Integrated Packaging Limited

Directors' report and financial statements

Registered number 1298663

31 May 2012

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2012

Business review and principal activities

The company operates as a wholly-owned subsidiary of Benson Box Holdings Limited operating as part of the Food Packaging division

The company's principal activities are the design, manufacture and sale of printed folding cartons to the food industry in the UK and Europe There have not been any significant changes in the company's principal activities in the year under review The directors are not, at the date of this report, aware of any likely major changes in the company's activities in the next year

The food division of which the company is a part invests in research and development activities appropriate to the nature and size of its operations, with the aim of supporting the future development of the company, as a part of the division, in the medium to long-term future

As shown in the company's profit and loss account on page 5, turnover has increased by 8% over the prior year

The balance sheet on page 6 of the financial statements shows that the company's financial position at the year-end has improved on the prior year with a continued improvement in net current assets

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements

Benson Box Holdings Limited manages its operations on a divisional basis For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business

Change in ownership

In December 2011 the majority shareholders of Benson Box Holdings Limited sold their interest in the Group to a new company Shoo 553 Limited Shoo 553 Limited is now the ultimate parent company and further details around the transaction can be found in the consolidated financial statements

Principal risks and uncertainties

Competitive pressure in the UK and Europe is a continuing risk for the company, which could result in a loss of turnover To manage this risk, the company strives to provide added-value products and services to its customers, utilising lean manufacturing processes, prompt response times in the supply of products and services and in the handling of customer queries, and through the maintenance of strong relationships with customers

The company sells products into international markets, and it is therefore exposed to currency movements on such sales However, these risks are not deemed to be material as the majority of trade is within the UK

The company's business may be affected by fluctuations in the price and supply of key raw materials, although purchasing policies and practices seek to mitigate, where practicable, such risks

The Group risks to which Integrated Packaging Limited is exposed are discussed in the Benson Box Holdings Limited annual report which does not form part of this report

Environment

Integrated Packaging Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies in order to mitigate any adverse impact that might be caused by its activities Initiatives aimed at minimising the company's impact on the environment include safe disposal of manufacturing waste, recycling, and reducing energy consumption

Directors' report *(continued)*

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements

The company participates in Benson Box Holdings Limited's policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters

Dividends

The directors do not propose the payment of a dividend

Directors

The following directors have held office during the year

NJ Benson
JW Benson (resigned 19 December 2011)
M G Kerridge (appointed 19 December 2011)
D A Devenport (appointed 19 December 2011)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware and each director has taken all of the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditors

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the board

MG Kerridge

MG Kerridge
Director

Interlink Park
Bardon Hill
Coalville
Leicestershire
LE67 1PE

Dated 12 October 2012

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the 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, they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

KPMG

Independent auditors' report to the members of Integrated Packaging Limited

We have audited the financial statements of Integrated Packaging Limited for the year ended 31 May 2012 set out on pages 5 to 15 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm.

Opinion on financial statements

In our opinion, the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2012, and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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 of the information and explanations we require for our audit

CN Parkin *(Senior Statutory Auditor)*

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Waterloo Way
Leicester
LE1 6LP

Dated 12 October 2012

Profit and loss account
for the year ended 31 May 2012

	Note	2012 £000	2011 £000
Turnover	1, 2	**47,593**	44,091
Cost of sales		**(32,997)**	(30,656)
Gross profit		**14,596**	13,435
Distribution costs		**(1,288)**	(1,286)
Administrative expenses		**(9,990)**	(9,336)
Operating profit before depreciation and amortisation		**5,809**	4,902
Depreciation and amortisation		**(2,148)**	(2,089)
Non-recurring items	4	**(343)**	-
Total operating profit		**3,318**	2,813
Profit/(loss) on disposal of fixed assets		**22**	(134)
Interest payable and similar charges - other		**(239)**	(209)
- exceptional costs		**(267)**	-
Total interest payable	3	**(506)**	(209)
Profit on ordinary activities before taxation	4	**2,834**	2,470
Tax on profit on ordinary activities	6	**(643)**	(591)
Profit for the financial year	15	**2,191**	1,879

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented

In both the current and preceding year, the company made no material acquisitions and had no discontinued operations

Balance sheet
as at 31 May 2012

	Note	2012 £000	2012 £000	2011 £000	2011 £000
Fixed assets					
Intangible assets	7		122		200
Tangible assets	8		8,643		9,719
			8,765		9,919
Current assets					
Stocks	9	5,738		7,054	
Debtors	10	12,381		11,262	
Cash at bank and in hand		4,822		390	
		22,941		18,706	
Creditors. amounts falling due within one year	11	(19,447)		(16,586)	
Net current assets			3,494		2,120
Total assets less current liabilities			12,259		12,039
Creditors: amounts falling due after more than one year	12		-		(1,706)
Provisions for liabilities and charges	13		(899)		(1,164)
Net assets			11,360		9,169
Capital and reserves					
Called up share capital	14		50		50
Profit and loss account	15		11,310		9,119
Shareholders' funds	16		11,360		9,169

