

Registered number: 03276924

CORRUGATED BOX SUPPLIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



CORRUGATED BOX SUPPLIES LIMITED

COMPANY INFORMATION

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

CORRUGATED BOX SUPPLIES LIMITED

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their strategic report for the year ended 31 December 2019.

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 loss on ordinary activities before tax of £(735,128) (2018: profit £225,158).

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:

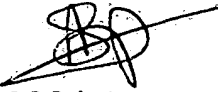
- 1) The company operates in a highly competitive environment and faces tough competition from other companies in the industry and has to compete on price and continue investing in capital assets to improve on production efficiencies and cost savings to drive sales and increase market share.
- 2) The 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 1.1% from £23,190,501 to £23,457,080.

Gross profit margins have seen a decrease of 1.4% to 20.9%.

This report was approved by the board on 18 March 2021 and signed on its behalf.



A S Sahota
Director

CORRUGATED BOX SUPPLIES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

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 loss for the year, after taxation, amounted to £635,332 (2018 - profit £203,831).

Dividends of £ 310,000 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

CORRUGATED BOX SUPPLIES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

POST BALANCE SHEET EVENTS

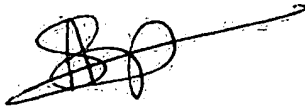
As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations, and cash flows of the Group. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time. The business has taken adequate provisions to control the impact the pandemic may have. Business opportunities remain significant and the Directors are confident that the Group will not be adversely affected by Covid -19.

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.

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 18 March 2021 and signed on its behalf.



A S Sahota
Director

CORRUGATED BOX SUPPLIES LIMITED

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

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 2019, 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 2019 and of the Group's loss 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.

CORRUGATED BOX SUPPLIES LIMITED

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

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.

CORRUGATED BOX SUPPLIES LIMITED

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

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.

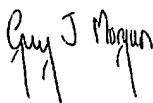
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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. This description forms part of our Auditor's report.

USE OF OUR REPORT

This report is made solely to the Company's members 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 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

Date: 18 March 2021

CORRUGATED BOX SUPPLIES LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	3	23,457,080	23,190,501
Cost of sales		(18,544,653)	(18,008,840)
Gross profit		4,912,427	5,181,661
Administrative expenses		(4,514,284)	(4,769,163)
Exceptional administrative expenses	12	(924,364)	-
Operating (loss)/profit	4	(526,221)	412,498
Interest payable and expenses	8	(208,907)	(187,340)
(Loss)/profit before tax		(735,128)	225,158
Tax on (loss)/profit	11	99,796	(21,327)
(Loss)/profit after tax		(635,332)	203,831
Retained earnings at the beginning of the year		3,810,453	3,726,622
Profit for the year		(635,332)	203,831
Dividends declared and paid	9	(310,000)	(120,000)
Retained earnings at the end of the year		2,865,121	3,810,453

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of income and retained earnings.

The notes on pages 13 to 29 form part of these financial statements.

CORRUGATED BOX SUPPLIES LIMITED
REGISTERED NUMBER: 03276924

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	13	384,074	459,904
Tangible assets	14	7,782,395	3,686,954
		<u>8,166,469</u>	<u>4,146,858</u>
Current assets			
Stocks	16	1,236,740	1,253,733
Debtors: amounts falling due within one year	17	5,562,731	7,953,645
Cash at bank and in hand		1,001,640	608,446
		<u>7,801,111</u>	<u>9,815,824</u>
Creditors: amounts falling due within one year	18	(9,261,208)	(9,178,406)
Net current (liabilities)/assets		<u>(1,460,097)</u>	<u>637,418</u>
Total assets less current liabilities		<u>6,706,372</u>	<u>4,784,276</u>
Creditors: amounts falling due after more than one year	19	(3,519,332)	(656,464)
Provisions for liabilities			
Deferred tax	22	(295,919)	(291,359)
Net assets		<u><u>2,891,121</u></u>	<u><u>3,836,453</u></u>
Capital and reserves			
Called up share capital	23	26,000	26,000
Profit and loss account	24	2,865,121	3,810,453
		<u><u>2,891,121</u></u>	<u><u>3,836,453</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
18 March 2021


J Singh
Director

The notes on pages 13 to 29 form part of these financial statements.

