Company Registration No. 3030521 (England and Wales)

CARDBOARD PACKAGING SUPPLIES LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2004



CARTWRIGHTS
Accountants and Business Advisors
Registered Auditor
Regency House
33 Wood Street
Barnet, Herts
EN5 4BE

CARDBOARD PACKAGING SUPPLIES LTD

COMPANY INFORMATION

Directors	M Barrett D Barrett
Secretary	M Barrett
Company number	3030521
Registered office	Unit 14 Thornham Grove Stratford London E15 1DN
Auditors	Cartwrights Accountants and Business Advisors Regency House 33 Wood Street Barnet Herts EN5 4BE
Business address	Unit 14 Thornham Grove Stratford London E15 1DN
Bankers	Lloyds TSB Bank plc 19-20 Upper Street Islington London N1 0PJ

CARDBOARD PACKAGING SUPPLIES LTD

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CARDBOARD PACKAGING SUPPLIES LTD

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2004

The directors present their report and financial statements for the year ended 31 May 2004.

Principal activities
The principal activity of the company continued to be the manufacture and supply of cardboard packaging inserts.

Directors
The following directors have held office since 1 June 2003:

M Barrett
D Barrett

Directors' interests
The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 May 2004	**1 June 2003**
M Barrett	400	400
D Barrett	400	400

	Ordinary 'A' shares of £ 1 each	
	31 May 2004	**1 June 2003**
M Barrett	50	50
D Barrett	50	50

Auditors
In accordance with section 385 of the Companies Act 1985, a resolution proposing that Cartwrights be reappointed as auditors of the company will be put to the Annual General Meeting.

CARDBOARD PACKAGING SUPPLIES LTD

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2004

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:
-select suitable accounting policies and then apply them consistently;
-make judgements and estimates that are reasonable and prudent;
-prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

M Barrett
Director
25/11/04

CARDBOARD PACKAGING SUPPLIES LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARDBOARD PACKAGING SUPPLIES LTD

We have audited the financial statements of Cardboard Packaging Supplies Ltd on pages 5 to 15 for the year ended 31 May 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF CARDBOARD PACKAGING SUPPLIES LTD

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Cartwrights

Cartwrights Date: 26/11/04

Accountants and Business Advisors
Registered Auditor
Regency House
33 Wood Street
Barnet
Herts
EN5 4BE

CARDBOARD PACKAGING SUPPLIES LTD

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2004

	Notes	2004 £	2003 £
Turnover		730,543	741,500
Cost of sales		(465,652)	(525,978)
Gross profit		264,891	215,522
Distribution costs		(9,932)	(15,616)
Administrative expenses		(181,039)	(183,812)
Operating profit	2	73,920	16,094
Other interest receivable and similar income	3	278	157
Interest payable and similar charges	4	(7,787)	(10,020)
Profit on ordinary activities before taxation		66,411	6,231
Tax on profit on ordinary activities	5	(12,772)	(725)
Profit on ordinary activities after taxation		53,639	5,506
Dividends		(51,800)	-
Retained profit for the year	13	1,839	5,506

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

CARDBOARD PACKAGING SUPPLIES LTD

BALANCE SHEET
AS AT 31 MAY 2004

	Notes	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Intangible assets	6		3,333		-
Tangible assets	7		159,360		158,439
			162,693		158,439
Current assets					
Stocks		9,484		12,670	
Debtors	8	184,309		186,466	
Cash at bank and in hand		7,047		18,115	
		200,840		217,251	
Creditors: amounts falling due within one year	9	(295,924)		(134,861)	
Net current (liabilities)/assets			(95,084)		82,390
Total assets less current liabilities			67,609		240,829
Creditors: amounts falling due after more than one year	10		(38,269)		(215,800)
Provisions for liabilities and charges	11		(11,021)		(8,549)
			18,319		16,480
Capital and reserves					
Called up share capital	12		1,100		1,100
Profit and loss account	13		17,219		15,380
Shareholders' funds - equity interests	14		18,319		16,480

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on .....25/11/04.....

