

**Company Registration Number :- 03425921**

**Kronoplus Limited  
Financial Statements  
Year Ended 30 September 2021**

**Kronoplus Limited**

**Financial Statements**

**Year Ended 30 September 2021**

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**Company Information**

**Year Ended 30 September 2021**

<b>Directors</b>	R.M. Jones L.A.J Scheibldreiter B.J. Spruce (appointed 22 March 2021)
<b>Secretary</b>	C.J. Ryan (resigned 9 March 2021) R.M. Jones (appointed 10 March 2021)
<b>Registered office</b>	Maesgwyn Farm Chirk Wrexham LL14 5NT
<b>Auditor</b>	WR Partners Chartered Accountants and Registered Auditors Belmont House Shrewsbury Business Park Shrewsbury SY2 6LG
<b>Tax advisers</b>	Deloitte LLP 2 New Street Square London EC4A 3BZ

**Strategic Report**

**Year Ended 30 September 2021**

The directors present their strategic report for the year ended 30 September 2021.

**Review of the business**

The principal activity of the Company is the production of value added particleboard and MDF products.

There was an operating profit of £1,576,000 (2020 - profit £874,000) which was primarily due to improved production performance.

**Principal 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, demand in the construction and retail sectors remains buoyant..

The Company does not have any bank borrowings (2020 - same).

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

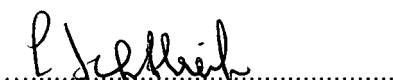
**Financial key performance indicators**

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

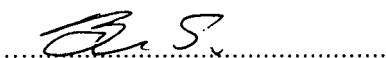
Following a period of investment in the preceding years, the Company was able to benefit from a more stable production environment and focus on improving quality and customer service with an improved range available from the new technology.

These improvements generated growth in underlying profitability for the year.

By order of the Board



L.A.J Scheibltreiter  
Director



B.J. Spruce  
Director

Date: 22nd November 2021

Date: 22nd November 2021

## **Directors report**

### **Year Ended 30 September 2021**

The directors submit their annual report and the audited financial statements for the year ended 30 September 2021.

#### **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 2021:

"The Board believes that the Group's forecasts and projection, taking reasonable account of possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities."

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 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.

The directors have also assessed the potential impact on the future operations of the Company with regard to the Covid-19 pandemic. The Company is considered to be well positioned given the current environment with no impact on the going concern basis of the financial statements.

#### **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.

#### **Liquidity risk**

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

**Directors report (continued)**

**Year Ended 30 September 2021**

**Future developments**

The Company looks to continue to develop the efficiencies available following the modernisation of the production facility and focus on opportunities to grow market share.

**Dividends**

An interim dividend of £1,000,000 was paid during the year (2020 - £Nil).  
The directors do not recommend the payment of a final dividend (2020 - £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:

R.M. Jones  
L.A.J. Scheibltreiter  
B.J. Spruce (appointed 22 March 2021)

**Disclosure of information to the auditors**

We, the directors of the Company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

1. There is no relevant audit information of which the Company's auditors are unaware; and
2. We have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Approval of reduced disclosures**

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 101. 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 Holdings Limited, as the immediate parent of the entity.

**Directors report (continued)**

**Year Ended 30 September 2021**

**Director's responsibilities statement**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

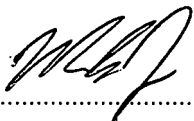
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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; and
- c. 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 to 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.

By order of the Board



R.M. Jones  
Company Secretary

Date: 22nd November 2021

**Independent auditor's report to the members of Kronoplus Limited**

**Year Ended 30 September 2021**

**Opinion**

We have audited the financial statements of Kronoplus Limited for the year ended 30th September 2021 which comprise of the Statement of Profit and Loss, Statement of Financial Position, 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 101 Reduced Disclosure Framework (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 30th September 2021 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- based on the work undertaken in the course of the audit, the strategic report and directors' report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

**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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



**Independent auditor's report to the members of Kronoplus Limited (continued)****Year Ended 30 September 2021****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.

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 themselves. 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 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 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
- financial statements are not in agreement with the accounting records or 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.

