

KPNI Ltd

**Financial statements for the year ended 31
December 2018**

Registration No: NI027703 (Northern Ireland)



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Company Information

Directors

Sean Coyle
John Duffin
Eithne Kelly
Derrick McFarland

Company Secretary

Sean Coyle

Registered Office

Ballyreagh Industrial Estate
Sandholes Road
Cookstown

Auditors

ASM (M) Ltd
Chartered Accountants
The Diamond Centre
Market Street
Magherafelt

Solicitors

Millar McCall Wylie
4 -10 Donegall Square East
Belfast

Bankers

Danske Bank
Donegall Square West
Belfast

Independent Auditors' Report to the members of KPNI Ltd

We have audited the financial statements of KPNI Ltd ("the Company") for the year ended 31 December 2018 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the 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 Generally Accepted Accounting Practice in the United Kingdom including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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 Auditor's 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 United Kingdom, 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 other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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 solely on the work undertaken in the course of the audit:

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

Independent Auditors' Report to the members of KPNI Ltd

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 Strategic Report or the Directors' Report.

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

- adequate accounting records have 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 remuneration specified by law are not made; or
- we have not received all of 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' exemptions in preparing the Directors' Report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out in the Directors' Report, 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 is 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.

Auditor's 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 an auditor's report 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.

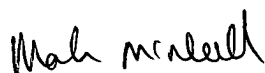
A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at:

www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

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 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.



Mark McNeill (Senior Statutory Auditor)

For and behalf of:

ASM (M) Ltd
Chartered Accountants and Statutory Auditors
The Diamond Centre
Market Street
Magherafelt

19 July 2019

Statement of Financial Position

	Note	31 December 2018 £	31 December 2017 £
Fixed assets			
Investments	3	22,625,580	22,400,933
Total fixed assets		<u>22,625,580</u>	<u>22,400,933</u>
Current assets			
Inventories	4	125,000	125,000
Receivables	5	887,056	1,212,651
Cash at bank and in hand		403,749	317,327
		<u>1,415,805</u>	<u>1,654,978</u>
Creditors: amounts falling due within one year	6	<u>8,141,938</u>	<u>8,198,844</u>
Net current assets		<u>(6,726,133)</u>	<u>(6,543,866)</u>
Total assets less current liabilities		<u>15,899,447</u>	<u>15,857,067</u>
Creditors: amounts falling due after one year	7	<u>8,577,807</u>	<u>9,484,741</u>
Provisions for liabilities	8	356,584	342,463
Deferred income	9	265,454	136,892
		<u>9,199,845</u>	<u>9,964,096</u>
Net assets		<u>6,699,602</u>	<u>5,892,971</u>
Capital and reserves			
Called up equity share capital	10	2	2
Reserves		6,699,600	5,892,969
Total equity shareholders' funds		<u>6,699,602</u>	<u>5,892,971</u>

In accordance with Section 444 of the Companies Act 2006 and the special provisions applicable to companies subject to the small companies regime, the Directors' Report and the Income Statement have not been delivered to the Registrar of Companies.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Approved and authorised for issue by the Board of Directors on 19 July 2019 and signed on its behalf by:

Sean Coyle
Director

Registration Number: NI027703

Statement of Changes in Equity

	Share capital	Revaluation reserves	Profit and loss reserve	Total
	£	£	£	£
At 1 January 2017	2	1,196,511	4,246,910	5,443,423
Total Comprehensive income for the year	-	-	449,548	449,548
At 31 December 2017	2	1,196,511	4,696,458	5,892,971
Total Comprehensive income for the year	-	-	806,631	806,631
At 31 December 2018	2	1,196,511	5,503,089	6,699,602

The notes on pages 6 to 12 form part of these financial statements

Notes to the financial statements

1. Principal accounting policies

General Information and basis of preparation of financial statements

Legal status

KPNI Ltd is a limited liability company established in Northern Ireland.

Functional currency

The financial statements are prepared in sterling (£) which is the functional currency of the Company.