D Barrett

D Barrett
Director

CARDBOARD PACKAGING SUPPLIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2004

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1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 3 years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	15% reducing balance
Computer equipment	33% straight line
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2004

2	**Operating profit**	**2004**	**2003**
		£	**£**
	Operating profit is stated after charging:		
	Amortisation of intangible assets	1,667	-
	Depreciation of tangible assets	21,746	30,361
	Operating lease rentals		
	- Plant and machinery	9,124	10,321
	- Other assets	46,865	47,245
	Auditors' remuneration	3,500	3,600
	Directors' emoluments	9,600	14,215

3	**Investment income**	**2004**	**2003**
		£	**£**
	Bank interest	278	157

4	**Interest payable**	**2004**	**2003**
		£	**£**
	Included in interest payable is the following amount:		
	Hire purchase interest	4,621	5,626

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2004

5 Taxation	2004 £	2003 £
Domestic current year tax		
U.K. corporation tax	10,323	-
Adjustment for prior years	(23)	-
Current tax charge	10,300	-
Deferred tax		
Movement in deferred tax	2,472	725
	12,772	725
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	66,411	6,231
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2003: 0.00%)	12,618	-
Effects of:		
Non deductible expenses	537	-
Depreciation and amortisation add back	4,448	-
Capital allowances	(7,280)	-
Adjustments to previous periods	(23)	-
	(2,318)	-
Current tax charge	10,300	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2004

6 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 June 2003	-
Additions	5,000
At 31 May 2004	5,000
Amortisation	
At 1 June 2003	-
Charge for the year	1,667
At 31 May 2004	1,667
Net book value	
At 31 May 2004	3,333
At 31 May 2003	-

7 **Tangible fixed assets**

	Plant and machinery etc
	£
Cost	
At 1 June 2003	362,952
Additions	22,667
At 31 May 2004	385,619
Depreciation	
At 1 June 2003	204,513
Charge for the year	21,746
At 31 May 2004	226,259
Net book value	
At 31 May 2004	159,360
At 31 May 2003	158,439

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Motor vehicles	Total
	£	£	£
Net book values			
At 31 May 2004	35,741	6,396	42,137
At 31 May 2003	73,113	-	73,113
Depreciation charge for the year			
At 31 May 2004	6,307	426	6,733
At 31 May 2003	12,901	-	12,901

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2004

8 Debtors	2004 £	2003 £
Trade debtors	163,347	135,137
Other debtors	20,962	51,329
	184,309	186,466

9 Creditors: amounts falling due within one year	2004 £	2003 £
Bank loans and overdrafts	18,000	13,500
Net obligations under hire purchase contracts	11,678	19,552
Trade creditors	224,663	78,897
Taxation and social security	32,020	18,946
Other creditors	9,563	3,966
	295,924	134,861
Debt due in one year or less	18,000	13,500

10 Creditors: amounts falling due after more than one year	2004 £	2003 £
Bank loans	22,500	45,000
Net obligations under hire purchase contracts	15,769	20,800
Other creditors	-	150,000
	38,269	215,800
Analysis of loans		
Not wholly repayable within five years other than by instalments	-	150,000
Wholly repayable within five years	40,500	58,500
Included in current liabilities	(18,000)	(13,500)
	22,500	195,000
Loan maturity analysis		
In more than one year but not more than two years	18,000	18,000
In more than two years but not more than five years	4,500	27,000
In more than five years	-	150,000
Net obligations under hire purchase contracts		
Repayable within one year	11,678	19,552
Repayable between one and five years	15,769	20,800
	27,447	40,352
Included in liabilities falling due within one year	(11,678)	(19,552)
	15,769	20,800

A debenture created 6 September 2000 exists between the company and Lloyds TSB Bank plc. The debenture covers any monies owed by the company to the bank (including the long term bank loan) and is secured over the assets of the company.