**Independent auditor's report to the members of Kronoplus Limited (continued)****Year Ended 30 September 2021****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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The audit team obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 101 Reduced Disclosure Framework and Companies Act 2006), the relevant tax compliance regulations, employment law, Health and Safety Regulations and the EU General Data Protection Regulation (GDPR).

We understood how the Company is complying with these frameworks by making enquiries of management and those responsible for legal compliance procedures. We also reviewed board minutes to identify and record instances of irregularity or non compliance that might have a material impact on the financial statements.

We assessed susceptibility of the Company financial statements to material misstatement, including how fraud might occur by meeting with key management to understand where they considered there was susceptibility to fraud. Based on our understanding our procedures involved enquiries of management and those charged with governance, manual journal entry testing, cashbook reviews and large and unusual items and the challenge of significant accounting estimates used in preparing the 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.

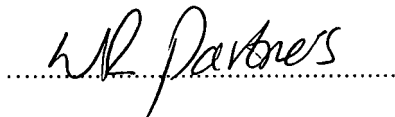
**Independent auditor's report to the members of Kronoplus Limited (continued)**

**Year Ended 30 September 2021**

**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.

Belmont House  
Shrewsbury Business Park  
Shrewsbury  
Shropshire  
SY2 6LG

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Andrew Malpass BA FCA (Senior Statutory Auditor)  
for and on behalf of WR Partners Chartered  
Accountants and Registered Auditors

24th November 2021

## Statement of Profit or Loss and Other Comprehensive Income

Year Ended 30 September 2021

		2021 £'000	2020 £'000
	Note		
Turnover	3	75,311	69,614
Raw materials and consumables		(59,055)	(55,006)
Other external charges		(3,554)	(3,493)
Depreciation		(258)	(824)
Other operating charges		(10,868)	(9,417)
<b>Operating profit / (loss)</b>		<u>1,576</u>	<u>874</u>
Other loan interest payable to group undertakings		(78)	(112)
<b>Profit / (loss) before tax from ordinary operations</b>	5	<u>1,498</u>	<u>762</u>
Income tax expense	6	(549)	(193)
<b>Profit for the year from ordinary operations</b>		<u>949</u>	<u>569</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Revaluation gain		-	824
Income tax relating to other comprehensive income	6	(111)	(177)
<b>Items that will be reclassified subsequently to profit or loss</b>			
Other comprehensive income/(loss) for the year		-	-
<b>Total comprehensive income for the year</b>		<u><u>838</u></u>	<u><u>1,216</u></u>

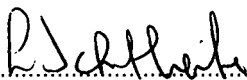
Results above relate to continuing operations.

## Statement of Financial Position

Year Ended 30 September 2021


	Note	2021 £'000	2020 Restated £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	11,330	11,533
Deferred tax	6	<u>8</u>	<u>120</u>
		11,338	11,653
<b>Current liabilities</b>			
Amounts owed to other group companies	9	6,057	<u>6,749</u>
		6,057	6,749
<b>Net current (liabilities)</b>		<u>(6,057)</u>	<u>(6,749)</u>
<b>Total assets less current liabilities</b>		5,281	4,904
Provisions for liabilities	6	(1,573)	(1,034)
<b>Net assets</b>		<u>3,708</u>	<u>3,870</u>
<b>Equity</b>			
Issued capital	10	1,000	1,000
Retained earnings		<u>2,708</u>	<u>2,870</u>
<b>Total equity</b>		<u>3,708</u>	<u>3,870</u>

The financial statements of Kronoplus Limited, registered number 03425921, were approved and authorised for issue by the Board on 22nd November 2021.



L.A.J. Scheibltreiter  
Director

Date: 22nd November 2021



B.J. Spruce  
Director

Date: 22nd November 2021

The notes on pages 13 to 26 form part of these financial statements.

