

Xtrapack Limited

**Directors' report and financial
statements**

Registered number 03872127

31 December 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal activities

The principal activity of the company is to license packaging products.

Business review

The results for the year ended 31 December 2002 are shown in the profit and loss account on page 4.

Proposed dividend

The directors do not recommend the payment of a dividend (2001: £nil).

Directors and directors' interests

The directors who held office during the year were as follows:

RM King
HM King
CM King
J Watt
R Chatterton (resigned 28/10/02)
J Mann
T Gray (appointed 28/10/02)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. Their interests in the ordinary shares of the ultimate parent company, International Group Limited, are disclosed in the directors report and financial statements of that company.

According to the register of directors' interests, no rights to subscribe for shares of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

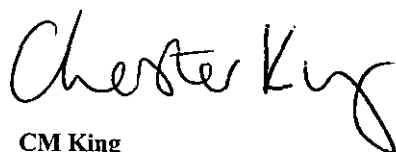
Political and charitable donations

The company made no political or charitable contributions during the year (2001: £nil).

Auditors

In accordance with Section 385 of the Companies Act 1985, 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



CM King
Director

20 October 2003

Hertford Place
Denham Way
Rickmansworth
Hertfordshire
WD3 9HG

Statement of directors' responsibilities

Company law requires the directors to prepare 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;
- 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.



KPMG LLP

Aquis Court
31 Fishpool Street
St Albans
AL3 4RF
United Kingdom

Report of the independent auditors to the members of Xtrapack Limited

We have audited the financial statements on pages 4 to 10.

This 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 auditors

The directors are responsible for preparing the directors' report and, as described on page 2, 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 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 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

24 OCT 2003

Profit and loss account
for the year ended 31 December 2002

	<i>Note</i>	2002 £000	2001 £000
Turnover		11	-
Administrative expenses		(193)	(347)
		<hr/>	<hr/>
Operating loss		(182)	(347)
Interest receivable and similar income	5	1	2
		<hr/>	<hr/>
Loss on ordinary activities before tax		(181)	(345)
Tax on loss on ordinary activities	6	-	-
		<hr/>	<hr/>
Loss on ordinary activities after tax and retained loss for the year		(181)	(345)
		<hr/> <hr/>	<hr/> <hr/>

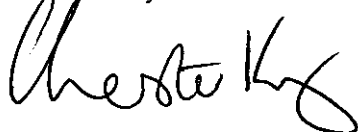
The results for the current and preceding years were derived from continuing operations.

There are no recognised gains or losses during the current or preceding year other than those reflected in the profit and loss account.

Balance sheet
at 31 December 2002

	<i>Note</i>	2002 £000	2001 £000
Current assets			
Debtors	7	313	100
Cash at bank and in hand		43	67
		<hr/> 356	<hr/> 167
Creditors: amounts falling due within one year	8	<hr/> (610)	<hr/> (240)
Net liabilities		<hr/> (254)	<hr/> (73)
Capital and reserves			
Called up share capital	10	-	-
Share premium account	11	774	774
Profit and loss account	11	<hr/> (1,028)	<hr/> (847)
Equity shareholders' funds deficit	11	<hr/> (254)	<hr/> (73)

These financial statements were approved by the board of directors on
on its behalf by:



CM King
Director

20 Oct 2003 and were signed

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. The company has adopted Financial Reporting Standard 18 'Accounting Policies' and Financial Reporting Standard 19 'Deferred Tax' in these financial statements.

Basis of preparation

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

Notwithstanding the company's net liabilities, the financial statements have been prepared on a going concern basis. The ultimate parent company has confirmed that it will continue to support the company. The parent company has itself obtained continuing financial support from an associated undertaking, to enable the parent company and subsidiaries to trade as a going concern. On the strength of these assurances, the financial statements have been prepared on the basis that the company will be able to continue to trade as a going concern.

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

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.

Taxation

The charge for taxation is based on the loss 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 Financial Reporting Standard 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. Turnover is recognised when goods and services have been supplied to and accepted by our clients.

2 Segmental information

In the opinion of the directors, turnover and the loss on ordinary activities before tax arose in the same class of business and geographical market.

Notes (continued)

3 Remuneration of directors and employees

The directors are also directors of other International Group companies and did not receive emoluments for their services to the company during the period. The company has no employees other than the directors (2001: nil).

