

# **St Regis International Limited**

Directors' report and financial statements  
For the year ended  
30 April 2004

Company no. 328480



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## **St Regis International Limited**

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# St Regis International Limited

## Directors' report

The Directors present their annual report and the audited financial statements of the Company for the financial year ended 30 April 2004.

## Company's activities

The Company's principal activity is to act as a financing company for the Group, DS Smith Plc.

## Dividends and transfers to reserves

During the year the company proposed a dividend of £10,000,000 (2003: £25,000,000). The retained loss for the year amounted to £370,000 (2003: £5,149,000).

## Directors

The following were Directors of the Company during the year:

C T Cattermole  
G M Morris  
A D Thorne

The Directors had no interest in the shares of the Company.

The interests of the directors and their families in the shares of DS Smith Plc, the parent company, including options granted but not yet exercised under the Executive Option Schemes and the International Sharesave Scheme were as follows:

Director	Ordinary shares		Number of options during the year				At 30 Apr 2004	Exercise price (p)	Date at which exercisable	Expiry date
	At 30 Apr 2003	At 30 Apr 2004	At 30 Apr 2003	Granted	Exercised	Lapsed				
CT Cattermole	-	-	96,498	-	-	-	96,498	139.89	2 Mar 04	1 Mar 11
			97,141	-	-	-	97,141	138.95	27 Jul 04	26 Jul 11
			103,521				103,521	135.22	26 Jul 05	25 Jul 12
			4,785				4,785	100 *	1 Aug 04	1 Aug 08
			-	97,839	-	-	97,839	149.21	31 Jul 06	30 Jul 13
			-	29,108	-	-	29,108	100 *	1 Aug 06	1 Aug 10

\*The exercise price is £1 in total, the grant being given in relation to the deferred bonus under the Restricted Share Plan described in the financial statements of DS Smith Plc under the Remuneration Report.

During the year, DS Smith Plc made a one-for-five rights issue. The number of shares under option and the option price of those shares under option held have been adjusted accordingly. All of the above options were granted for a nil consideration.

The market price of the shares at 30 April 2004 was 172.0p (30 April 2003 – 161.5p) and the adjusted range during the year ended 30 April 2004 was 139p to 178.1p (year ended 30 April 2003 – 127p to 184p).

G M Morris and A D Thorne are directors of the holding company and their interests in the shares of that company are set out in its directors' report.

## **St Regis International Limited**

### **Auditor**

In accordance with Section 386 of the Companies Act 1985, a resolution was passed to dispense with the obligation to re-appoint KPMG Audit PLC as auditor on an annual basis.

For and on behalf of the board

A handwritten signature in black ink, appearing to read 'A Steele'.

A Steele  
**Secretary**  
26 January 2005

**Registered Office:**  
4-16 Artillery Row  
London  
SW1P 1RZ

## **St Regis International Limited**

### **Directors' responsibilities for preparation of financial statements**

As required by company law the Directors are responsible for the preparation of 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 for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# **St Regis International Limited**

## **Report of the Independent Auditor to the members of St Regis International Limited**

We have audited the financial statements on pages 6 to 12.

The 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 Directors and Auditor**

The Directors are responsible for preparing the Directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditor, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the 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.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 30 April 2004 and of the profit for the financial year then ended and have been properly prepared in accordance with the Companies Act 1985.

*W. A. B. Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor  
London

*1 February* 2005

## St Regis International Limited

### Profit and loss account

for the financial year ended 30 April 2004

	Note	2004 £'000	2003 £'000
Administrative expenses		-	(35)
Income from fixed asset investments	2	10,526	20,247
Net interest payable	3	<u>(1,280)</u>	<u>(531)</u>
Profit on ordinary activities before taxation		9,246	19,681
Tax on profit on ordinary activities	4	<u>384</u>	<u>170</u>
Profit on ordinary activities after taxation		9,630	19,851
Dividends	13	<u>(10,000)</u>	<u>(25,000)</u>
Retained loss for the financial year		<u>(370)</u>	<u>(5,149)</u>

There are no recognised gains or losses other than those detailed in the profit and loss account.