**Statement of Changes in Equity****Year Ended 30 September 2020**

	Issued capital £'000	Retained earnings £'000	Total equity £'000
As at 1 October 2019 (Restated)	1,000	1,654	2,654
Profit for the period	-	569	569
Other comprehensive income:			
Gain on revaluation of plant and machinery	-	824	824
Income tax relating to other comprehensive income		(177)	(177)
Total comprehensive income	-	1,216	1,216
Dividends (Note 7)	-	-	-
At 30 September 2020	1,000	2,870	3,870

**Statement of Changes in Equity****Year Ended 30 September 2021**

	Issued capital £'000	Retained earnings £'000	Total equity £'000
As at 1 October 2020	1,000	2,870	3,870
Profit for the period	-	949	949
Other comprehensive income:			
Gain on revaluation of plant and machinery	-	-	-
Income tax relating to other comprehensive income	-	(111)	(111)
Total comprehensive income	-	838	838
Dividends (Note 7)	-	(1,000)	(1,000)
At 30 September 2021	1,000	2,708	3,708

**Notes to the financial statements****Year Ended 30 September 2021****1. Corporate information**

Kronoplus Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is given in the Company information on page 1 of these financial statements. The nature of the Company's operations and principal activities is the production of value added particleboard and MDF products.

**2. Significant accounting policies****2.1 Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) including standards and interpretations issued by the International Accounting Standards Board (IASB) and in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006. They have been prepared using the historical cost convention except that as disclosed in the accounting policies below certain items are shown at fair value.

The financial statements are presented in sterling which is the functional currency of the Company and rounded to the nearest £000. 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.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of turnovers, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes.

Kronoplus Limited meets the definition of a qualifying entity under FRS101 and has taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside consolidated financial statements of Kronospan Holdings Limited:

- Additional comparative information as per IAS1 'presentation of financial statements' paragraph 38 in respect of;

- a. a reconciliation of the number of shares outstanding at the start and end of the prior period; and

- b. reconciliations of the carrying amounts of property, plant and equipment, intangible assets and investment property at the start and the end of the prior period.

- A statement of cash flows and related disclosures for cash flows and discontinued activities.

- A statement of compliance with IFRS (a statement of compliance with FRS101 is provided instead).

- Additional comparative information for narrative disclosures and information, beyond IFRS requirements.

- Disclosures in relation to the objectives, policies and process for managing capital.

- Disclosure of the effect of future accounting standards not yet adopted.

- The remuneration of key management personnel.

- Related party transactions with two or more wholly owned members of the group.

In addition, and in accordance with FRS101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of Kronospan Holdings Limited. These financial statements do not include certain disclosures in respect of;

- Financial instrument disclosures as required by IFRS7 'Financial Instruments: Disclosures'; and

- Fair value measurements - details of the valuation techniques and inputs used for fair value measurement of assets and liabilities as per paragraphs 91 to 99 of IFRS13 'Fair value measurement'.

**Notes to the financial statements (continued)****Year Ended 30 September 2021****Significant accounting policies (continued)****2.2 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.

The Directors have also assessed the potential impact on the future operations of the Company with regard to the Covid-19 pandemic. The Company is considered to be well positioned given the current economic environment with no impact on the going concern basis of the accounts.

**2.3 Property, plant and equipment**

Tangible non-current assets are stated at fair value, net of depreciation and any provision for impairment. Depreciation is not provided on freehold land. On other assets, depreciation is provided at rates calculated to write off their cost, or valuation during their estimated useful lives, in equal annual instalments, or at a unit rate basis as appropriate.

The annual rates of depreciation are as follows:-

- Plant and machinery, vehicles & other equipment - 5% - 25%

Depreciation is not provided on assets in the course of construction.

**2.4 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.

**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.



**Notes to the financial statements (continued)****Year Ended 30 September 2021****2.5 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.

**2.6 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.

**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.

**2.7 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 despatched.

**2.8 Dividends**

Equity dividends are recognised when they become payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at the annual general meeting.

**2.9 Receivables**

Short term receivables are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Year Ended 30 September 2021****2.10 Payables**

Short term payables are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.11 Foreign Currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

**2.12 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.

**2.13 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2.1, 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 non-current 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 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.

**Notes to the financial statements (continued)****Year Ended 30 September 2021****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.

**Leases**

At lease commencement date, the Company recognises a right of use asset and a lease liability in its statement of financial position. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability.

The Company depreciates the right of use asset on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset, or the end of the lease term. The company also assesses the right of use asset for impairment when such indicators exist.

**Fair value measurement**

A number of financial assets and financial liabilities of the Company financial statements require measurement at fair value.

