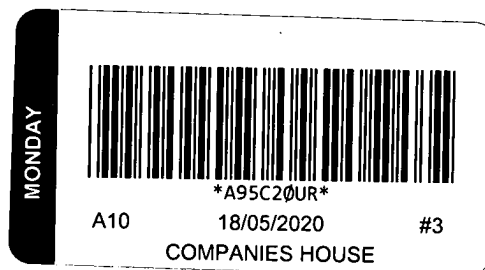


REGISTERED NUMBER: 08675534

KITE PACKAGING PROPERTIES 2 LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



KITE PACKAGING PROPERTIES 2 LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2019**

| | Page |
|---|-------------|
| Company Information | 1 |
| Report of the Directors | 2 |
| Report of the Independent Auditors | 3 |
| Statement of Comprehensive Income | 5 |
| Balance Sheet | 6 |
| Statement of Changes in Equity | 7 |
| Notes to the Financial Statements | 8 |

KITE PACKAGING PROPERTIES 2 LIMITED

COMPANY INFORMATION
for the year ended 31 December 2019

| | |
|---------------------------|--|
| DIRECTORS: | B.G. McInnes M-B. Ashe |
| SECRETARY: | M-B. Ashe |
| REGISTERED OFFICE: | 186 Torrington Avenue Tile Hill Coventry CV4 9AJ |
| REGISTERED NUMBER: | 08675534 (England and Wales) |
| AUDITORS: | Dafferns LLP Chartered Accountants Statutory Auditor One Eastwood Harry Weston Road Binley Business Park Coventry CV3 2UB |
| BANKERS: | Lloyds Bank Plc 125 Colmore Row Birmingham B3 3SD |

KITE PACKAGING PROPERTIES 2 LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 2019

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

B.G. McInnes
M-B. Ashe

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 judgements and accounting 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



M-B. Ashe - Director

Date: 30 April 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KITE PACKAGING PROPERTIES 2 LIMITED

Opinion

We have audited the financial statements of Kite Packaging Properties 2 Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KITE PACKAGING PROPERTIES 2 LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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 a Report of the Auditors 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.



Geoffrey Cox BA FCA (Senior Statutory Auditor)
for and on behalf of Dafferns LLP
Chartered Accountants
Statutory Auditor
One Eastwood
Harry Weston Road
Binley Business Park
Coventry
CV3 2UB

Date: 30 April 2020

KITE PACKAGING PROPERTIES 2 LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

| | Notes | 2019 £ | 2018 £ |
|--|-------|-----------------------|-----------------------|
| TURNOVER | | 337,000 | 318,566 |
| Administrative expenses | | <u>(25,762)</u> | <u>(32,819)</u> |
| OPERATING PROFIT | | 311,238 | 285,747 |
| Gain on revaluation of investment property | 4 | <u>-</u> | <u>246,810</u> |
| | | 311,238 | 532,557 |
| Interest receivable and similar income | | <u>-</u> | <u>40</u> |
| | | 311,238 | 532,597 |
| Interest payable and similar expenses | | <u>(89,960)</u> | <u>(84,629)</u> |
| PROFIT BEFORE TAXATION | | 221,278 | 447,968 |
| Tax on profit | | <u>(44,042)</u> | <u>(78,088)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | 177,236 | 369,880 |
| OTHER COMPREHENSIVE INCOME | | | |
| Property revaluation | | 225,000 | - |
| Income tax relating to revaluation of property | | <u>(53,000)</u> | <u>-</u> |
| OTHER COMPREHENSIVE INCOME NET OF INCOME TAX FOR THE YEAR | | <u>172,000</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u><u>349,236</u></u> | <u><u>369,880</u></u> |

The notes form part of these financial statements

KITE PACKAGING PROPERTIES 2 LIMITED (REGISTERED NUMBER: 08675534)

**BALANCE SHEET
31 December 2019**

| | Notes | 2019 £ | 2018 £ |
|--|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 6 | 5,125,000 | - |
| Investment property | 7 | <u>-</u> | <u>4,900,000</u> |
| | | <u>5,125,000</u> | <u>4,900,000</u> |
| CURRENT ASSETS | | | |
| Debtors | 8 | 4,367 | 78,945 |
| Cash at bank | | <u>212</u> | <u>214</u> |
| | | 4,579 | 79,159 |
| CREDITORS | | | |
| Amounts falling due within one year | 9 | <u>(114,001)</u> | <u>(107,817)</u> |
| NET CURRENT LIABILITIES | | <u>(109,422)</u> | <u>(28,658)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 5,015,578 | 4,871,342 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 10 | (3,400,000) | (3,500,000) |
| PROVISIONS FOR LIABILITIES | | <u>(159,000)</u> | <u>(104,000)</u> |
| NET ASSETS | | <u>1,456,578</u> | <u>1,267,342</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 100,000 | 100,000 |
| Revaluation reserve | 12 | 964,236 | 792,236 |
| Retained earnings | | <u>392,342</u> | <u>375,106</u> |
| SHAREHOLDERS' EQUITY | | <u>1,456,578</u> | <u>1,267,342</u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors on 30 April 2020 and were signed on its behalf by:



M-B. Ashe - Director

The notes form part of these financial statements

KITE PACKAGING PROPERTIES 2 LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2019

| | Called up share capital £ | Revaluation reserve £ | Retained earnings £ | Total equity £ |
|------------------------------------|------------------------------------|-----------------------------|---------------------------|----------------------|
| Balance at 1 January 2018 | 100,000 | 587,426 | 290,036 | 977,462 |
| Changes in equity | | | | |
| Dividends | - | - | (80,000) | (80,000) |
| Total comprehensive income | - | 204,810 | 165,070 | 369,880 |
| Balance at 31 December 2018 | <u>100,000</u> | <u>792,236</u> | <u>375,106</u> | <u>1,267,342</u> |
| Changes in equity | | | | |
| Dividends | - | - | (160,000) | (160,000) |
| Total comprehensive income | - | 172,000 | 177,236 | 349,236 |
| Balance at 31 December 2019 | <u>100,000</u> | <u>964,236</u> | <u>392,342</u> | <u>1,456,578</u> |

The notes form part of these financial statements

KITE PACKAGING PROPERTIES 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019

1. STATUTORY INFORMATION

Kite Packaging Properties 2 Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Turnover

Turnover represents rental income, excluding value added tax. Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

Tangible fixed assets

Freehold property is shown at fair value, with changes in fair value being recognised in other comprehensive income. The company engaged independent valuation specialists to determine fair value at 31 December 2019. The valuer used a valuation technique based on a rate per sq ft and market evidence for similar properties.

Following a recent update to FRS 102, the company has opted to reclassify the freehold land and buildings from an investment property to tangible fixed assets.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

KITE PACKAGING PROPERTIES 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2019

4. EXCEPTIONAL ITEMS

| | 2019 £ | 2018 £ |
|--|-----------|----------------|
| Gain on revaluation of investment property | <u>-</u> | <u>246,810</u> |

5. DIVIDENDS

| | 2019 £ | 2018 £ |
|---------------------------------------|----------------|---------------|
| Ordinary shares of £1 each Interim | <u>160,000</u> | <u>80,000</u> |

6. TANGIBLE FIXED ASSETS

| | Land and buildings £ |
|--------------------------|----------------------------|
| COST OR VALUATION | |
| Reclassification | 4,900,000 |
| Revaluation | <u>225,000</u> |
| At 31 December 2019 | <u>5,125,000</u> |
| NET BOOK VALUE | |
| At 31 December 2019 | <u>5,125,000</u> |

Cost or valuation at 31 December 2019 is represented by:

| | Land and buildings £ |
|----------------------------|----------------------------|
| Cost | 4,020,764 |
| Valuation uplift in 2015 | 373,099 |
| Valuation decrease in 2016 | (65,654) |
| Valuation uplift in 2017 | 324,981 |
| Valuation uplift in 2018 | 246,810 |
| Valuation uplift in 2019 | <u>225,000</u> |
| | <u>5,125,000</u> |

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

| | 2019 £ | 2018 £ |
|------|------------------|------------------|
| Cost | <u>4,020,764</u> | <u>4,020,764</u> |

Freehold land and buildings were valued on a fair value basis on 31 December 2019 by BNP Paribas Real Estate.

KITE PACKAGING PROPERTIES 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2019

7. INVESTMENT PROPERTY

| | |
|-----------------------|--------------------|
| | Total £ |
| FAIR VALUE | |
| At 1 January 2019 | 4,900,000 |
| Reclassification | <u>(4,900,000)</u> |
| At 31 December 2019 | <u>-</u> |
| NET BOOK VALUE | |
| At 31 December 2019 | <u>-</u> |
| At 31 December 2018 | <u>4,900,000</u> |

The freehold property has been reclassified to tangible fixed assets.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|------------------------------------|--------------|---------------|
| | 2019 £ | 2018 £ |
| Amounts owed by group undertakings | <u>4,367</u> | <u>78,945</u> |

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|------------------------------|----------------|----------------|
| | 2019 £ | 2018 £ |
| Taxation and social security | 21,577 | 22,503 |
| Other creditors | <u>92,424</u> | <u>85,314</u> |
| | <u>114,001</u> | <u>107,817</u> |

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | | |
|------------------------------|------------------|------------------|
| | 2019 £ | 2018 £ |
| Loan from group undertakings | <u>3,400,000</u> | <u>3,500,000</u> |

11. CALLED UP SHARE CAPITAL

| | | | | |
|----------------------------------|----------|-------------------|----------------|----------------|
| Allotted, issued and fully paid: | | | | |
| Number: | Class: | Nominal value: | 2019 £ | 2018 £ |
| 100,000 | Ordinary | £1 | <u>100,000</u> | <u>100,000</u> |

12. RESERVES

| | |
|----------------------|-----------------------------|
| | Revaluation reserve £ |
| At 1 January 2019 | 792,236 |
| Property revaluation | <u>172,000</u> |
| At 31 December 2019 | <u>964,236</u> |

KITE PACKAGING PROPERTIES 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2019

13. CONTINGENT LIABILITIES

The company has guaranteed borrowings of its parent company, Kite Packaging Group Holdings Limited. The contingent liability amounted to £nil at 31 December 2019 (2018:£nil).

14. RELATED PARTY DISCLOSURES

Related party transactions with fellow subsidiaries and holding company have not been disclosed as the company is a wholly-owned subsidiary and is included within the consolidated accounts of the group.

15. ULTIMATE CONTROLLING PARTY

The Company is a wholly-owned subsidiary of Kite Packaging Group Holdings Limited (KPGH).

The registered office and principal place of business of KPGH is 186 Torrington Avenue, Tile Hill, Coventry, West Midlands, UK, CV4 9AJ.