CORRUGATED BOX SUPPLIES LIMITED
REGISTERED NUMBER: 03276924

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	13	16,150	-
Tangible assets	14	7,782,393	3,447,291
Investments	15	-	1,047,000
		7,798,543	4,494,291
Current assets			
Stocks	16	1,236,740	979,646
Debtors: amounts falling due within one year	17	5,571,189	7,095,157
Cash at bank and in hand		976,136	397,684
		7,784,065	8,472,487
Creditors: amounts falling due within one year	18	(9,155,278)	(7,504,085)
Net current (liabilities)/assets		(1,371,213)	968,402
Total assets less current liabilities		6,427,330	5,462,693
Creditors: amounts falling due after more than one year	19	(3,519,332)	(656,464)
Provisions for liabilities			
Deferred taxation	22	(295,919)	(270,679)
Net assets		2,612,079	4,535,550
Capital and reserves			
Called up share capital	23	26,000	26,000
Profit and loss account carried forward		2,586,079	4,509,550
		2,612,079	4,535,550

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

18 March 2021


J Singh
 Director

The notes on pages 13 to 29 form part of these financial statements.

CORRUGATED BOX SUPPLIES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(635,332)	203,831
Adjustments for:		
Amortisation of intangible assets	108,130	91,980
Depreciation of tangible assets	785,687	631,296
(Profit)/Loss on disposal of tangible assets	6,504	(5,000)
Government grants	(44,302)	(47,694)
Interest paid	208,907	187,340
Taxation charge	(99,796)	26,504
Decrease/(increase) in stocks	16,993	(104,898)
Decrease/(increase) in debtors	528,934	(248,001)
Decrease/(increase) in amounts owed by companies under common control	1,861,980	(403,581)
(Decrease) in creditors	(159,830)	(87,520)
Corporation tax (paid)	(130,494)	(145,355)
Net cash generated from operating activities	2,447,381	98,902
Cash flows from investing activities		
Purchase of intangible fixed assets	(32,300)	-
Purchase of tangible fixed assets	(779,378)	(124,065)
Sale of tangible fixed assets	64,300	4,650
Hire purchase interest paid	(49,341)	(45,446)
Net cash from investing activities	(796,719)	(164,861)
Cash flows from financing activities		
Repayment of loans	97,045	270,206
Repayment of/new finance leases	(961,308)	25,154
Dividends paid	(310,000)	(120,000)
Interest paid	(159,566)	(141,894)
Government grant income	76,361	-
Net cash used in financing activities	(1,257,468)	33,466
Net increase/(decrease) in cash and cash equivalents	393,194	(32,493)
Cash and cash equivalents at beginning of year	608,446	640,939
Cash and cash equivalents at the end of year	1,001,640	608,446

Cash and cash equivalents at the end of year comprise:

CORRUGATED BOX SUPPLIES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash at bank and in hand	1,001,640	608,446
	<u>1,001,640</u>	<u>608,446</u>

The notes on pages 13 to 29 form part of these financial statements.

CORRUGATED BOX SUPPLIES LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	At 1 January 2019 £	Cash flows £	New finance leases £	At 31 December 2019 £
Cash at bank and in hand	608,446	393,194	-	1,001,640
Debt due within 1 year	(3,465,863)	(97,045)	-	(3,562,908)
Finance leases	(858,729)	961,308	(4,172,555)	(4,069,976)
	<u>(3,716,146)</u>	<u>1,257,457</u>	<u>(4,172,555)</u>	<u>(6,631,244)</u>

The notes on pages 13 to 29 form part of these financial statements.

CORRUGATED BOX SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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.

CORRUGATED BOX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. ACCOUNTING POLICIES (CONTINUED)

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 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.

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.

CORRUGATED BOX SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.9 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 straight line basis..

Depreciation is provided on the following basis:

Short-term leasehold property	- over the period of the lease
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 the Consolidated statement of income and retained earnings.

2.10 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 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.

2.12 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.

3. TURNOVER

Turnover is substantially attributable to the United Kingdom.