There is no material difference between the reported profits and losses on ordinary activities before taxation and the profits and losses restated on a historical cost basis.

### Reconciliation of movements in shareholders' funds

for the financial year ended 30 April 2004

	2004 £'000	2003 £'000
Profit for the financial year	9,630	19,851
Dividends	<u>(10,000)</u>	<u>(25,000)</u>
Change in shareholders' funds	(370)	(5,149)
Opening shareholders' funds	<u>68,423</u>	<u>73,572</u>
Closing shareholders' funds	<u>68,053</u>	<u>68,423</u>

The notes on pages 8 to 12 form part of these financial statements.

# St Regis International Limited

## Balance Sheet at 30 April 2004

	Note	30 April 2004 £'000	30 April 2003 £'000
<b>Fixed assets</b>			
Investments	7	<u>239,364</u>	<u>239,864</u>
<b>Current assets</b>			
<b>Debtors:</b> amount falling due in less than one year	8	10,232	21,554
<b>Debtors:</b> amounts falling due after one year	8	48,988	48,988
Cash at bank		-	3,534
<b>Creditors:</b> amounts falling due in less than one year	9	<u>(10,256)</u>	<u>(25,000)</u>
<b>Net current assets</b>		<u>48,964</u>	<u>49,076</u>
<b>Total assets less current liabilities</b>		288,328	288,940
<b>Creditors:</b> amounts falling due after one year			
Convertible debt	9	(19,402)	(17,879)
Amounts owed to Group undertaking	9	<u>(200,873)</u>	<u>(202,638)</u>
<b>Net assets</b>		<u>68,053</u>	<u>68,423</u>
<b>Capital and reserves</b>			
Called up share capital	11	11,000	11,000
Share premium account	12	5,800	5,800
Profit and loss account	12	<u>51,253</u>	<u>51,623</u>
<b>Shareholders' funds – equity</b>		<u>68,053</u>	<u>68,423</u>

These financial statements were approved by the Board on 26 January 2005 and were signed on its behalf by:

Director C. T. Cattermole C T Cattermole

The notes on pages 8 to 12 form part of these financial statements.



# St Regis International Limited

## Notes to the financial statements

### 1. Accounting policies

#### (a) Accounting basis

These financial statements have been prepared consistently under the historical cost convention and in accordance with applicable accounting standards, except that certain fixed asset investments are included at valuation.

#### (b) Cash flow

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

#### (c) Foreign exchange

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### (d) Related party transactions

Under FRS 8 the Company is exempt from the requirement to disclose related party transactions with DS Smith Plc and its associated undertakings on the grounds that it is a wholly owned subsidiary undertaking of DS Smith Plc.

### 2. Income from fixed asset investments

	2004 £'000	2003 £'000
Dividend from subsidiary	10,000	20,000
Other	<u>526</u>	<u>247</u>
	<u>10,526</u>	<u>20,247</u>

### 3. Net interest payable

	2004 £'000	2003 £'000
Interest receivable on loans repayable in under one year	242	897
Interest payable and other charges on loans repayable in under one year	<u>(1,522)</u>	<u>(1,428)</u>
Net interest payable	<u>(1,280)</u>	<u>(531)</u>

# St Regis International Limited

## Notes to the financial statements (continued)

### 4. Taxation

	2004 £'000	2003 £'000
UK Corporation tax credit for the year at 30% (2002: 30%)	<u>384</u>	<u>170</u>
Factors affecting the current tax charge for the year :		
	2004 £'000	2003 £'000
Profit on ordinary activities before taxation	<u>9,246</u>	<u>19,681</u>
Tax on profit at 30%	(2,774)	(5,904)
Permanent differences	<u>3,158</u>	<u>6,074</u>
	<u>384</u>	<u>170</u>

There are no factors affecting future tax charges.

### 5. Directors' emoluments

The Directors are remunerated by other group companies and no specific recharge is made in respect of their services to this Company.