11 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 June 2003	8,549
Profit and loss account	2,472
Balance at 31 May 2004	11,021

The deferred tax liability is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	11,021	8,549

12 Share capital

	2004 £	2003 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
1,000 Ordinary 'A' shares of £1 each	1,000	1,000
	2,000	2,000
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000
100 Ordinary 'A' shares of £1 each	100	100
	1,100	1,100

The ordinary 'A' shares do not hold any voting rights.

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 June 2003	15,380
Retained profit for the year	1,839
Balance at 31 May 2004	17,219

14 Reconciliation of movements in shareholders' funds	2004	2003
	£	£
Profit for the financial year	53,639	5,506
Dividends	(51,800)	-
Net addition to shareholders' funds	1,839	5,506
Opening shareholders' funds	16,480	10,974
Closing shareholders' funds	18,319	16,480

15 Financial commitments

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

	Land and buildings	
	2004	2003
	£	£
Expiry date:		
In over five years	33,500	33,500

16 Transactions with directors

At the year end the company owed £ 179 to M Barnett, director of the company.

17 Control

The ultimate controlling party is M Barrett and D Barrett by virtue of their shareholding in the company. They are both directors of the company.

18 Related party transactions

During the year the company purchased goods with a total value of £45,403 (2003 - £260,372) from Corcase Limited on normal commercial terms. G Barrett, the father of M Barrett and D Barrett, is a director and shareholder of Corcase Limited.

At the balance sheet date, Cardboard Packaging Supplies Limited owed Corcase Limited £94,469 (2003 - £179,110).

CARDBOARD PACKAGING SUPPLIES LTD

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 MAY 2004

CARDBOARD PACKAGING SUPPLIES LTD

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2004

	£	2004 £	£	2003 £
Turnover				
Sales		730,543		741,500
Cost of sales				
Opening stock of raw materials	12,670		14,145	
Materials	335,247		449,131	
Packaging and carriage	2,230		2,812	
Wages and salaries	112,225		65,499	
Employer's NI contributions	7,017		-	
Equipment maintenance	5,747		7,061	
	475,136		538,648	
Closing stock of raw materials	(9,484)		(12,670)	
		(465,652)		(525,978)
Gross profit	36.26%	264,891	29.07%	215,522
Distribution costs	9,932		15,616	
Administrative expenses	181,039		183,812	
		(190,971)		(199,428)
Operating profit		73,920		16,094
Other interest receivable and similar income				
Bank interest		278		157
Interest payable				
Bank interest on loans	3,164		4,394	
Hire purchase interest	4,621		5,626	
Bank overdraft interest	2		-	
		(7,787)		(10,020)
Profit before taxation	9.09%	66,411	0.84%	6,231

CARDBOARD PACKAGING SUPPLIES LTD

SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31 MAY 2004

	2004 £	2003 £
Distribution costs		
Distribution and carriage costs	9,932	15,616
	9,932	15,616
Administrative expenses		
Wages and salaries	9,600	9,600
Directors' remuneration	9,600	14,215
Employer's NI contributions	41	662
Temporary staff	576	-
Rent and rates	46,865	47,245
Insurance	10,913	9,549
Trade indemnity	6,370	5,275
Light and heat	4,444	4,529
Repairs and maintenance	2,101	4,098
Printing, postage and stationery	964	1,741
Advertising	6,314	3,768
Computer running costs	1,555	1,636
Telephone and fax	3,450	3,177
Equipment and vehicle leasing	9,124	10,321
Motor and travel expenses	30,821	26,108
Entertaining	822	946
Consultancy fees	2,000	1,930
Accountancy	4,167	1,003
Audit fees	3,500	3,600
Bank charges	1,514	1,093
Sundry expenses	2,885	2,955
Amortisation	1,667	-
Depreciation	21,746	30,361
	181,039	183,812