4 Loss on ordinary activities before taxation

	2002 £000	2001 £000
<i>Loss on ordinary activities before tax is stated after charging:</i>		
Auditors' remuneration - audit services	3	3
	<u>3</u>	<u>3</u>

5 Interest receivable and similar income

	2002 £000	2001 £000
Other interest receivable (bank)	1	2
	<u>1</u>	<u>2</u>

6 Taxation

Analysis of charge in period

	2002 £000	2001 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
	<u>-</u>	<u>-</u>
Total current tax and tax on profit/(loss) on ordinary activities	-	-
	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2001: higher) than the standard rate of corporation tax in the UK (30%, 2001: 30 %). The differences are explained below:

	2002 £000	2001 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(181)	(345)
	<u>(181)</u>	<u>(345)</u>
Current tax at 30% (2001: 30%)	(54)	(104)
	<u>(54)</u>	<u>(104)</u>
<i>Effects of:</i>		
Additional trading losses to carry forward	54	104
	<u>54</u>	<u>104</u>
Total current tax charge (see above)	-	-
	<u>-</u>	<u>-</u>

Notes (continued)

7 Debtors

	2002 £000	2001 £000
Trade debtors	11	-
Amounts owed by group undertakings	253	-
Amounts owed by related parties	18	-
Other debtors	7	6
Called up share capital not paid	24	94
	<u>313</u>	<u>100</u>

8 Creditors: amounts falling due within one year

	2002 £000	2001 £000
Amounts owed to group undertakings	6	112
Other creditors - amounts owed to related parties	4	120
Other creditors	11	8
Accruals and deferred income	589	-
	<u>610</u>	<u>240</u>

9 Deferred taxation

A deferred tax asset of £309,000 (2001: £254,000) has arisen as a result of tax losses carried forward. The directors do not feel that it is appropriate to recognise this deferred tax asset in the light of current trading conditions.

10 Called up share capital

	2002 £	2001 £
<i>Authorised</i>		
Equity: 'A' class ordinary shares of £1 each	90,000	90,000
Equity: 'B' class ordinary shares of £1 each	210,000	210,000
	<u>300,000</u>	<u>300,000</u>
<i>Allotted, called up and fully paid</i>		
Equity: 'A' class ordinary shares of £1 each	30	30
Equity: 'B' class ordinary shares of £1 each	70	70
	<u>100</u>	<u>100</u>

'A' shareholders can only appoint and remove 'A' directors and 'B' shareholders can only appoint 'B' directors. In all other respects the shares rank pari passu.

Notes (continued)

11 Reconciliation of movement in shareholders' deficit

	Share capital £000	Share premium account £000	Profit and loss account £000	2002 Total shareholders' funds/ deficit £000	2001 Total shareholders' funds/ (deficit) £000
At beginning of period	-	774	(847)	(73)	272
Loss for the period	-	-	(181)	(181)	(345)
At end of period	-	774	(1,028)	(254)	(73)

12 Commitments

At the end of the financial period the company had no unprovided capital commitments (2001: £nil).

13 Ultimate parent company and parent undertaking of larger group of which the company is a member

The immediate parent company is International Packaging, a company incorporated in England and Wales.

The company's ultimate parent company and the largest and smallest company in which its results are consolidated is International Group Limited, a company incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of International Group Limited can be obtained from Hertford Place, Denham Way, Rickmansworth, Hertfordshire, WD3 9HG.

The company's ultimate controlling party is RM King.

Notes (continued)

14 Related party transactions

During the year the company had the following related party transactions:-

- a) A management charge of £50,000 (2001: £50,000) was charged by Cadbury Schweppes plc, which owns 30% of the ordinary shares of the company. The company received license income of £500,000 (2001: £nil) from Cadburys Schweppes. As at 31 December 2002 the company has £nil trading creditor balance (2001: £100,000) and £4,000 loan balance (2001: £20,000) outstanding with Cadbury Schweppes plc. Cadbury Schweppes plc owes the company £24,000 (2001: £94,000) in relation to unpaid share capital (see note 6), and £18,000 as a trading debtor balance which has arisen as a result of a loan made during the year (2001: £nil).
- b) A management charge of £50,000 (2001: £50,000) was charged by International Packaging, which owns 70% of the ordinary shares of the company. As at 31 December 2002 the company has £nil trading creditor balance (2001: £109,000) outstanding with International Packaging. International Packaging owes the company £253,000 (2001: £nil) as a result of a loan made during the year.
- c) The company has a £6,000 (2001: £nil) trading creditor balance outstanding with International Group Limited.
- d) A management charge was payable to General Recruitment Limited for £10,000 (2001: £5,000) for accounting services provided during the year. General Recruitment Limited is related by the virtue of the fact that the board of directors includes RM King, HM King, WM King and CM King.