

Registered number: 05545687

KENDON FLEXOCARE LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**



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KENDON FLEXOCARE LIMITED

COMPANY INFORMATION

DIRECTORS

E A Kendon
A J Kendon

COMPANY SECRETARY

A J Kendon

COMPANY NUMBER

05545687

REGISTERED OFFICE

7 Innova Way
Innova Park
Enfield
EN3 7FL

AUDITORS

Price Bailey LLP
Chartered Accountants & Statutory Auditors
500 Larkshall Road
Highams Park
London
E4 9HH

KENDON FLEXOCARE LIMITED

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KENDON FLEXOCARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

The directors present their report and the financial statements for the year ended 31 March 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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,
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The principal activity of the company is the manufacture and wholesale merchanting of packaging materials and stationery products.

BUSINESS REVIEW

Profits reduced due to lower sales and gross margin partially offset by reduced overheads

The directors do not anticipate any significant changes in the activities of the company

The market for the company's products remains highly competitive. The company seeks to manage the level of risk of losing customers by being competitive on cost and providing high levels of customer service.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against settlement terms.

Cashflow is monitored on a daily basis and the cashflow implications of all decisions are considered.

The directors regularly review the financial requirements of the company and the risks associated therewith. Company operations are primarily financed from retained earnings, cash at bank and group resources.

RESULTS

The profit for the year, after taxation, amounted to £10,910 (2010 - £172,450)

KENDON FLEXOCARE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2011**

DIRECTORS

The directors who served during the year were

E A Kendon
A J Kendon

In accordance with the company's Articles of Association, AJ Kendon retires by rotation and, being eligible, offers himself for re-election

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf



E A Kendon
Director

Date 29/9/2011

KENDON FLEXOCARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KENDON FLEXOCARE LIMITED

We have audited the financial statements of Kendon Flexocare Limited for the year ended 31 March 2011, set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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, 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 Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 2011 and of its profit 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.

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.

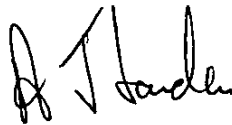
KENDON FLEXOCARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KENDON FLEXOCARE LIMITED

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 the information and explanations we require for our audit



Tony Sanderson (Senior statutory auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
500 Larkshall Road
Highams Park
London
E4 9HH

Date

29 September 2011

KENDON FLEXOCARE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 £	2010 £
TURNOVER	1,2	2,855,311	3,264,611
Cost of sales		(2,170,570)	(2,098,705)
GROSS PROFIT		684,741	1,165,906
Distribution costs		(141,227)	(192,197)
Administrative expenses		(536,107)	(714,053)
OPERATING PROFIT	3	7,407	259,656
Interest payable and similar charges	5	(2,100)	(23,206)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,307	236,450
Tax on profit on ordinary activities	6	5,603	(64,000)
PROFIT FOR THE FINANCIAL YEAR	11	10,910	172,450

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and Loss Account


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

KENDON FLEXOCARE LIMITED
REGISTERED NUMBER: 05545687

BALANCE SHEET
AS AT 31 MARCH 2011

	Note	£	2011 £	2010 £
FIXED ASSETS				
Tangible assets	7		58,470	80,222
CURRENT ASSETS				
Stocks		297,129	382,117	
Debtors	8	550,891	551,791	
Cash in hand		59	305	
		<u>848,079</u>	<u>934,213</u>	
CREDITORS: amounts falling due within one year	9	<u>(713,189)</u>	<u>(831,985)</u>	
NET CURRENT ASSETS			134,890	102,228
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>193,360</u>	<u>182,450</u>
CAPITAL AND RESERVES				
Called up share capital	10		10,000	10,000
Profit and loss account	11		183,360	172,450
SHAREHOLDERS' FUNDS	12		<u>193,360</u>	<u>182,450</u>

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



E A Kendon
Director

Date 29/9/2011

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

KENDON FLEXOCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Revenue is recognised when goods are despatched

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery	-	20% straight line
Motor vehicles	-	25% straight line