CORRUGATED BOX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. OPERATING (LOSS)/PROFIT

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

	2019	2018
	£	£
Depreciation - owned assets	626,783	390,884
Depreciation - assets on hire purchase	158,904	240,412
Exchange differences	(96,574)	(1,613)
Other operating lease rentals	116,226	61,620
Amortisation of goodwill	91,980	91,980
Amortisation of other intangible assets	16,150	-
(Profit)/loss on disposal of fixed assets	6,504	(5,000)
	<u>626,783</u>	<u>390,884</u>

5. AUDITOR'S REMUNERATION

	2019	2018
	£	£
The auditing of accounts of the Group's financial statements	23,750	18,000
	<u>23,750</u>	<u>18,000</u>

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

Taxation compliance services	3,000	2,000
All other services	13,775	5,000
	<u>16,775</u>	<u>7,000</u>

CORRUGATED BOX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. EMPLOYEES

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

	Group 2019 £	<i>Group 2018 £</i>
Wages and salaries	4,106,142	4,228,739
Social security costs	335,580	347,892
Cost of defined contribution scheme	130,740	88,146
	<u>4,572,462</u>	<u>4,664,777</u>

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

	2019 No.	<i>2018 No.</i>
Production and sales	141	145
Management & admin	40	46
	<u>181</u>	<u>191</u>

7. DIRECTORS' REMUNERATION

	2019 £	<i>2018 £</i>
Directors' emoluments	63,155	50,000
Directors pension costs	1,375	11,182
	<u>64,530</u>	<u>61,182</u>

During the year retirement benefits were accruing to 5 directors (2018 - 5) in respect of defined contribution pension schemes.

CORRUGATED BOX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £	2018 £
Short term loan interest payable	21,204	-
Other loan interest payable	786	4,671
Finance leases and hire purchase contracts	49,341	45,446
Factoring charges	137,576	137,223
	<u>208,907</u>	<u>187,340</u>

9. DIVIDENDS

	2019 £	2018 £
Dividends paid on Ordinary shares	155,000	60,000
Dividends paid on A Ordinary shares	155,000	60,000
	<u>310,000</u>	<u>120,000</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 £1,613,371 (2018: £711,329).

CORRUGATED BOX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. TAXATION

	2019 £	2018 £
Current tax on profits for the year	-	104,356
Adjustments in respect of previous periods	(104,356)	-
DEFERRED TAX		
Origination and reversal of timing differences	4,560	(83,029)
TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	(99,796)	21,327

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	(735,128)	225,158
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	(139,674)	42,780
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	20,813	2,344
Origination and reversal of timing differences	1,590	4,395
Amortisation of Goodwill	17,475	17,475
Adjustments to tax charge in respect of prior periods deferred tax	-	(45,667)
TOTAL TAX CHARGE FOR THE YEAR	(99,796)	21,327

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 2019**

12. EXCEPTIONAL ITEMS

	2019 £	2018 £
Bad debt with Pack King Limited (connected company)	353,900	-
Bad debt with Dorden Limited (connected company)	570,464	-
	924,364	-

13. INTANGIBLE ASSETS

Group

	Customer list £	Goodwill £	Total £
COST			
At 1 January 2019	-	849,274	849,274
Additions	32,300	-	32,300
At 31 December 2019	32,300	849,274	881,574
AMORTISATION			
At 1 January 2019	-	389,370	389,370
Charge for the year	16,150	91,980	108,130
At 31 December 2019	16,150	481,350	497,500
NET BOOK VALUE			
At 31 December 2019	16,150	367,924	384,074
At 31 December 2018	-	459,904	459,904

CORRUGATED BOX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. TANGIBLE FIXED ASSETS

Group

	Short-term I/hold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST OR VALUATION						
At 1 January 2019	252,666	10,076,206	297,790	144,096	-	10,770,758
Additions	43,000	4,857,347	37,705	6,180	7,700	4,951,932
Transfers intra group	-	-	-	(80,831)	80,831	-
Disposals	(4,499)	(1,335,106)	(68,958)	-	-	(1,408,563)
Transfers between classes	-	(182,244)	-	111,449	70,795	-
At 31 December 2019	<u>291,167</u>	<u>13,416,203</u>	<u>266,537</u>	<u>180,894</u>	<u>159,326</u>	<u>14,314,127</u>
DEPRECIATION						
At 1 January 2019	18,787	6,847,856	118,317	98,844	-	7,083,804
Charge for the year	2,995	680,683	64,213	26,995	10,801	785,687
Transfers intra group	-	-	-	(53,787)	53,787	-
Disposals	(4,499)	(1,286,161)	(47,099)	-	-	(1,337,759)
Transfers between classes	-	(114,711)	-	71,891	42,820	-
At 31 December 2019	<u>17,283</u>	<u>6,127,667</u>	<u>135,431</u>	<u>143,943</u>	<u>107,408</u>	<u>6,531,732</u>
NET BOOK VALUE						
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>
At 31 December 2018	<u>233,879</u>	<u>3,228,350</u>	<u>179,473</u>	<u>45,252</u>	<u>-</u>	<u>3,686,954</u>

