	570,464
	-	924,364
	-	924,364

**14. INTANGIBLE ASSETS**

**Group**

	Customer list £	Goodwill £	Total £
<b>COST</b>			
At 1 January 2020	32,300	849,274	881,574
At 31 December 2020	32,300	849,274	881,574
<b>AMORTISATION</b>			
At 1 January 2020	16,150	481,350	497,500
Charge for the year	16,150	91,980	108,130
Impairment charge	-	275,944	275,944
At 31 December 2020	32,300	849,274	881,574
<b>NET BOOK VALUE</b>			
At 31 December 2020	-	-	-
At 31 December 2019	16,150	367,924	384,074

**CORRUGATED BOX SUPPLIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**15. TANGIBLE FIXED ASSETS**

**Group**

	Short-term l/hold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST OR VALUATION</b>						
At 1 January 2020	291,167	13,416,203	266,537	180,894	159,326	14,314,127
Additions	-	191,848	19,000	-	19,235	230,083
Trade and asset purchase	-	24,199	88,590	-	-	112,789
Disposals	-	(198,240)	(8,000)	-	-	(206,240)
At 31 December 2020	<u>291,167</u>	<u>13,434,010</u>	<u>366,127</u>	<u>180,894</u>	<u>178,561</u>	<u>14,450,759</u>
<b>DEPRECIATION</b>						
At 1 January 2020	17,283	6,127,667	135,431	143,943	107,408	6,531,732
Charge for the year	54,583	798,456	64,268	19,252	27,256	963,815
Disposals	-	(168,310)	(6,829)	-	-	(175,139)
Trade and asset purchase	-	12,860	44,972	-	-	57,832
At 31 December 2020	<u>71,866</u>	<u>6,770,673</u>	<u>237,842</u>	<u>163,195</u>	<u>134,664</u>	<u>7,378,240</u>
<b>NET BOOK VALUE</b>						
At 31 December 2020	<u>219,301</u>	<u>6,663,337</u>	<u>128,285</u>	<u>17,699</u>	<u>43,897</u>	<u>7,072,519</u>
At 31 December 2019	<u>273,884</u>	<u>7,288,536</u>	<u>131,106</u>	<u>36,951</u>	<u>51,918</u>	<u>7,782,395</u>

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

	2020 £	2019 £
Plant and machinery	4,869,876	5,087,924
Motor vehicles	75,112	108,129
	<u>4,944,988</u>	<u>5,196,053</u>

**CORRUGATED BOX SUPPLIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Company**

	Short-term I/hold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST OR VALUATION</b>						
At 1 January 2020	291,167	13,416,203	266,536	180,894	159,326	14,314,126
Additions	-	191,848	19,000	-	19,235	230,083
Trade and asset purchase	-	24,199	88,590	-	-	112,789
Disposals	-	(198,240)	(8,000)	-	-	(206,240)
At 31 December 2020	<u>291,167</u>	<u>13,434,010</u>	<u>366,126</u>	<u>180,894</u>	<u>178,561</u>	<u>14,450,758</u>
<b>DEPRECIATION</b>						
At 1 January 2020	17,283	6,127,668	135,431	143,943	107,408	6,531,733
Charge for the year	54,583	798,456	64,268	19,252	27,256	963,815
Disposals	-	(168,310)	(6,829)	-	-	(175,139)
Trade and asset purchase	-	12,860	44,972	-	-	57,832
At 31 December 2020	<u>71,866</u>	<u>6,770,674</u>	<u>237,842</u>	<u>163,195</u>	<u>134,664</u>	<u>7,378,241</u>
<b>NET BOOK VALUE</b>						
At 31 December 2020	<u>219,301</u>	<u>6,663,336</u>	<u>128,284</u>	<u>17,699</u>	<u>43,897</u>	<u>7,072,517</u>
At 31 December 2019	<u>273,884</u>	<u>7,288,535</u>	<u>131,105</u>	<u>36,951</u>	<u>51,918</u>	<u>7,782,393</u>

**CORRUGATED BOX SUPPLIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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

	2020 £	2019 £
Plant and machinery	4,869,876	5,087,924
Motor vehicles	75,112	108,129
	<u>4,944,988</u>	<u>5,196,053</u>

**16. STOCKS**

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Raw materials and consumables	993,357	1,114,876	993,357	1,114,876
Work in progress	14,993	19,784	14,993	19,784
Finished goods and goods for resale	91,478	102,080	91,478	102,080
	<u>1,099,828</u>	<u>1,236,740</u>	<u>1,099,828</u>	<u>1,236,740</u>

**17. DEBTORS**

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	5,049,384	4,771,341	5,049,384	4,771,030
Amounts owed by group undertakings	-	-	-	20,272
Owed by companies under common control	-	638,572	-	627,069
Other debtors	95,900	58,971	95,900	58,971
Prepayments and accrued income	96,218	93,847	96,219	93,847
	<u>5,241,502</u>	<u>5,562,731</u>	<u>5,241,503</u>	<u>5,571,189</u>