These financial statements were approved by the board of directors on 12 October 2012 and were signed on its behalf by

MG Kerridge

MG Kerridge
Director

Companies House Number 1298663

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under FRS 1, 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 own published consolidated financial statements

As the company is a wholly owned subsidiary of Benson Box Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has, therefore, not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Benson Box Holdings Limited, within which this company is included, can be obtained from Companies House

Going concern

The company has generated significant profits in the year and has no external debt The financial statements have therefore been prepared on a going concern basis

Fixed assets and depreciation

Depreciation is provided in order to write off the cost, less the estimated residual value, of tangible fixed assets by equal annual instalments over their estimated economic lives as follows

Long leasehold buildings	-	50 years or amortised over the life of the lease if shorter
Freehold property	-	20 years
Plant and machinery	-	10 years
Computer equipment	-	5 years
Commercial motor vehicles	-	5 years
Motor cars	-	4 years
Fixtures and fittings	-	5 years
Tools and die boards	-	3 years

Goodwill

Positive goodwill arising on acquisitions, being the excess of cost over fair value of the net tangible assets acquired, is capitalised and amortised over an estimated useful economic life of 5 years

Government grants

Capital-based government grants are included within accruals and deferred income in the balance sheet, and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate

Foreign currencies

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

Leases

Assets acquired either under finance leases or hire purchase are capitalised, and the outstanding future obligations are shown in creditors Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease

Notes *(continued)*

1 Accounting policies *(continued)*

Post-retirement benefits

The company operates defined-contribution pension schemes The assets of the schemes are held separately from those of the company in independently administered funds The amount charged against profits represents the contributions payable to the schemes in respect of the accounting year

Stocks

Stocks are stated at the lower of cost and net realisable value For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads

Taxation

The charge or credit for taxation is based on the result for the year, and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen, but not reversed, by the balance sheet date, except as otherwise required by FRS 19

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised, and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2 Segment analysis

All turnover originated in the United Kingdom, and relates to sales of printed packaging Turnover split by destination is as follows

	2012	2011
	£000	£000
United Kingdom	**47,441**	43,187
Overseas	**152**	904
	47,593	44,091

3 Interest payable and similar charges

	2012	2011
	£000	£000
Interest payable on bank borrowings	**71**	53
Interest payable on parent company borrowings	**131**	
Finance charges under finance leases and hire purchase contracts	**37**	156
Exceptional finance costs	**267**	-
	506	209

Exceptional finance costs of £267,000 were incurred following early settlement of the hire purchase contracts in December 2011

Notes *(continued)*

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2012 £000	2011 £000
Amortisation of government grants	**(27)**	(27)
Amortisation of intangible assets	**78**	78
Depreciation of tangible fixed assets		
– Owned	**1,620**	1,280
– Held under finance leases and hire purchase contracts	**450**	731
Operating lease rentals	**440**	445
(Profit)/loss on disposal of fixed assets	**(22)**	134

Auditors' remuneration

	2012 £000	2011 £000
Audit of these financial statements	**20**	22
Other services relating to taxation	**4**	5

Non recurring costs of £343,000 were incurred in the year, £315,000 relates to utilities costs dating back to 2009 and £28,000 of redundancy costs incurred during the year

5 Staff costs

Particulars of employees (including directors) are as shown below

	2012 £000	2011 £000
Employee costs during the year amounted to		
Wages and salaries	**8,143**	8,301
Social security costs	**651**	681
Other pension costs	**108**	106
	8,902	9,088

The average monthly number of persons employed by the company during the year was as follows

	2012 Number	2011 Number
Directors	**-**	-
Manufacturing	**282**	309
Sales and distribution	**68**	45
Administration	**30**	32
	380	386

The directors receive no remuneration for their services to this company *(2011 £nil)*, they are remunerated by Shoo 553 Limited, the ultimate parent company

Notes *(continued)*

6 Tax on profit on ordinary activities

Analysis of tax charge in the year

	2012		2011	
	£000	**£000**	£000	£000
UK corporation tax				
Current tax on income for the year	**930**		904	
Adjustments in respect of prior periods	**(22)**		(2)	
Total current tax		**908**		902
Deferred taxation (see note 13)				
Origination of timing differences	**(175)**		(229)	
Effect of decrease in tax rate	**(90)**		(90)	
Adjustments in respect of previous years	**-**	**(265)**	8	(311)
Total tax		**643**		591

Factors affecting the tax charge for the current year

The tax assessed for the period is different to that resulting from applying the standard rate of corporation tax in the UK The differences are explained below

	2012	2011
	£000	£000
Profit on ordinary activities before tax	**2,834**	2,470
Tax at 25 67% *(2011 27 67%)*	**727**	683
Expenses not deductible for tax purposes	**18**	6
Capital allowances less than depreciation	**188**	228
Balancing charge on disposal of property	**-**	(9)
Tax rate lower than standard	**(3)**	(4)
Adjustments in respect of prior periods	**(22)**	(2)
Current tax charge for year	**908**	902

Factors that may affect future tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax liability at 31 May 2012 (which has been calculated based on the rate of 24% substantively enacted at the balance sheet date)