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

	2019 £	2018 £
Plant and machinery	5,087,924	1,125,863
Motor vehicles	108,129	137,909
	<u>5,196,053</u>	<u>1,263,772</u>

CORRUGATED BOX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Short-term I/hold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST OR VALUATION						
At 1 January 2019	252,666	7,757,035	293,376	-	-	8,303,077
Additions	43,000	4,857,347	37,705	6,180	7,700	4,951,932
Transfers intra group	-	2,319,171	4,413	63,265	80,831	2,467,680
Disposals	(4,499)	(1,335,106)	(68,958)	-	-	(1,408,563)
Transfers between classes	-	(182,244)	-	111,449	70,795	-
At 31 December 2019	<u>291,167</u>	<u>13,416,203</u>	<u>266,536</u>	<u>180,894</u>	<u>159,326</u>	<u>4,314,126</u>
DEPRECIATION						
At 1 January 2019	18,787	4,721,902	115,097	-	-	4,855,786
Charge for the year	2,995	650,253	63,110	17,026	10,801	744,185
Transfers intra group	-	2,156,385	4,323	55,026	53,787	2,269,521
Disposals	(4,499)	(1,286,161)	(47,099)	-	-	(1,337,759)
Transfers between classes	-	(114,711)	-	71,891	42,820	-
At 31 December 2019	<u>17,283</u>	<u>6,127,668</u>	<u>135,431</u>	<u>143,943</u>	<u>107,408</u>	<u>6,531,733</u>
NET BOOK VALUE						
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>
At 31 December 2018	<u>233,879</u>	<u>3,035,133</u>	<u>178,279</u>	<u>-</u>	<u>-</u>	<u>3,447,291</u>

CORRUGATED BOX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. TANGIBLE FIXED ASSETS (CONTINUED)

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

	2019 £	2018 £
Plant and machinery	5,087,924	1,125,863
Motor vehicles	108,129	137,909
	5,196,053	1,263,772

15. FIXED ASSET INVESTMENTS

Company

	Subsidiary company £
COST OR VALUATION	
At 1 January 2019	1,047,000
At 31 December 2019	1,047,000
IMPAIRMENT	
Charge for the period	1,047,000
At 31 December 2019	1,047,000
NET BOOK VALUE	
At 31 December 2019	-
At 31 December 2018	1,047,000

The investment in subsidiary relates to Connect Packaging Limited which was a subsidiary undertaking of the Company. Corrugated Box Supplies Limited holds 100% of the ordinary shares in Connect Packaging Limited. The registered office of the subsidiary is CBS House, Brandon Way, West Bromwich, B70 8JF.

On 1 January 2019 Connect Packaging Limited transferred its sales and purchase operations to Corrugated Box Supplies Limited which led to a 100% impairment charge in the year to 31 December 2019.

CORRUGATED BOX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. STOCKS

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Raw materials and consumables	1,114,876	794,126	1,114,876	771,051
Work in progress	19,784	118,656	19,784	65,470
Finished goods and goods for resale	102,080	340,951	102,080	143,125
	<u>1,236,740</u>	<u>1,253,733</u>	<u>1,236,740</u>	<u>979,646</u>

17. DEBTORS

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Trade debtors	4,771,341	4,707,492	4,771,030	3,902,365
Amounts owed by group undertakings	-	-	20,272	-
Owed by companies under common control	638,572	2,500,552	627,069	2,489,049
Other debtors	58,971	520,489	58,971	518,229
Prepayments and accrued income	93,847	225,112	93,847	185,514
	<u>5,562,731</u>	<u>7,953,645</u>	<u>5,571,189</u>	<u>7,095,157</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 2019**

