

St Regis International Limited

Directors' report and financial statements
For the year ended
28 April 2001

Company no. 328480



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St Regis International Limited

Directors' report and financial statements

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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 28 April 2001.

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

After deducting an ordinary dividend of £8,000,000 (2000: £9,000,000) the retained profit for the year amounted to £867,649 (2000: loss £453,164).

Directors

The following were Directors of the Company during the year:

D F Buttfield

C T Cattermole (appointed 1 January 2001)

J S Russell (resigned 31 December 2000)

A D Thorne (appointed 1 January 2001)

J P Williams

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 ultimate parent company, including options granted but not yet exercised under the 1992 and 1999 Executive Option Schemes and the Employee Savings Related Share Option Schemes were as follows.

	At 28 April 2001		At 29 April 2000 *	
	Ordinary shares	Ordinary shares under option	Ordinary shares	Ordinary shares under option
C T Cattermole	-	90,000	-	-

* Date of appointment if later

D F Buttfield, A D Thorne and J P Williams are directors of the holding company and their interests in the shares of that company are set out in its directors' report.

Secretary

On 30 November 2000 A J Richardson resigned as Company Secretary and C T Cattermole was appointed Company Secretary in his stead. On 9 July 2001 C T Cattermole resigned and A Steele was appointed Company Secretary in her stead.

Auditors

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.

Registered Office:

4-16 Artillery Row
London
SW1P 1RZ

For and on behalf of the board



A Steele
Secretary
19 September 2001

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 Auditors to the members of St Regis International Limited

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, 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. 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 28 April 2001 and of the profit for the financial year then ended and have been properly prepared in accordance with the Companies Act 1985.

WMB Ade Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

19 September 2001

St Regis International Limited

Profit and loss account

for the financial year ended 28 April 2001

	Note	2001 £'000	2000 £'000
Administrative expenses		-	(25)
Other operating income		<u>-</u>	<u>73</u>
Operating Profit	2	-	48
Income from fixed asset investments		8,454	9,495
Profit on disposal of fixed assets		-	204
Net interest payable	3	<u>(501)</u>	<u>(930)</u>
Profit on ordinary activities before taxation		7,953	8,817
Tax on profit on ordinary activities	4	<u>915</u>	<u>(271)</u>
Profit on ordinary activities after taxation		8,868	8,546
Dividends paid and proposed		<u>(8,000)</u>	<u>(9,000)</u>
Retained profit/(loss) for the financial year		<u>868</u>	<u>(454)</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 28 April 2001

	2001 £'000	2000 £'000
Profit for the financial year	8,868	8,546
Dividends	<u>(8,000)</u>	<u>(9,000)</u>
Change in shareholders' funds	868	(454)
Opening shareholders' funds	<u>72,737</u>	<u>73,191</u>
Closing shareholders' funds	<u>73,605</u>	<u>72,737</u>

The notes on pages 7 to 11 form part of these financial statements.

St Regis International Limited

Balance Sheet at 28 April 2001

	Note	28 April 2001 £'000	29 April 2000 £'000
Fixed assets			
Investments	7	<u>240,002</u>	<u>240,002</u>
Current assets			
Debtors: amount falling due in less than one year	8	1,044	10,404
Debtors: amounts falling due after one year	8	48,988	112,885
Cash at bank		1,347	1,777
Creditors: amounts due in less than one year	9	<u>-</u>	<u>(131,606)</u>
Net current assets/(liabilities)		<u>51,379</u>	<u>(6,540)</u>
Total assets less current liabilities		291,381	233,462
Creditors: amounts falling due after more than one year			
Convertible debt	10	(15,138)	(13,929)
Amounts owed to Group undertaking		<u>(202,638)</u>	<u>(146,796)</u>
Net assets		<u>73,605</u>	<u>72,737</u>
Capital and reserves			
Called up share capital	11	11,000	11,000
Share premium account	12	5,800	5,800
Profit and loss account	12	<u>56,805</u>	<u>55,937</u>
Shareholders' funds – equity		<u>73,605</u>	<u>72,737</u>

These financial statements were approved by the Board on 19 September 2001 and were signed on its behalf by:

Director  J P Williams

The notes on pages 7 to 11 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.