The fair value measurement of the Company's financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique are (the fair value hierarchy);

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has significant effect on the fair value measurement of the item.

Transfers of items between levels are recognised in the period they occur.

The group measures the following at fair value;

- Property, plant and equipment (note 8)
- Amounts owed to related parties (note 9)

**Intercompany loans**

Loans to and from intergroup companies are 'on demand' facilities and therefore are shown within due within one year.

## Notes to the financial statements (continued)

## Year Ended 30 September 2021

## First time adoption of IFRS

These financial statements, for the year ended 30 September 2021, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 30 September 2020, the Company prepared its financial statements in accordance with Financial Reporting Standards 102 (FRS 102).

Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at 30 September 2021, together with the comparative period data for the year ended 30 September 2020. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 October 2019, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its FRS 102 financial statements, including the statement of financial position as at 1 October 2019 and the financial statements as of, and for, the year ended 30 September 2020.

- The estimates at 1 October 2019 and at 30 September 2020 are consistent with those made for the same dates in accordance with FRS 102 (after adjustments to reflect any differences in accounting policies). The estimates used by the Company to present these amounts in accordance with IFRS reflect conditions at 1 October 2019, the date of transition to IFRS and as at 30 September 2020.

- The company has elected to measure certain items of property, plant and equipment at fair value at the date of transition to IFRS. At the date of transition to IFRS, the aggregate of those fair values was £11,203,000 and an increase of £1,022,000 was recognised in property, plant and equipment. The amount has been recognised against retained earnings.

## Reconciliation of Profit and Loss and Other Comprehensive Income for the year ended 30 September 2020

	FRS 102	Reclassification and Remeasurements	IFRS as at 30 September 2020
	£'000	£'000	£'000
Turnover	69,614	-	69,614
Raw materials and consumables	(55,006)	-	(55,006)
Other external charges	(3,493)	-	(3,493)
Depreciation	(824)	-	(824)
Other operating charges	(9,417)	-	(9,417)
<b>Operating profit / (loss)</b>	<b>874</b>	<b>-</b>	<b>874</b>
Other loan interest payable to group undertakings	(112)	-	(112)
<b>Profit / (loss) before tax from ordinary operations</b>	<b>762</b>	<b>-</b>	<b>762</b>
Income tax expense	(193)	-	(193)
<b>Profit for the year from ordinary operations</b>	<b>569</b>	<b>-</b>	<b>569</b>
<b>Other comprehensive income</b>			
Revaluation gain	-	824	824
Income tax relating to other comprehensive income		(177)	(177)
<b>Total comprehensive income for the year</b>	<b>569</b>	<b>647</b>	<b>1,216</b>

## Notes to the financial statements (continued)

Year Ended 30 September 2021

## Reconciliation of equity as at 1 October 2019

	FRS 102 £'000	Reclassification and Remeasurements £'000	IFRS as at 1 October 2019 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10,181	1,022	11,203
	10,181	1,022	11,203
<b>Current assets</b>			
Amounts owed by group companies	39	-	39
	39	-	39
<b>Total assets</b>	10,220	1,022	11,242
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	1,000	-	1,000
Retained earnings	806	848	1,654
<b>Total equity</b>	1,806	848	2,654
<b>Non-current liabilities</b>			
Deferred tax provision	409	174	583
	409	174	583
<b>Current liabilities</b>			
Amounts owed to other group companies	8,005	-	8,005
	8,005	-	8,005
<b>Total liabilities</b>	8,414	174	8,588
<b>Total equity and liabilities</b>	10,220	1,022	11,242

