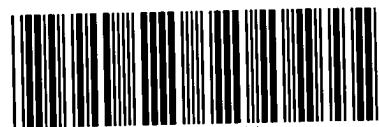


Company Registration No. 08188653

IKO INSULATIONS UK LIMITED

**Annual Report and Financial Statements
for the year ended 31 December 2016**

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IKO INSULATIONS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

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IKO INSULATIONS UK LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A B Williamson
D F M Thenus
F Hautman

SECRETARY

TCSS Limited

REGISTERED OFFICE

Appley Lane North
Appley Bridge
Wigan
Lancashire
WN6 9AB

AUDITOR

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
M3 3HF

IKO INSULATIONS UK LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2016

The directors present their annual report on the affairs of the company, the financial statements and auditor's report for the year ended 31 December 2016.

Principal activity

The principal activity of the company will become the manufacturing and sale of insulation products.

In the prior year a resolution was passed by the members to increase the share capital of the company by an additional 400,000 ordinary shares of £1 each.

Results and dividends

The loss for the year, after taxation, amounted to £108,735 (2015: £9,135). During the year there has been a large increase in creditors: amounts falling due within one year, this was cash advanced from other group undertakings to enable the purchase of the new site which is included within assets under construction until this is brought into use. (see note 10). The directors have not recommended the payment of a dividend (2015: £nil).

Directors

The directors who served during the year and thereafter were:

A B Williamson
D P Maginnis (resigned 15 June 2016)
D F M Thenus (appointed 15 June 2016)
F Hautman (appointed 15 June 2016)

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made in prior years and remain in force at the date of this report.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period. 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) including FRS 102 "The Financial Reporting Standard applicable in 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:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

IKO INSULATIONS UK LIMITED

DIRECTORS' REPORT (Continued) For the year ended 31 December 2016

Post balance sheet events

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

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk

The Company's activities expose it primarily to the financial risk of changes interest rates. Interest rates are monitored on a regular basis by the directors.

Credit risk

The company's principal financial assets are bank balances and cash and other receivables.

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

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the accounting policies in the financial statements.

Going concern

The financial statements have been prepared on a going concern basis which assumes the company will have sufficient funds to continue to pay its debts as and when they fall due and thus continue to trade. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future based on its forecasts and projections. In making their assessment, the directors have considered a period of at least 12 months from the date of signing these financial statements.

Auditor

In the case of each of the persons who are directors of the company when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's 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.

During the year Mazars LLP resigned and Deloitte LLP were subsequently appointed. Deloitte LLP have expressed their willingness to continue as auditor of the company.

IKO INSULATIONS UK LIMITED

**DIRECTORS' REPORT (Continued)
For the year ended 31 December 2016**

Small companies exemption

In preparing this report, the director has taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

Approved by the Board of Directors
and signed on behalf of the Board



F Hautman

Director

Date: September 28th, 2017

Appley Lane North
Appley Bridge
Wigan
Lancashire
WN6 9AB

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IKO INSULATIONS UK LIMITED

We have audited the financial statements of IKO UK Insulations Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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


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 any material misstatements in the Directors' Report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IKO
INSULATIONS UK LIMITED (continued)**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime or take advantage of the small companies exemption from preparing a strategic report or in preparing the directors' report.



Jane Boardman BSc FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
28 September 2017

IKO INSULATIONS UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-----------|-----------|
| Turnover | 3 | 102,000 | 118,298 |
| Gross profit | | 102,000 | 118,298 |
| Administrative expenses | | (211,519) | (75,455) |
| Operating (loss) / profit | 4 | (109,519) | 42,843 |
| Gains on financial liabilities at fair value | | - | 712 |
| Interest payable and similar charges | 7 | - | (46,078) |
| Interest receivable and similar income | | 25 | - |
| Loss before tax | | (109,494) | (2,523) |
| Tax on loss | 8 | 759 | (6,612) |
| Total comprehensive loss for the year | | (108,735) | (9,135) |

There were no recognised income or expenses for 2016 or 2015 other than those included in the statement of comprehensive income.

The notes on pages 11 to 22 form part of these financial statements.