Basis of accounting

The financial statements have been prepared in compliance with Section 1A of the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as it applies to the financial statements of the Company for the year ended 31 December 2018.

Going concern

The Company made a profit during the year ended 31 December 2018 and, at that date, the Company's assets exceeded its liabilities.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made are summarised below.

Investment property

The Company holds certain properties for long-term investment.

Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.

On an ongoing basis investment properties are carried at fair value. Any surplus/deficit arising on changes in fair value is credited or charged to the Income Statement.

Key accounting policies

Turnover

Turnover represents amounts receivable for goods and services net of value added taxes and trade discounts.

Investment income

Income from deposits is included, together with the related tax credit, in the Income Statement on an accruals basis.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the Income Statement over the related asset's useful life. Revenue grants are credited to the Income Statement in the same year as the related expenditure is incurred.

Inventories and work in progress

Inventories and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and direct costs. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion or disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Notes to the financial statements

Land held for development

Land held for development is stated at the lower of cost and net realisable value. Cost represents the acquisition cost of land and expenditure incurred to date on the sites.

Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Exemptions for qualifying entities under FRS 102

Since 100% of the Company's voting rights are controlled within the group of companies of which it is a member, the Company has taken advantage of the exemption not to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties.

The Company is exempt from the requirements of FRS 102 to present a Statement of Cash Flows on the grounds that it is a subsidiary undertaking where 100% of its voting rights are controlled within the group. The Company's cash flows have been included within the consolidated cash flows presented in the financial statements of that parent undertaking.

2. Employee information

The average number of persons (including executive directors) employed by the Company during the year are analysed below:

	31 December 2018 (12 months) Number	31 December 2017 (12 months) Number
By activity		
Administration indirect payroll	4	4
	<u>4</u>	<u>4</u>

Notes to the financial statements

3. Fixed asset investments

	Investment property	Total
	£	£
Cost		
At 1 January 2018	22,419,140	22,419,140
Additions	250,943	250,943
Disposals	-	-
At 31 December 2018	22,670,084	22,670,084
Amortisation		
At 1 January 2018	18,203	18,203
Charge for the year	26,301	26,301
Disposals	-	-
At 31 December 2018	44,504	44,504
Net book value		
At 31 December 2018	22,625,580	22,625,580
At 31 December 2017	22,400,938	22,400,938

The fair value of investment properties at 31 December 2018 was determined by the Company directors. There has been no external valuation of the properties during the year. In assessing the fair value of the properties, the directors took into consideration local property prices, the current rental agreements in place on the properties and the rental market in the local area.

4. Inventories

	31 December 2018	31 December 2017
	£	£
Land held for development	125,000	125,000
	125,000	125,000

There is no material difference between the replacement costs of inventory and the Statement of Financial Position amounts.

Inventory amounts are stated after provisions for impairment of £61,850 (2017: £61,850).

5. Receivables

	31 December 2018	31 December 2017
	£	£
Amounts falling due within one year		
Trade receivables	126,141	15,186
Owed by related undertakings	1,218	902,546
Prepayments	6,189	10,243
Corporation tax receivable	62,202	237,223
	887,056	1,212,651

Trade receivables are stated after provisions for impairment of £Nil (2017: £Nil).

Notes to the financial statements

6. Creditors: amounts falling due within one year

	31 December 2018	31 December 2017
	£	£
Bank loans	448,628	448,628
Trade payables	7,387	6,610
Owed to group undertakings	7,347,955	7,455,878
Owed to related undertakings	182,970	183,255
Value added taxes	89,406	31,215
Accruals	5,578	7,530
Interest accrual	60,014	65,728
	8,141,938	8,198,844

7. Creditors: amounts falling due after one year

	31 December 2018	31 December 2017
	£	£
Bank loans	8,577,807	9,484,741
	8,577,807	9,484,741

Bank security

Bank loans and overdrafts are secured by an all monies composite guarantee from the Company and its related undertakings collateralised by an all monies debenture over each company.

Loan and asset finance maturity

The repayment profile of loan and asset finance facilities is set out in the table below.