## Notes to the financial statements (continued)

Year Ended 30 September 2021

## Reconciliation of equity as at 30 September 2020

	FRS 102	Reclassification and Remeasurements	IFRS as at 30 September 2020
	£'000	£'000	£'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9,687	1,846	11,533
	<u>9,687</u>	<u>1,846</u>	<u>11,533</u>
<b>Current assets</b>			
Amounts owed by group companies	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>9,687</u>	<u>1,846</u>	<u>11,533</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	1,000	-	1,000
Retained earnings	1,375	1,495	2,870
<b>Total equity</b>	<u>2,375</u>	<u>1,495</u>	<u>3,870</u>
<b>Non-current liabilities</b>			
Deferred tax provision	563	351	914
	<u>563</u>	<u>351</u>	<u>914</u>
<b>Current liabilities</b>			
Amounts owed to other group companies	6,749	-	6,749
	<u>6,749</u>	<u>-</u>	<u>6,749</u>
<b>Total liabilities</b>	<u>7,312</u>	<u>351</u>	<u>7,663</u>
<b>Total equity and liabilities</b>	<u>9,687</u>	<u>1,846</u>	<u>11,533</u>

Notes to the reconciliation of equity as at 1 October 2019 and 30 September 2020 and total comprehensive income for the year ended 30 September 2020

**Notes to the financial statements (continued)****Year Ended 30 September 2021****Impact upon Total Comprehensive Income**

The Company has elected to measure property, plant and equipment at fair value at the date of transition to IFRS. For the financial year end 30 September 2020, a net revaluation gain of £647,000 increased total comprehensive income for the year from £569,000 to £1,216,000.

**Impact upon Statement of Financial Position****Property, plant and equipment**

The group has elected to measure property, plant and equipment at fair value at the date of transition to IFRS. At the date of transition to IFRS, the aggregate of those fair values was £11,203,000, an increase of £1,022,000. This amount has been recognised against retained earnings.

**Deferred tax**

The various transitional adjustments resulted in various temporary differences. According to the accounting policies in note 2.5, the Company has to recognise the tax effects of such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity against retained earnings at 1 October 2019.

**Impact on Statement of Cash Flows**

Upon completion of an exercise to compare the basis of measurement of the figures included within these financial statements from local GAAP to IFRS, it was determined that no values changed and therefore there are no adjustments to these financial statements as a result of the adoption of IFRS.

**Notes to the Financial Statements (continued)****Year Ended 30 September 2021****3. Analysis of turnover**

All of the turnover is attributable to the Company's principal activity. Turnover is recognised when goods are despatched or when the service is delivered. The turnover (net of VAT) attributable to each of the Company's geographical markets is:

**For the year ended 30 September 2021**

	Total £'000
United Kingdom (domicile)	75,311
Total	<u>75,311</u>

**For the year ended 30 September 2020**

	Total £'000
United Kingdom (domicile)	69,614
Total	<u>69,614</u>

The Company's revenue disaggregated by pattern of revenue recognition is as follows;

**For the year ended 30 September 2021**

	Total £'000
Goods transferred at a point in time	75,311
Total	<u>75,311</u>

**For the year ended 30 September 2020**

	Total £'000
Goods transferred at a point in time	69,614
Total	<u>69,614</u>

**4. Information regarding directors and employees**

There were no employees other than the directors (2020 - Nil). The directors received no remuneration during the year (2020 - Nil).

**5. Profit on ordinary activities before taxation**

	2021 £'000	2020 £'000
Profit on ordinary activities before taxation is arrived at after charging/(crediting):		
Depreciation	258	824
Auditor's remuneration for the audit of the Company's annual accounts	<u>3</u>	<u>3</u>



## Notes to the Financial Statements (continued)

Year Ended 30 September 2021

## 6. Tax on profit on ordinary activities

	2021 £'000	2020 £'000
Current tax on profit for the year	9	39
Adjustments in respect of prior years	-	-
Current tax	<u>9</u>	<u>39</u>
Origination and reversal of timing differences	275	145
Adjustments in respect of prior years	-	44
Effect of decrease in tax rate on opening liability	265	(35)
Deferred tax	<u>540</u>	<u>154</u>
Total tax on profit on ordinary activities	<u>549</u>	<u>193</u>

## Factors affecting tax charge for the year

The tax charge for the year is higher (2020: higher) than that which would have arisen by applying the standard rate of corporation tax in the UK : 19.0% (2020 - 19.0%)

	2021 £'000	2020 £'000
Profit on ordinary activities before taxation	<u>1,498</u>	<u>762</u>
Tax at 19.0% thereon (2020 - 19.0%)	284	145
Expenses not deductible for tax purposes	-	-
Income not taxable for tax purposes	-	-
Effect of change in tax rate	265	44
Other timing differences	-	-
Prior year adjustments	-	4
Tax charge for the year	<u>549</u>	<u>193</u>

In the Spring Budget 2021, the UK Government announced that the Corporation Tax rate would be increased to 25% effective from 1 April 2023 (rather than 19%, as previously enacted). This new law was substantively enacted on 24 May 2021 and accordingly an uplift in deferred tax charges will be included in the 2022 statutory accounts.