18. CREDITORS: Amounts falling due within one year

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Invoice discounting facility	3,562,908	3,465,863	3,562,908	2,854,333
Trade creditors	4,056,776	4,186,566	4,056,776	3,127,621
Owed to group undertakings	-	-	-	113,678
Corporation tax	-	234,850	-	234,850
Other taxation and social security	595,083	636,661	494,773	540,046
Obligations under finance lease and hire purchase contracts	802,950	422,512	802,950	422,512
Other creditors	50,739	28,592	45,119	28,592
Accruals and deferred income	192,752	203,362	192,752	182,453
	9,261,208	<i>9,178,406</i>	9,155,278	<i>7,504,085</i>

The following liabilities were secured:

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Invoice discounting facility	3,562,908	3,465,863	3,562,908	2,854,333
Hire purchase and finance leases	4,069,976	858,729	4,069,976	858,729
	7,632,884	<i>4,324,592</i>	7,632,884	<i>3,713,062</i>

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 2019**

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

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Net obligations under finance leases and hire purchase contracts	3,267,026	436,217	3,267,026	436,217
Government grants received	252,306	220,247	252,306	220,247
	<u>3,519,332</u>	<u>656,464</u>	<u>3,519,332</u>	<u>656,464</u>

20. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Within one year	802,950	422,512	802,950	422,512
Between 1-5 years	2,437,855	436,217	2,437,855	436,217
Over 5 years	829,171	-	829,171	-
	<u>4,069,976</u>	<u>858,729</u>	<u>4,069,976</u>	<u>858,729</u>

21. FINANCIAL INSTRUMENTS

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
FINANCIAL ASSETS				
Financial assets that are debt instruments measured at amortised cost	1,847,005	3,742,181	1,855,463	3,537,081
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	(8,370,243)	(5,277,249)	(8,364,623)	(4,311,073)

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 2019**

22. DEFERRED TAXATION

Group

	2019 £
At beginning of year	(291,359)
Charged to profit or loss	(4,560)
AT END OF YEAR	<u>(295,919)</u>

The provision for deferred taxation is made up as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accelerated capital allowances	(351,544)	(291,359)	(351,544)	(270,679)
Tax losses carried forward	55,625	-	55,625	-
	<u>(295,919)</u>	<u>(291,359)</u>	<u>(295,919)</u>	<u>(270,679)</u>

23. SHARE CAPITAL

	2019 £	2018 £
Allotted, called up and fully paid		
25,000 (2018 - 25,000) Ordinary shares shares of £1.00 each	25,000	25,000
1,000 (2018 - 1,000) A Ordinary shares shares of £1.00 each	1,000	1,000
	<u>26,000</u>	<u>26,000</u>

24. RESERVES

Profit and loss account

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

CORRUGATED BOX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

25. CAPITAL COMMITMENTS

At 31 December 2019 the Group and Company had capital commitments as follows:

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Contracted for but not provided in these financial statements	-	4,407,786	-	4,407,786

26. 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 £21,330 (2018 - £11,383) were payable to the fund at the reporting date and are included in creditors.

27. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Not later than 1 year	98,756	84,037	98,756	61,620
Later than 1 year and not later than 5 years	146,979	178,759	146,979	152,641
Later than 5 years	39,000	65,433	39,000	65,433
	284,735	<i>328,229</i>	284,735	<i>279,694</i>

CORRUGATED BOX SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

28. 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 £62,000 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 £1,547,253 (2018: £1,534,075) and purchases for £2,027 (2018: £NIL).

Swaran Properties Limited - Rent paid £344,080 (2018: £344,080).

Swaran Partnership - Rent paid £240,000 (2018: £nil).

At the year end the group had a balance outstanding due to Swaran Properties Limited of £239,248 (2018: £2,500,552) and due from Pack King Limited for £864,038 (2018: £nil).

A bad debt with Pack King Limited of £353,800 (2018: £nil) and £570,464 (2018: £nil) with Dorden Limited has been recognised in the Statement of Income and Retained Earnings.

29. POST BALANCE SHEET EVENTS

Since the year-end the COVID-19 pandemic came into effect worldwide. The Directors consideration of the impact of this is addressed in the Director's Report and note 2.3 above.

30. CONTROLLING PARTY

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