(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. Operating profit

	2001 £'000	2000 £'000
Operating Profit is stated after charging the following:-		
Depreciation	-	25
Foreign exchange effects on retranslation	<u>-</u>	<u>(44)</u>

3. Net interest receivable/(payable)

	2001 £'000	2000 £'000
Interest receivable on loans and swaps repayable in under one year	840	9,315
Interest payable and other charges on loans repayable in under one year	<u>(1,341)</u> (501)	<u>(8,648)</u> 667
Exceptional charge – Amount written off fixed asset investments	<u>-</u>	<u>(1,597)</u>
Net interest payable	<u>(501)</u>	<u>(930)</u>

St Regis International Limited

Notes to the financial statements (continued)

4. Taxation

	2001 £'000	2000 £'000
Corporation tax credit on the loss for the year at 30% (2000: 30%)	14	(271)
Prior year adjustment	<u>901</u>	<u>-</u>
	<u>915</u>	<u>(271)</u>
Income from fixed asset investments includes an £8,000,000 dividend received from a subsidiary undertaking.		

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. Auditors' remuneration

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

7. Fixed asset investments

	£'000
Cost:	
At 29 April 2000	<u>242,077</u>
At 28 April 2001	<u>242,077</u>
Provision against investment:	
At 29 April 2000	<u>(2,075)</u>
At 28 April 2001	<u>(2,075)</u>
Net book value at 28 April 2001	<u>240,002</u>
Net book value at 29 April 2000	<u>240,002</u>

The Company's principal subsidiary undertakings are:

	Percentage of issued ordinary share capital held by St Regis International Ltd	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.

St Regis International Limited

Notes to the financial statements (continued)

8. Debtors

	2001 £'000	2000 £'000
(a) Amounts falling due within one year:		
Amounts owed by Group undertakings	-	8,060
Corporation tax	796	-
Other debtors	-	2,055
Prepayments and accrued income	<u>248</u>	<u>289</u>
	<u>1,044</u>	<u>10,404</u>
(b) Amounts falling due after more than one year:		
Amounts owed by Group undertakings	48,988	48,988
Other debtors	<u>-</u>	<u>63,897</u>
	<u>48,988</u>	<u>112,885</u>

9. Creditors

	2001 £'000	2000 £'000
(a) Amounts falling due within one year:		
Bank loans and overdrafts	-	118,737
Amounts owed to Group undertaking	-	9,000
Corporation tax	-	436
Accruals and deferred income	<u>-</u>	<u>3,433</u>
	<u>-</u>	<u>131,606</u>
(b) Amounts falling due after more than one year:		
Other loans	15,138	13,929
Amounts owed to Group undertakings	<u>202,638</u>	<u>146,796</u>
	<u>217,776</u>	<u>160,725</u>

10. Borrowings

	2001 £'000	2000 £'000
The Company's net borrowings are:		
Bank loans due within one year	-	118,737
Bank loans due between two and five years	-	-
Convertible redeemable loan stock due after five years	<u>15,138</u>	<u>13,929</u>
	<u>15,138</u>	<u>132,666</u>

St Regis International Limited

Notes to the financial statements (continued)

10. Borrowings (continued)

DS Smith Plc entered into a note purchase agreement as of 12 May 1993, with a number of US investors who have purchased US\$100m of 6.81% senior notes issued by DS Smith Plc on 2 June 1993. On 27 April 1995 the agreement was novated in favour of St Regis International Limited. The note matured on 12 May 2000.

On 12 May 1993 the Company entered into swap transactions under which it made payments in the aggregate amount of US\$100m in return for an equivalent amount denominated in pounds sterling and French francs. The swap counterparties also agreed to pay fixed rate dollar interest of 6.81% per annum in exchange for the payment of sterling and French franc floating rate interest at rates linked to LIBOR and EURIBOR. The swaps matured on 12 May 2000.

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	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Preference shares of £1 each	<u>25,280</u>	<u>25,280</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	Profit and Loss Account
	£'000	£'000
At 29 April 2000	5,800	55,937
Retained profit for the year	—	<u>868</u>
At 28 April 2001	<u>5,800</u>	<u>56,805</u>

13. 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.

St Regis International Limited

Notes to the financial statements (continued)

14. Contingent liabilities

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

15. Ultimate parent undertaking

The Company is a wholly owned subsidiary of DS Smith Plc, its ultimate parent company, and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up. On 17 September 2001 the parent company changed its name to DS Smith Plc, formerly David S. Smith (Holdings) PLC.

Copies of these group financial statements can be obtained from the Company Secretary at 4-16 Artillery Row, London SW1P 1RZ. DS Smith Plc is registered in England.