1.5 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and Loss Account

KENDON FLEXOCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

2. TURNOVER

The whole of the turnover is attributable to the principal activity of the company

A geographical analysis of turnover is as follows

	2011 £	2010 £
United Kingdom	2,834,715	3,249,454
Rest of world	20,596	15,157
	<u>2,855,311</u>	<u>3,264,611</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	22,394	17,840
Auditors' remuneration	4,500	4,500
Profit / (loss) on sale of tangible fixed asset	(1,324)	925
	<u></u>	<u></u>

During the year, no director received any emoluments (2010 - £NIL)

4. STAFF COSTS

Staff costs were as follows

	2011 £	2010 £
Wages and salaries	496,453	556,776
Social security costs	43,635	48,101
	<u>540,088</u>	<u>604,877</u>

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

	2011	2010
Office and management	6	8
Production and sales	24	26
	<u>30</u>	<u>34</u>

KENDON FLEXOCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

5 INTEREST PAYABLE

	2011 £	2010 £
On loans from group undertakings	2,100	23,206

6. TAXATION

	2011 £	2010 £
Analysis of tax (credit)/charge in the year		
UK corporation tax charge on profit for the year	1,718	64,000
Adjustments in respect of prior periods	(7,321)	-
Tax on profit on ordinary activities	(5,603)	64,000

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the lower rate of corporation tax in the UK of 21% (2010 - 28%)

7. TANGIBLE FIXED ASSETS

	Plant & machinery £	Motor vehicles £	Total £
Cost			
At 1 April 2010	45,782	56,030	101,812
Additions	7,150	8,250	15,400
Transfers intra group	-	(15,800)	(15,800)
Disposals	(6,851)	-	(6,851)
At 31 March 2011	46,081	48,480	94,561
Depreciation			
At 1 April 2010	8,050	13,540	21,590
Charge for the year	9,752	12,642	22,394
Transfers intra group	-	(5,267)	(5,267)
On disposals	(2,626)	-	(2,626)
At 31 March 2011	15,176	20,915	36,091
Net book value			
At 31 March 2011	30,905	27,565	58,470
At 31 March 2010	37,732	42,490	80,222

KENDON FLEXOCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

8. DEBTORS

	2011 £	2010 £
Trade debtors	543,096	546,371
Other debtors	1,669	856
Prepayments and accrued income	6,126	4,564
	<u>550,891</u>	<u>551,791</u>

**9. CREDITORS:
Amounts falling due within one year**

	2011 £	2010 £
Bank loans and overdrafts	3,769	5,656
Trade creditors	108,737	67,439
Amounts owed to group undertakings	487,945	446,440
Corporation tax	-	64,000
Social security and other taxes	11,020	12,672
Accruals and deferred income	101,718	235,778
	<u>713,189</u>	<u>831,985</u>

The company has entered into guarantees with its bankers whereby each group company has given unlimited cross guarantees in respect of overdrafts available to group companies. At the balance sheet date the net indebtedness of the group amounted to £Nil (2010 - £Nil).

10. SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

11. RESERVES

	Profit and loss account £
At 1 April 2010	172,450
Profit for the year	10,910
	<u>183,360</u>
At 31 March 2011	

KENDON FLEXOCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	182,450	1
Profit for the year	10,910	172,450
Shares issued during the year	-	9,999
Closing shareholders' funds	<u>193,360</u>	<u>182,450</u>

13. OPERATING LEASE COMMITMENTS

At 31 March 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2011 £	2010 £
Expiry date		
Within 1 year	<u>2,500</u>	<u>12,000</u>

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company

During the year the company purchased goods of £25,279 (2010 £Nil) from The Kendon Rope and Twine Co Limited, a company of which A J Kendon and E A Kendon are directors and have a non-beneficial interest as trustees

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors' consider that the company is under the control of its immediate and ultimate parent company Kendon Packaging Group Plc

The consolidated financial statements of Kendon Packaging Group Plc may be obtained from Companies House