IKO INSULATIONS UK LIMITED

STATEMENT OF FINANCIAL POSITION For the year ended 31 December 2016

| | Note | 2016 £ | 2015 £ |
|---|------|--------------------|------------------|
| FIXED ASSETS | | | |
| Intangible assets | 9 | 1 | 1 |
| Tangible assets | 10 | 9,235,336 | 1,727,989 |
| | | <u>9,235,337</u> | <u>1,727,990</u> |
| CURRENT ASSETS | | | |
| Debtors: amounts falling due within one year | 11 | 329,030 | 7,380 |
| Cash at bank and in hand | | 539,249 | 229,845 |
| | | <u>868,279</u> | <u>237,225</u> |
| Creditors: amounts falling due within one year | 12 | (9,636,249) | (19,198) |
| NET CURRENT (LIABILITIES)/ASSETS | | <u>(8,767,970)</u> | <u>218,027</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 467,367 | 1,946,017 |
| Creditors: amounts falling due after more than one year | 13 | - | (1,369,156) |
| PROVISIONS FOR LIABILITIES | | | |
| Deferred tax | 15 | (30) | (789) |
| NET ASSETS | | <u>467,337</u> | <u>576,072</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 17 | 400,100 | 400,100 |
| Profit and loss account | 16 | 67,237 | 175,972 |
| SHAREHOLDERS' FUNDS | | <u>467,337</u> | <u>576,072</u> |

The company's financial statements of IKO Insulations UK Limited (Registration Number 08188653) have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


F Hautman

Director

Date: September 28th, 2017

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IKO INSULATIONS UK LIMITED

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

| | Share capital £ | Profit and loss account £ | Total equity £ |
|--|-----------------------|---------------------------------|----------------------|
| At 1 January 2015 | 100 | 185,107 | 185,207 |
| Loss for the year and total comprehensive loss for the year | - | (9,135) | (9,135) |
| Share capital issued during the year | 400,000 | - | 400,000 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2015 | 400,100 | 175,972 | 576,072 |
| Loss for the year and total comprehensive loss for the year | - | (108,735) | (108,735) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2016 | <u>400,100</u> | <u>67,237</u> | <u>467,337</u> |

IKO INSULATIONS UK LIMITED

STATEMENT OF CASH FLOWS For the year ended 31 December 2016

| | 2016 £ | 2015 £ |
|---|--------------------|-----------------|
| Cash flows from operating activities | | |
| Operating (loss)/profit for the financial year | (109,519) | 42,843 |
| Adjustments for: | | |
| Depreciation of tangible assets | 45,171 | 45,171 |
| Interest paid | - | (46,078) |
| Interest received | 25 | - |
| Taxation paid | (11,567) | (5,944) |
| Gains on financial liabilities | - | 712 |
| Increase in debtors | (21,230) | (4,755) |
| Increase in creditors | 84,838 | 569 |
| Net cash generated from operating activities | (12,282) | 32,518 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (9,235,336) | (25,214) |
| Proceeds from sale of tangible fixed assets | 1,682,818 | - |
| Net cash from investing activities | (7,552,518) | (25,214) |
| Cash flows from financing activities | | |
| Issue of ordinary shares | - | 400,000 |
| Group loans advanced/(repaid) (net) | 7,874,204 | (347,368) |
| Net cash used in financing activities | 7,874,204 | 52,632 |
| Net increase in cash and cash equivalents | 309,404 | 59,936 |
| Cash and cash equivalents at beginning of year | 229,845 | 169,909 |
| Cash and cash equivalents at the end of the year | 539,249 | 229,845 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 539,249 | 229,845 |

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The company is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The registered office is Appley Lane North, Appley Bridge, Wigan, WN6 9AB.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The functional currency of IKO Insulations UK 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 financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied consistently in the current and prior year.

1.2 Going concern

The financial statements have been prepared on a going concern basis which assumes the company will have sufficient funds to continue to pay its debts as and when they fall due and thus continue to trade. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future based on its forecasts and projections. In making their assessment, the directors have considered a period of at least 12 months from the date of signing these financial statements.

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised.

Rental income

Rental income arising from the land and buildings is accounted for on a straight-line basis over the lease term.

1.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **For the year ended 31 December 2016**

1. Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any unaccumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as detailed below.

The estimated useful lives range as follows:

| | | |
|--------------------|---|-----------------------------------|
| Freehold buildings | - | 33 years on a straight line basis |
|--------------------|---|-----------------------------------|

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

1.6 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

1.7 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans to and from related parties and investments in non-puttable ordinary shares.