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 2020**

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	181,818	-	181,818	-
Other loans	593,118	3,562,908	593,118	3,562,908
Trade creditors	2,825,188	4,056,776	2,825,188	4,056,776
Amounts owed to group undertakings	-	-	233,323	-
Amounts owed to companies under common control	412,516	-	424,019	-
Corporation tax	175,859	-	153,740	-
Other taxation and social security	1,493,634	595,083	1,196,702	494,773
Obligations under finance lease and hire purchase contracts	710,737	802,950	710,737	802,950
Other creditors	39,311	50,739	32,877	45,119
Accruals and deferred income	213,736	192,752	213,736	192,752
	<b>6,645,917</b>	<b>9,261,208</b>	<b>6,565,258</b>	<b>9,155,278</b>

The following liabilities were secured:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Invoice discounting facility	593,118	3,562,908	593,118	3,562,908
Hire purchase and finance leases	3,661,108	4,069,976	3,661,108	4,069,976
	<b>4,254,226</b>	<b>7,632,884</b>	<b>4,254,226</b>	<b>7,632,884</b>

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 2020**

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

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Bank loans	803,030	-	803,030	-
Net obligations under finance leases and hire purchase contracts	2,950,371	3,267,026	2,950,371	3,267,026
Government grants received	232,484	252,306	232,484	252,306
	<b>3,985,885</b>	<b>3,519,332</b>	<b>3,985,885</b>	<b>3,519,332</b>

**20. LOANS**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>				
Bank loans	181,818	-	181,818	-
Other loans	593,118	3,562,908	593,118	3,562,908
	<b>774,936</b>	<b>3,562,908</b>	<b>774,936</b>	<b>3,562,908</b>
<b>AMOUNTS FALLING DUE 2-5 YEARS</b>				
Bank loans	803,030	-	803,030	-
	<b>1,577,966</b>	<b>3,562,908</b>	<b>1,577,966</b>	<b>3,562,908</b>

**CORRUGATED BOX SUPPLIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**21. HIRE PURCHASE AND FINANCE LEASES**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Within one year	710,737	802,950	710,737	802,950
Between 1-5 years	2,799,643	2,437,855	2,799,643	2,437,855
Over 5 years	150,728	829,171	150,728	829,171
	<b>3,661,108</b>	<b>4,069,976</b>	<b>3,661,108</b>	<b>4,069,976</b>

**22. FINANCIAL INSTRUMENTS**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
<b>FINANCIAL ASSETS</b>				
Financial assets that are debt instruments measured at amortised cost	4,456,266	1,847,005	4,456,266	1,855,463
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities measured at amortised cost	(7,946,310)	(8,370,243)	(7,772,069)	(8,364,623)

Financial assets measured at amortised cost comprise trade debtors, group debtors, other debtors and debtors owed from companies under common control.

Financial liabilities measured at amortised cost comprise trade creditors, hire purchase creditors, accruals, other creditors and group creditors.

**CORRUGATED BOX SUPPLIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**23. DEFERRED TAXATION**

**Group**

	<b>2020 £</b>
At beginning of year	(295,919)
Charged to profit or loss	(167,343)
<b>AT END OF YEAR</b>	<b>(463,262)</b>

The provision for deferred taxation is made up as follows:

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Accelerated capital allowances	(463,262)	(351,544)	(463,262)	(351,544)
Tax losses carried forward	-	55,625	-	55,625
	<b>(463,262)</b>	<b>(295,919)</b>	<b>(463,262)</b>	<b>(295,919)</b>

**24. SHARE CAPITAL**

	<b>2020 £</b>	<b>2019 £</b>
<b>Allotted, called up and fully paid</b>		
25,000 (2019 - 25,000) Ordinary shares shares of £1.00 each	<b>25,000</b>	25,000
1,000 (2019 - 1,000) A Ordinary shares shares of £1.00 each	<b>1,000</b>	1,000
	<b>26,000</b>	26,000

**25. RESERVES**

**Profit and loss account**

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

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**CORRUGATED BOX SUPPLIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**26. CAPITAL COMMITMENTS**

At 31 December 2020 the Group and Company had capital commitments as follows:

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
Contracted for but not provided in these financial statements	<u>366,524</u>	-	<u>366,524</u>	-

**27. PENSION COMMITMENTS**

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

Contributions totalling £28,264 (2019 - £21,330) were payable to the fund at the reporting date and are included in creditors.

**28. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
Not later than 1 year	78,078	98,756	66,207	98,756
Later than 1 year and not later than 5 years	89,398	146,979	89,398	146,979
Later than 5 years	20,280	39,000	20,280	39,000
	<u>187,756</u>	<u>284,735</u>	<u>175,885</u>	<u>284,735</u>

**29. ACQUISITIONS**

On 1 September 2020 the trade, assets and liabilities of Pack King Limited were acquired by Corrugated Box Supplies Limited for £nil consideration.

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**CORRUGATED BOX SUPPLIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**30. 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 £52,000 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 £1,110,955 (2019: £1,547,253) and purchases for £210 (2019: £2,027). On 31 August 2020, the Trade and Assets of Pack King Limited were acquired by the company.

Swaran Properties Limited - Rent paid £344,080 (2019: £344,080).

Swaran Partnership - Rent paid £240,000 (2019: £240,000).

At the year end the group had a balance outstanding due from Swaran Properties Limited of £350,974 (2019: £239,248), to Swaran Partnership of £61,542 (2019: from £13,883) and due from Pack King Limited for £Nil (2019: £863,938).

A bad debt with Pack King Limited of £Nil (2019: £353,900) and Nil (2019: £570,464) with Dorden Limited has been recognised in the Statement of Income and Retained Earnings.

**31. CONTROLLING PARTY**

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