	31 December 2018	31 December 2017
	£	£
Bank loans		
In one year or less, or on demand	448,628	448,628
In more than one year, but not more than two years	448,628	448,628
In more than two years, but not more than five years	1,345,884	1,345,884
In more than five years	6,783,295	7,690,229
	9,026,435	9,933,369

Notes to the financial statements

8. Provisions for liabilities

Deferred taxation

Deferred taxation provided in the financial statements is analysed as follows:

	31 December 2018	31 December 2017
	£	£
Gross fixed asset timing differences	356,584	342,463
Other timing differences	-	-
General provisions	-	-
Net timing differences	356,584	342,463
Timing differences not provided	-	-
Deferred tax provision	356,584	342,463
Movement in the provision during the year		
At 1 January 2018	342,463	401,582
Transfer from/(to) the Income Statement	14,121	(59,119)
At 31 December 2018	356,584	342,463

9. Accruals and deferred income

	Government Grants	Rental income	Total
	£	£	£
Cost			
At 1 January 2018	270,492	-	270,492
Additions	-	135,330	135,330
At 31 December 2018	270,492	135,330	405,822
Amortisation			
At 1 January 2018	133,600	-	133,600
Charge for the Year	6,768	-	6,768
At 31 December 2018	140,368	-	140,368
Net book value			
At 31 December 2018	130,124	135,330	265,454
At 31 December 2017	136,892	-	136,892

10. Called up share capital

	31 December 2018	31 December 2017
	£	£
Allotted, called up and fully paid		
6 (2017: 6) Ordinary £0.33 Shares	2	2
	2	2
Called up equity share capital		
	2	2
	2	2

The Company has one class of issued shares and there are no restrictions on the distribution of dividends or the repayment of capital.

The Company did not issue any shares during the year.

Notes to the financial statements

11. Contingent liabilities

Government grants

Under the terms of certain government grant agreements, a liability may arise to repay in whole or in part capital or revenue grants received if certain conditions in the grant agreements are not complied with. In the opinion of the directors the terms of the letter of offer have been complied with and a liability is not expected to arise.

Bank guarantees

The Company has guaranteed the bank borrowings of its fellow group undertakings. The directors do not anticipate the bank guarantees will be called and hence no loss is expected.

The Company had no other contingent liabilities at 31 December 2018 or 31 December 2017.

12. Events after the reporting period

There were no material events in the period between the end of the reporting year and the date of the approval of the financial statements.

13. Capital commitments

The Company did not have any material capital commitments at 31 December 2018.

14. Contracts with inception dates after the end of the reporting period

The Company did not enter into any material contractual commitments in the period between the year end and the date of approval of these financial statements.

15. Related party transactions

Group undertakings

The Company has taken advantage of the exemption under FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" not to disclose transactions with entities that are part of the group.

Related undertakings

The transactions during the year with related undertakings and the amounts owed by/(to) related undertakings at the start and end of the year are analysed as follows:

Category of related party	At 1 January 2018	Interest receivable/ (payable)	Rent receivable/ (payable)	Amounts written off	Exchange adjustments	Loan advances/ (repayments)	Accounts receivable/ payable movement	At 31 December 2018
	£	£	£	£	£	£	£	£
Other related undertakings	719,291	-	-	-	-	(946,744)	45,701	(181,752)
	719,291	-	-	-	-	(946,744)	45,701	(181,752)

Notes to the financial statements

16. Ultimate controlling party

Keystone Holdings Limited, a company established in Northern Ireland, holds 100.0% of the equity share capital in KPNI Ltd and is the immediate parent undertaking.

JJPO Limited, a company established in Northern Ireland, holds 100.0% of the equity share capital in Keystone Holdings Limited and is the parent undertaking.

The Sycamore Avenue Company Limited, a company established in Northern Ireland, holds the majority of the equity share capital in JJPO Limited and is the ultimate parent undertaking.

The ultimate controlling party is Sean Coyle who controls the majority of the equity share capital in The Sycamore Avenue Company Limited.

17. Approval of the financial statements

The Board of Directors approved the financial statements for issue on 19 July 2019.