The further 2% rate reduction will further reduce the company's future current tax charge and reduce the company's deferred tax liability by £75,000

Notes *(contınued)*

7 Intangıble fixed assets

	Goodwill £000
Cost	
At 1 June 2011	388
Addıtıons ın year	-
At 31 May 2012	388
Accumulated depreciatıon	
At 1 June 2011	188
Charge for year	78
At 31 May 2012	266
Net book value	
At 31 May 2012	**122**
At 31 May 2011	200

8 Tangible fixed assets

	Leasehold property £000	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehıcles £000	Total £000
Cost						
At 1 June 2011	-	43	15,992	1,266	321	17,622
Addıtıons	-	-	956	91	21	1,068
Dısposals	-	-	(275)	-	(17)	(292)
At 31 May 2012	-	43	16,673	1,357	325	18,398
Accumulated depreciation						
At 1 June 2011	-	30	6,849	831	193	7,903
Charge for year	-	2	1,814	178	76	2,070
Elımınated on dısposals	-		(201)	-	(17)	(218)
At 31 May 2012	-	32	8,462	1,009	252	9,755
Net book value						
At 31 May 2012	**-**	**11**	**8,211**	**348**	**73**	**8,643**
At 31 May 2011	-	13	9,143	435	128	9,719

Included ın the net book value ıs £nıl *(2011 £4,819,000)* ın respect of assets held under finance lease, hıre purchase and sımılar contracts All finance leases were repaıd durıng the year

Notes *(continued)*

9 Stocks

	2012	2011
	£000	£000
Raw materials	**1,290**	2,036
Work in progress	**1,743**	1,945
Finished goods and goods for resale	**2,705**	3,073
	5,738	7,054

In the opinion of the directors, there is no material difference between the balance sheet value of stocks and their replacement cost

10 Debtors

	2012	2011
	£000	£000
Amounts falling due within one year		
Trade debtors	**7,442**	6,944
Amounts owed by group undertakings	**3,663**	3,451
Other debtors	**-**	39
Prepayments and accrued income	**824**	828
Corporation tax debtor	**452**	-
	12,381	11,262

11 Creditors: amounts falling due within one year

	2012	2011
	£000	£000
Bank borrowings	**-**	3,144
Obligations under finance leases, hire purchase and similar contracts	**-**	850
Capital creditors	**-**	447
Trade creditors	**7,840**	8,482
Amounts owed to group undertakings	**8,899**	1,936
Corporation tax	**-**	27
Taxation and social security	**1,666**	1,111
Other creditors	**100**	159
Accruals and deferred income	**942**	430
	19,447	16,586

Notes *(continued)*

12 Creditors: amounts falling due after more than one year

	2012 £000	2011 £000
Obligations under finance leases and hire purchase contract	-	1,706

Analysis of debt

	2012 £000	2011 £000
Debt can be analysed as falling due		
In one year or less or on demand	-	3,994
Between one and two years	-	800
Between two and five years	-	906
Over five years		-
	-	5,700

In the prior year the finance leases and hire purchase loans were secured on the assets to which they related During the year all bank borrowings and finance leases were repaid on acquisition

13 Provisions for liabilities and charges

Deferred taxation

	2012 £000	2011 £000
At beginning of year	**1,164**	1,475
Credit to the profit and loss account	**(265)**	(311)
At end of year	**899**	1,164

The elements of deferred taxation are

	2012 £000	2011 £000
Capital allowances in advance of depreciation	**899**	1,164
Short term timing differences	-	-
Total deferred tax	**899**	1,164

14 Called up share capital

	2012 £000	2011 £000
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	**50**	50

Notes *(continued)*

15 Reserves

	Profit and loss account £000
At beginning of the year	9,119
Profit for the year	2,191
At end of the year	**11,310**

16 Reconciliation of movements in shareholders' funds

	2012 £000	2011 £000
Profit for the year	**2,191**	1,879
Net movement in shareholders' funds	**2,191**	1,879
Opening shareholders' funds	**9,169**	7,290
Closing shareholders' funds	**11,360**	9,169

17 Obligations under non-cancellable operating leases

Annual commitments under non-cancellable operating leases as follows

	2012		2011	
	Land and buildings £000	**Other £000**	Land and buildings £000	Other £000
Operating leases which expire				
Within one year	-	-	-	-
In the second to fifth years inclusive	**400**	**42**	403	42
	400	**42**	403	42

18 Capital commitments

Capital commitments, for which no provision has been made in these accounts, were as follows

	2012 £000	2011 £000
Contracted	-	-

Notes *(continued)*

19 Contingent liability

The company and fellow subsidiaries have undertaken to guarantee a loan taken out by the ultimate parent company, Shoo 553 Limited Details of the debt outstanding at 31 May 2012 are included in the financial statements of Shoo 553 Limited In the prior year the cross guarantee across the group amounted to £9,043,000

20 Ultimate parent company

The company is a subsidiary undertaking of Benson Box Holdings Limited Following the acquisition of Benson Box Holdings Limited in the year, the ultimate parent company and controlling party is now Shoo 553 Limited