

Company Registration Number :- 3425921

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KRONOPLUS LIMITED

ANNUAL REPORT AND
FINANCIAL STATEMENTS

For the Year Ended
30th September 2018

KRONOPLUS LIMITED

REPORT AND FINANCIAL STATEMENTS 2018

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OFFICERS AND PROFESSIONAL ADVISERS

Directors

P.Bloor
L.A.J.Scheibltreiter
R.M.Jones A.C.M.A.

Company Secretary

C.J.Ryan

Registered office

Maesgwyn Farm
Chirk
Wrexham
LL14 5NT

Auditor

Whittingham Riddell LLP
Chartered Accountants and Registered Auditors
Belmont House
Shrewsbury Business Park
Shrewsbury
SY2 6LG

Tax advisers

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

STRATEGIC REPORT

The directors present their strategic report for the year ended 30th September 2018. The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Review of the Business

The principal activity of the Company is the production of value added particle-board and MDF products.

Operating profit reduced to £145,000 (2017 - £174,000) as a result of a reduction in sales volumes of laminate flooring and worktops caused by a combination of the investment programme and supply constraints for coreboard.

Key Performance Indicators

The directors regard operating profit and EBITDA as key financial indicators. These are assessed against budgets and previous year.

The lower profit arises from lower sales volumes, whilst overheads have remained stable.

Principle Risks and Uncertainties

The Company's customer base covers the retail and wood panel product sectors in the UK. The risk to the business due to the major loss of customers is low because it has long term supply agreements in place. In addition the construction industry remains stable.

The Company does not have any bank borrowings (2017 - same).

The Company does not expect any adverse consequences as a result of Brexit, primarily due to the Company's domestic customer base.

Future developments

The Company continues to modernise its production facility which will improve efficiencies and lead to further increases in capacity. This investment is part of the Group's 2021 vision.



L.A.J. Scheibltreiter
Director
16th November 2018



R.M. Jones A.C.M.A.
Director
16th November 2018

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30th September 2018.

Going concern

The Company is a wholly owned subsidiary within the Kronospan Holdings Limited group. The directors of this Company are cognisant of the following going concern disclosure which appears in the financial statements of Kronospan Holdings Limited for the year ended 30 September 2018:

"The board believes that the Group's forecasts and projections have been prepared on a conservative basis. The Group has committed bank facilities that are more than adequate to satisfy any forecast borrowing requirements during the next twelve months. As a consequence, the directors believe that the Group is well placed to manage its business successfully".

The Board believes that the Company's forecasts covering at least 12 months from the date of approval of the financial statements have been prepared on a conservative basis. The directors believe that the Company is well placed to manage its business successfully despite the current uncertain economic outlook.

The company is intrinsic to fulfilling the wider Kronospan Group's strategic objectives, and will continue to receive financial investment and other support from the Group to see through the Group's 2021 strategic vision.

On this basis and 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 annual report and financial statements.

Future developments

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross reference.

Financial risk management objectives and policies

Kronospan Holdings Limited manages the Group's risks at a group level rather than at an individual statutory entity level.

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Company's cash flow risk is managed through the Group-wide position.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables. The major part of trade receivables is covered by credit insurance.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

DIRECTORS' REPORT continued**Liquidity risk**

The Company is able to manage its liquidity risk through funds maintained by the Group.

Dividends

The directors do not recommend the payment of a dividend (2017 - £Nil).

Post Balance Sheet Events

There have been no significant events affecting the Company since the year end.

Directors

The directors of the Company who served during the year and thereafter are shown below:

P.Bloor
L.A.J.Scheibltreiter
R.M.Jones A.C.M.A.

Political contributions

There were no political contributions (2017 - £nil).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The resolution for the reappointment of Whittingham Riddell LLP will be proposed at the forthcoming Annual General Meeting.

Approval of Reduced Disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intend to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by Kronospan Kronospan Holdings Limited, as the immediate parent of the entity.

DIRECTORS' REPORT continued**Directors' Responsibilities Statement**

The directors are responsible for preparing the annual report and 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 applicable law) including FRS 102 "The Financial Reporting Standard and Standard applicable to the UK and Republic of Ireland". 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:

- a) Select suitable accounting policies and then apply them consistently;
- b) Make judgements and accounting estimates that are reasonable and prudent;
- c) State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) 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.

Maesgwyn Farm,
Chirk,
Wrexham,
LL14 5NT

By order of the board



C.J. Ryan
Company Secretary

16th November 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KRONOPLUS LIMITED**Opinion**

We have audited the financial statements of Kronoplus Limited for the year ended 30th September 2018 which comprise the Profit and Loss Account, the Balance Sheet, 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 United Kingdom Accounting Standards, including Financial Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30th September 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 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 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 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 included in the annual report, other than the financial statements and our auditor's report 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KRONOPLUS LIMITED continued**Other information (continued)**

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 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 the fact.

We have nothing to report on 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 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 requirement.

Matters on which we are required to report by exception

In the light of our 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 and 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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KRONOPLUS LIMITED continued**Responsibilities of directors (continued)**

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.