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

(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 statement of financial position 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.

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **For the year ended 31 December 2016**

1. Accounting policies (continued)

1.7 Financial instruments (continued)

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

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) Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2016

1. Accounting policies (continued)

1.7 Financial instruments (continued)

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.

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.

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.

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans to and from related parties.

Financial assets that are measured at cost and fair value are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **For the year ended 31 December 2016**

1. Accounting policies (continued)

1.9 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

1.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2016

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, the actual results and outcomes may differ.

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.

Critical judgements in applying the company's accounting policies

There are no critical judgements which the directors have made in the process of applying the company's accounting policies.

Key sources of estimation uncertainty

There are no key assumptions or key sources of estimation uncertainty which might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Analysis of turnover

The whole of the turnover is attributable to rental income received from the leasing of land and buildings.

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging/(crediting):

| | 2016 £ | 2015 £ |
|---------------------------------------|-----------|-----------|
| Depreciation of tangible fixed assets | 45,171 | 45,171 |
| Auditor's remuneration (see note 5) | 3,375 | 3,375 |
| Foreign exchange gain | (48,435) | (712) |

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2016

5. Auditor's remuneration

| | 2016 £ | 2015 £ |
|---|--------------|--------------|
| Fees payable to the company's auditor in respect of: | | |
| The auditing of statutory financial statements of the company pursuant to legislation | 2,500 | 2,500 |
| All other non-audit services not included above for taxation compliance | 875 | 875 |
| | <u>3,375</u> | <u>3,375</u> |

6. Employees

The company has no employees other than the directors, who received no remuneration (2015: £nil).

7. Interest payable and similar charges

| | 2016 £ | 2015 £ |
|----------------------------------|-----------|---------------|
| On loans from group undertakings | <u>25</u> | <u>46,078</u> |

8. Taxation

| | 2016 £ | 2015 £ |
|--|--------------|--------------|
| Corporation tax | | |
| Current tax on losses for the year | - | 1,141 |
| Adjustments in respect of previous periods | - | 5,213 |
| Total current tax | <u>-</u> | <u>6,354</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | - | 258 |
| Adjustments in respect of previous periods | (759) | - |
| Total deferred tax | <u>(759)</u> | <u>258</u> |
| Taxation on loss on ordinary activities | <u>(759)</u> | <u>6,612</u> |

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2016

8. Taxation (continued)

Factors affecting current tax charge in the year:

The tax assessed for the year is lower than (2015: higher) the standard rate of corporation tax in the UK of 20 % (2015: 20.25%). The differences are explained below:

| | 2016 £ | 2015 £ |
|--|--------------|--------------|
| Loss on ordinary activities before tax | (109,494) | (2,523) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%) | (21,899) | (511) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 9,034 | 18,469 |
| Income not taxable | (9,687) | 8,581 |
| Tax losses | 22,552 | - |
| Transfer pricing | - | (6,133) |
| Adjustments to tax charge in respect of prior periods | (759) | (5,213) |
| Total tax charge for the year | (759) | 6,612 |

Factors that may affect future tax charges

The standard rate of tax applied to reported profit/loss on ordinary activities was 20.00 per cent (2015: 20.25 per cent). The Finance Act 2016, which was substantively enacted on 6 September 2016, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 17% from 1 April 2020.

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2016

9. Intangible assets

| | £ |
|--|---|
| Cost | |
| At 1 January 2016 and 31 December 2016 | 1 |
| Net book value | |
| At 31 December 2016 and 31 December 2015 | 1 |

10. Tangible fixed assets

| | Freehold Land & Buildings £ | Assets under construction £ | Total £ |
|--------------------------|--------------------------------------|-----------------------------------|-------------|
| Cost or valuation | | | |
| At 1 January 2016 | 1,814,475 | - | 1,814,475 |
| Additions | 5,405,026 | 3,830,310 | 9,235,336 |
| Disposals | (1,814,475) | - | (1,814,475) |
| At 31 December 2016 | 5,405,026 | 3,829,310 | 9,235,336 |
| Depreciation | | | |
| At 1 January 2016 | 86,486 | - | 86,486 |
| Charge for the year | 45,171 | - | 45,171 |
| | (131,657) | - | (131,657) |
| At 31 December 2016 | - | - | - |
| Net book value | | | |
| At 31 December 2016 | 5,405,026 | 3,829,310 | 9,235,336 |
| At 31 December 2015 | 1,727,989 | - | 1,727,989 |

Included in freehold property is freehold land at valuation of £500,000 (2015: £500,000) which is not depreciated.