## Deferred taxation

	2021 £'000	2020 Restated £'000
Deferred taxation		
a) Movement in the year		
At 1st October	914	583
Charge/(credit) for the year	651	331
At 30th September	<u>1,565</u>	<u>914</u>
Deferred tax assets	£'000	£'000
Recoverable after 1 year	<u>(1,573)</u>	<u>(1,034)</u>
	(1,573)	(1,034)
Deferred taxation liabilities	£'000	£'000
Payable after 1 year	<u>8</u>	<u>120</u>
	8	120

## Notes to the Financial Statements (continued)

## Year Ended 30 September 2021

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows;

## 2021 Temporary differences

	At 1 October 2020	Recognised in profit or loss	Recognised in other comp income	Other	30 September 2021
Property plant and equipment	1,034	428	111	-	1,573
Fair value through profit or loss	-	-	-	-	-
Fair value through other comprehensive income	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Provisions	-	-	-	-	-
	<u>1,034</u>	<u>428</u>	<u>111</u>	<u>-</u>	<u>1,573</u>
Tax losses	(120)	112	-	-	(8)
	<u>(120)</u>	<u>112</u>	<u>-</u>	<u>-</u>	<u>(8)</u>
	<u>914</u>	<u>540</u>	<u>111</u>	<u>-</u>	<u>1,565</u>

## 7. Dividend

	2021 £'000	2020 £'000
2021 interim dividend 100 pence per share (2020: £Nil)	<u>1,000</u>	<u>-</u>

## Notes to the Financial Statements (continued)

Year Ended 30 September 2021

## 8. Property, plant and equipment

	Plant and machinery, vehicles & other equipment £'000	Total £'000
Cost	11,533	11,533
At 1st October 2020		
Additions	55	55
Transfers	-	-
Disposals	-	-
Revaluation adjustment	-	-
At 30th September 2021	11,588	11,588
Accumulated depreciation		
At 1st October 2020	-	-
Charge for the year	773	773
Transfers	-	-
Disposals	-	-
Revaluation adjustment	(515)	(515)
At 30th September 2021	258	258
Net book value		
At 30th September 2021	11,330	11,330
At 30th September 2020	11,533	11,533

An independent valuation of the Company's plant and machinery, vehicles and other equipment was performed by Duff & Phelps to determine the fair value of the land and buildings. The valuation, which conforms to International Valuation Standards, was determined by Depreciated Replacement Cost New. The effective date of the valuation is 31st May 2021.

Had the Company's plant and machinery, vehicles and other equipment been measured on a historical cost basis, their carrying amount would have been as follows:

	2021 £'000	2020 £'000
Plant and machinery, vehicles and other equipment	8,917	9,687

**Notes to the Financial Statements (continued)****Year Ended 30 September 2021****9. Trade and other payables**

Amounts falling due within one year:

	2021 £'000	2020 £'000
Amounts owed to other group companies	<u>6,057</u> 6,057	<u>6,749</u> 6,749

**10. Issued capital and reserves**

	2021 £'000	2020 £'000
Allotted and fully paid 1,000,000 ordinary shares of £1 each (2020 - 1,000,000)	1,000	1,000

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid.

**11. 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 which owns 100% of the Kronospan Holdings Limited's ordinary shares. Its registered office and principal place of business is Austrasse 79, Vaduz, Liechtenstein. The financial statements of Kronospan A.G., the ultimate parent company are not publicly available.

The purpose of the parent is to maintain and develop its industrial assets and is controlled by the board of Directors.

**12. Related party transactions**

The Company has taken advantage to the disclosure exemptions available in FRS 101, IAS 24, in relation to transactions and balances between two or more members of a group who are wholly owned by the same member.

No transactions were carried out with any other related party.