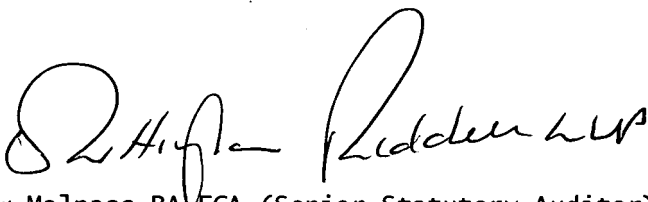
Auditor's responsibilities for the audit of the financial statements

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 Financial Reporting Council's website at: <http://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditors 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.



Andrew Malpass BA FCA (Senior Statutory Auditor)
for and on behalf of Whittingham Riddell LLP
Chartered Accountants and Registered Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

16th November 2018

PROFIT AND LOSS ACCOUNT
for the year ended 30th September

	Note	2018 £'000	2017 £'000
Turnover	3	69,900	77,506
Raw materials and consumables		(58,166)	(63,974)
Other external charges		(2,980)	(4,231)
Depreciation		(653)	(392)
Other operating charges		(7,956)	(8,735)
Operating profit		<u>145</u>	<u>174</u>
Other loan interest payable to group undertakings		(17)	(14)
Profit before tax on ordinary activities	5	<u>128</u>	<u>160</u>
Tax on profit on ordinary activities	6	(11)	(13)
Profit after tax on ordinary activities		<u>117</u>	<u>147</u>

Results above relate to continuing operations.

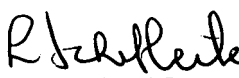
There was no income or expense other than the result noted above for either the current or preceding year. Accordingly, no statement of comprehensive income has been presented.


The notes on pages 12 to 19 form part of these financial statements.

BALANCE SHEET
as at 30th September

		2018	2017
	Note	£'000	£'000
FIXED ASSETS			
Tangible assets	8	8,273	6,898
CURRENT ASSETS			
Debtors	9	100	-
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	10	(6,055)	(4,807)
NET CURRENT (LIABILITIES)		(5,955)	(4,807)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,318	2,091
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
PROVISIONS FOR LIABILITIES	11	(398)	(288)
NET ASSETS		1,920	1,803
CAPITAL AND RESERVES			
Called-up share capital	12	1,000	1,000
Profit and loss account		920	803
SHAREHOLDER'S FUNDS		1,920	1,803

The financial statements of Kronoplus Limited, registration number 3425921, were approved by the board of directors and signed on its behalf by:


L.A.J. Scheibler
Director
16th November 2018


R.M. Jones A.C.M.A.
Director
16th November 2018

- The notes on pages 12 to 19 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
as at 30th September 2018

	Note	Share Capital £'000	Retained Earnings £'000	Total attributable equity holders of the Company £'000
AT 1 OCTOBER 2016		1,000	656	1,656
Profit for the financial year		-	147	147
Total comprehensive income		-	147	147
Dividends paid on equity shares		-	-	-
AT 30 SEPTEMBER 2017		1,000	803	1,803
Profit for the financial year		-	117	117
Total comprehensive income		-	117	117
At 30 SEPTEMBER 2018		1,000	920	1,920

- The notes on pages 12 to 19 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 30th September 2018

1) ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

Kronoplus Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act.

The Company is a private Company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The principal activities of the Company are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional currency of Kronoplus Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Kronoplus Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements of Kronospan Holdings Limited. Exemptions have been taken in relation to the presentation of a cash flow statement, financial instruments, remuneration of key management personnel and related party disclosures.

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the current and the preceding year.

(a) Accounting Convention

The financial statements are prepared under the historical cost convention.

A note of historical cost profit or loss has not been presented as there is no difference between the result as disclosed in the profit and loss account and the result on a unmodified historical cost basis.

(b) Going Concern

The financial statements have been prepared using the going concern basis of accounting. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors Report on page 3.

NOTES TO THE FINANCIAL STATEMENTS continued
Year Ended 30th September 2018

1) ACCOUNTING POLICIES continued

(c) Tangible Fixed Assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off their cost or valuation during their estimated useful lives, in equal annual instalments or valuation during their estimated useful lives, in equal annual instalments or or at a unit rate basis as appropriate.

The annual rates of depreciation are as follows:-

Plant and machinery, vehicles & other equipment	5% - 25%
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(d) Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

i) Financial Assets and Liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS continued
Year Ended 30th September 2018

1) ACCOUNTING POLICIES continued

(d) Financial Instruments continued

ii) Fair Value Measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

(e) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based upon tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

(f) Impairment of Assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

i) Non-Financial Assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

NOTES TO THE FINANCIAL STATEMENTS continued
Year Ended 30th September 2018

1) ACCOUNTING POLICIES continued

ii) Financial Assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

(g) Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

(h) Provisions

Provisions are recognised when the Company has a present obligation (legal and constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS continued
Year Ended 30th September 2018

2) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

i) Critical Judgements In Applying The Company's Accounting Policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of fixed assets

At each reporting date, the Company is required to assess whether there is any indication that, in management's judgement, the carrying value of tangible or intangible assets may be not be recoverable. If any indication exists, the relevant asset's recoverable value is estimated, being the greater of its value in use and fair value less cost to sell. Where the carrying value exceeds the recoverable value, the asset's carrying value is reduced to the recoverable value.