### 6. Auditor's remuneration

All remuneration of the auditor of the Company is paid by DS Smith Plc.

### 7. Fixed asset investments

	£'000
<b>Cost:</b>	
At 30 April 2003	241,939
Redemption of preference shares	<u>(500)</u>
At 30 April 2004	<u>241,439</u>
<b>Provision against investment:</b>	
At 30 April 2003	<u>(2,075)</u>
At 30 April 2004	<u>(2,075)</u>
<b>Net book value at 30 April 2004</b>	<u>239,364</u>
<b>Net book value at 30 April 2003</b>	<u>239,864</u>

# St Regis International Limited

## Notes to the financial statements (continued)

### 7. Fixed asset investments (continued)

The Company's principal subsidiary undertakings are:

Company	Percentage of ordinary share capital held	Country of operation
Spicers Ltd	100%	UK
Spicers (Ireland) Ltd	100%	Ireland

Spicers Ltd and Spicers (Ireland) Ltd are involved in the distribution and wholesaling of office products.

### 8. Debtors

	2004 £'000	2003 £'000
(a) Amounts falling due within one year:		
Amounts owed by Group undertakings	10,000	21,381
Taxation	41	109
Prepayments and accrued income	<u>191</u>	<u>64</u>
	<u>10,232</u>	<u>21,554</u>
(b) Amounts falling due after more than one year:		
Amounts owed by Group undertakings	<u>48,988</u>	<u>48,988</u>

### 9. Creditors

	2004 £'000	2003 £'000
Amounts falling due in less than one year:		
Bank Overdraft	256	-
Amounts owed to Group undertakings	<u>10,000</u>	<u>25,000</u>
	<u>10,256</u>	<u>25,000</u>
Amounts falling due after more than one year:		
Other loans	19,402	17,879
Amounts owed to Group undertakings	<u>200,873</u>	<u>202,638</u>
	<u>220,275</u>	<u>220,517</u>

# St Regis International Limited

## Notes to the financial statements (continued)

### 10. Borrowings

	2004 £'000	2003 £'000
The Company's net borrowings are:		
Convertible redeemable loan stock due after five years	<u>19,402</u>	<u>17,879</u>

On 30 June 1997 the Company issued Convertible Redeemable Loan Stock with a face value of £25,280,000 in return for cash of £11,000,000. On or at any time after 29 June 2007, the Convertible Redeemable Loan Stock is redeemable at par or convertible into fully paid Preference Shares at the option of each Loan Stock Holder. Every £1 of principal nominal amount of Loan Stock held converts into one Preference Share. The Loan Stock is non-interest bearing.

### 11. Share capital

	Authorised		Issued and Fully Paid	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Preference shares of £1 each	<u>25,280</u>	<u>25,280</u>	<u>-</u>	<u>-</u>
Ordinary shares of £1 each	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>

### 12. Reserves

	Share Premium Account £'000	Profit and Loss Account £'000
At 29 April 2003	5,800	51,623
Retained loss for the year	<u>-</u>	<u>(370)</u>
At 30 April 2004	<u>5,800</u>	<u>51,253</u>

### 13. Dividends

	2004 Per share	2003 Per share	2004 £'000	2003 £'000
Proposed dividend	<u>90.9p</u>	<u>227.3p</u>	<u>10,000</u>	<u>25,000</u>

## **St Regis International Limited**

### **Notes to the financial statements (continued)**

#### **14. Consolidated financial statements**

The Company is not required to prepare consolidated financial statements as defined by Section 228 of the Companies Act 1985, since it is a wholly owned subsidiary of a company registered in England.

#### **15. Contingent liabilities**

The company has guaranteed bank overdrafts of Group undertakings within the DS Smith Plc Group.

#### **16. Ultimate parent undertaking**

The ultimate parent company and parent undertaking of the largest group of undertakings for which group financial statements are drawn up at DS Smith Plc, a company registered in England.

Copies of the DS Smith Plc Group financial statements can be obtained from the Company Secretary at 4-16 Artillery Row, London SW1P 1RZ.