

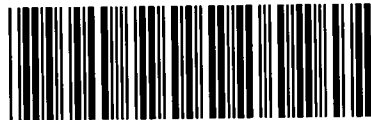
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PAPERPAK LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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PAPERPAK LIMITED

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for the year ended 31 December 2016**

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PAPERPAK LIMITED
COMPANY INFORMATION
for the year ended 31 December 2016

DIRECTORS: Dr B.G. McInnes
M-B. Ashe

SECRETARY: M-B. Ashe

REGISTERED OFFICE: 186 Torrington Avenue
Tile Hill
Coventry
CV4 9AJ

REGISTERED NUMBER: 07699232 (England and Wales)

AUDITORS: Dafferns LLP
Chartered Accountants
Statutory Auditor
One Eastwood
Harry Weston Road
Binley Business Park
Coventry
CV3 2UB

PAPERPAK LIMITED

**REPORT OF THE DIRECTORS
for the year ended 31 December 2016**

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

Dr 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;

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Dafferns LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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:



Dr B.G. McInnes - Director

Date: 3 May 2017

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PAPERPAK LIMITED

We have audited the financial statements of Paperpak Limited for the year ended 31 December 2016 on pages five to nine. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditors

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. 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 Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 December 2016 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PAPERPAK 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; 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.



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: 3 May 2017

PAPERPAK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2016

	Notes	Year Ended 31.12.16 £	Period 31.12.14 to 31.12.15 £
TURNOVER		1,445,970	1,445,670
Cost of sales		<u>921,179</u>	<u>945,384</u>
GROSS PROFIT		524,791	500,286
Administrative expenses		<u>342,846</u>	<u>315,562</u>
OPERATING PROFIT		181,945	184,724
Dividend income from Paperpak 2013 Ltd		<u>-</u>	<u>336,632</u>
PROFIT BEFORE TAXATION		181,945	521,356
Tax on profit		<u>36,804</u>	<u>26,948</u>
PROFIT FOR THE FINANCIAL YEAR		145,141	494,408
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>145,141</u></u>	<u><u>494,408</u></u>

The notes form part of these financial statements

PAPERPAK LIMITED (REGISTERED NUMBER: 07699232)

**BALANCE SHEET
31 December 2016**

	Notes	2016 £	2015 £
CURRENT ASSETS			
Debtors	6	669,388	607,193
Cash at bank		<u>22,710</u>	<u>12,268</u>
		692,098	619,461
CREDITORS			
Amounts falling due within one year	7	<u>106,005</u>	<u>48,509</u>
NET CURRENT ASSETS		<u>586,093</u>	<u>570,952</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>586,093</u>	<u>570,952</u>
CAPITAL AND RESERVES			
Called up share capital	8	250,000	250,000
Retained earnings		<u>336,093</u>	<u>320,952</u>
SHAREHOLDERS' FUNDS		<u>586,093</u>	<u>570,952</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 3 May 2017 and were signed on its behalf by:


Dr B.G. McInnes - Director

The notes form part of these financial statements

PAPERPAK LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	Called up share capital £	Retained earnings £	Total equity £
Balance at 31 December 2014	250,000	363,176	613,176
Changes in equity			
Dividends paid	-	(536,632)	(536,632)
Total comprehensive income	-	<u>494,408</u>	<u>494,408</u>
Balance at 31 December 2015	<u>250,000</u>	<u>320,952</u>	<u>570,952</u>
Changes in equity			
Dividends paid	-	(130,000)	(130,000)
Total comprehensive income	-	<u>145,141</u>	<u>145,141</u>
Balance at 31 December 2016	<u>250,000</u>	<u>336,093</u>	<u>586,093</u>

The notes form part of these financial statements

PAPERPAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

1. STATUTORY INFORMATION

Paperpak 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 the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The company adopted FRS 102 (Section 1A) in the current year, the transition to FRS 102 (Section 1A) has had no effect on the reporting position and performance in the financial statements.

The date of transition is 31 December 2014.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

PAPERPAK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2016**

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 2 (2015 - 2).

5. DIVIDENDS PAID

	Year Ended 31.12.16 £	Period 31.12.14 to 31.12.15 £
Ordinary shares of £1 each		
Interim	<u>130,000</u>	<u>536,632</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	16,078	243,402
Amounts owed by group undertakings	636,232	363,791
Other debtors	9,787	-
Prepayments	<u>7,291</u>	<u>-</u>
	<u>669,388</u>	<u>607,193</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	9,632	4,258
Amounts owed to group undertakings	77,671	-
Tax	13,400	37,000
Social security and other taxes	-	5,118
Other creditors	3,142	408
Accruals and deferred income	<u>2,160</u>	<u>1,725</u>
	<u>106,005</u>	<u>48,509</u>

8. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2016	2015
Number:	Class:	Nominal value:	£	£
250,000	Ordinary	£1	<u>250,000</u>	<u>250,000</u>

9. 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.

10. ULTIMATE CONTROLLING PARTY

The Company is a wholly-owned subsidiary of Kite Packaging Group Limited (KPG) and its ultimate parent company is Kite Packaging Group Holdings Limited (KPGH).

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