An impairment review requires management to make subjective judgements concerning the cash flows, growth rates and discount rates of the cash generating units under review.

ii) Key Source of Estimation Uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the value of money and the risks specific to the liability.

3) ANALYSIS OF TURNOVER

All of the turnover is derived within the United Kingdom and attributable to the Company's principal activity. Turnover is recognised when goods are despatched or the service is delivered.

NOTES TO THE ACCOUNTS (continued)
Year Ended 30th September 2018

4) EMPLOYEES AND DIRECTORS

There were no employees other than the directors (2017 - Nil). The directors received no remuneration during the period (2017 - £Nil).

5) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2018 £'000	2017 £'000
Profit on ordinary activities is arrived at after charging:		
Depreciation	653	392

6) TAX ON PROFIT

	2018 £'000	2017 £'000
Current tax on the profit for the year	(99)	(110)
Total current tax charge	(99)	(110)
Deferred taxation current year	123	141
Impact of rate reduction	(13)	(18)
Total deferred tax credit	110	123
Tax charge on profit on ordinary activities	11	13

The tax charge for the year is lower (2017 lower) than that which would have arisen by applying the standard rate of corporation tax in the UK of 19.0% (2017 - 19.5%)

The differences are shown below:

	2018 £'000	2017 £'000
Profit on ordinary activities before tax	128	160
Tax at 19.0% thereon (2017 - 19.5%)	24	31
Effect of reduction in tax rate	(13)	(18)
Tax charge for the year	11	13

Group relief is payable to Kronospan Holdings Limited and the related creditor is included within amounts owed to other Group companies.

In the Summer Budget 2015, the government announced legislation setting the Corporation tax main rate at 19% (effective 1 April 2017) and 18% (effective 1 April 2020). At the Budget 2016, the government announced a further reduction to the Corporation Tax main rate to 17% (effective 1 April 2020) and this rate was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

NOTES TO THE ACCOUNTS (continued)
Year Ended 30th September 2018

7) DIVIDEND

No dividend was paid in 2018 (2017: £Nil)

8) TANGIBLE FIXED ASSETS

	Plant & Machinery £'000
COST	
At 1st October 2017	18,329
Additions	2,028
Disposals	(2,455)
At 30th September 2018	17,902
ACCUMULATED DEPRECIATION	
At 1st October 2017	11,431
Charge for the year	653
Disposals	(2,455)
At 30th September 2018	9,629
NET BOOK VALUE	
At 30th September 2018	8,273
At 30th September 2017	6,898

9) DEBTORS

	2016 £'000	2017 £'000
Amount owed by group companies	100	-

10) CREDITORS

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Accruals and other creditors	-	255
Amounts owed to other group companies	6,055	4,552
	6,055	4,807

11) PROVISIONS FOR LIABILITIES

	£'000
Deferred taxation	
a) Movement in the year	
At 1st October 2017	288
Credit for the year (Note 6)	110
At 30th September 2018	398

b) The full potential liability has been provided in both years.

	2018 £'000	2017 £'000
Fixed asset timing differences	398	288

NOTES TO THE ACCOUNTS (continued)
Year Ended 30th September 2018

12) CALLED UP SHARE CAPITAL

	2018 £'000	2017 £'000
Allotted, called up and fully paid 1,000,000 ordinary shares of £1 each	1,000	1,000

13) ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent company is Kronospan Holdings Limited incorporated in England and Wales. That Company prepares group accounts and copies of the financial statements are available from Companies House, Crown Way, Maindy, Cardiff.

The ultimate parent Company and controlling party is Kronospan A.G. incorporated in Liechtenstein. Its registered office and principal place of business is Austrasse 79, Vaduz, Liechtenstein. Kronospan A.G. owns 100% of Kronospan Holdings Limited's ordinary shares and prepares Group accounts, however the financial statements of Kronospan A.G. are not publicly available.

14) RELATED PARTY TRANSACTIONS

The Company has taken advantage of the disclosure exemptions available in FRS 102 Section 33 in relation to transactions and balances between wholly-owned entities within the group headed by the Kronospan Holdings Limited Group. No transactions were carried out with any other related party.

15) FINANCIAL INSTRUMENTS

	2018 £'000	2017 £'000
Financial assets that are measured at amortised cost		
Owed by group companies (see note 9)	100	-
	<u>100</u>	<u>-</u>
Financial liabilities that are measured at amortised cost		
Accruals (excluding deferred income)	-	255
Amounts owed to group companies (see note 10)	6,055	4,552
	<u>6,055</u>	<u>4,807</u>

The Company's income, expense, gain and losses in respect of financial instruments is summarised below:

Interest income and expense		
Total interest income for financial assets at amortised cost	-	-
Total interest expense for financial liabilities at amortised cost	(17)	(14)