Assets under construction are not depreciated until they are brought into use.

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2016

11. Debtors

| | 2016 £ | 2015 £ |
|------------------------------------|----------------|--------------|
| Amounts owed by group undertakings | 300,520 | 100 |
| Other debtors | 28,510 | 1,115 |
| Prepayments and accrued income | - | 6,165 |
| | <u>329,030</u> | <u>7,380</u> |

Amounts owed by group undertakings are repayable on demand and do not attract interest (2015: same).

12. Creditors: Amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------------|------------------|---------------|
| Trade creditors | 86,714 | - |
| Amounts owed to group undertakings | 9,543,780 | - |
| Corporation tax | - | 11,567 |
| Accruals and deferred income | 5,755 | 7,631 |
| | <u>9,636,249</u> | <u>19,198</u> |

Amounts owed by group undertakings are repayable on demand and do not attract interest (2015: same).

13. Creditors: Amounts falling due after more than one year

| | 2016 £ | 2015 £ |
|------------------------------------|-----------|------------------|
| Amounts owed to group undertakings | - | 1,369,156 |
| | <u>-</u> | <u>1,369,156</u> |

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2016

14. Financial instruments

| | 2016 £ | 2015 £ |
|---|--------------------|--------------------|
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | 539,249 | 229,845 |
| Financial assets that are debt instruments measured at amortised cost | 329,030 | 1,215 |
| | <u>868,279</u> | <u>231,060</u> |
| Financial liabilities | | |
| Financial liabilities measured at fair value through profit or loss | (9,636,249) | - |
| Financial liabilities measured at amortised cost | - | (1,376,787) |
| | <u>(9,636,249)</u> | <u>(1,376,787)</u> |

Financial assets measured at fair value through profit or loss comprises cash at bank.

Financial assets measured at amortised cost comprise other debtors and amounts due from group undertakings.

Financial liabilities measured at amortised cost comprise accruals and amounts due to group undertakings.

15. Deferred taxation

| | Deferred tax £ |
|-------------------------------|-------------------|
| At 1 January 2016 | 789 |
| Charged to the profit or loss | (759) |
| | <u>30</u> |
| At 31 December 2016 | <u>30</u> |

The provision for deferred taxation is made up as follows:

| | 2016 £ | 2015 £ |
|--------------------------------|-----------|------------|
| Accelerated capital allowances | <u>30</u> | <u>789</u> |

16. Reserves

Called-up share capital

This reserve represents the nominal value of shares that have been issued.

Profit & loss account

The profit and loss reserve includes all current and prior year retained profits and losses.

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the year ended 31 December 2016**

17. Share capital

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Allotted, called up and full paid 400,100 (2015: 400,100) Ordinary shares of £1 each | <u>400,100</u> | <u>400,100</u> |

18. Related party transactions

At the year end there is a balance with Freemantle Investments Limited, the parent company. The balance at 31 December 2016 was a debtor balance of £100 (2015: £100).

During the period the company leased its premises at Elstow and Grangemill to IKO Plc, a company also under the ultimate control of IKO Enterprises Limited. Total rental income received in respect of this during the year was £102,000 (2015: £118,298). At the balance sheet date total amounts owed by IKO Plc in respect of the above were £nil (2015: £nil).

IKO Plc also maintained loan accounts on behalf of IKO Insulations UK Limited during the year, amounts were repaid to IKO PLC totalling £1,667,670 (2015: £7,266). At the balance sheet date the fair value of the balance owed by IKO Plc in respect of the above was £149,662 (2015: owed to IKO PLC £1,369,156). Interest totalling £25 (2015: £46,078) has been charged to profit and loss during the year in respect of this loan.

During the year a loan was advanced from IKO Europe NV totalling £9,409,510. This loan is interest free and is repayable on demand.

19. Controlling party

The company is a subsidiary undertaking of Freemantle Investments Limited. The company's ultimate controlling party is IKO Enterprises Limited. Both companies are incorporated in Canada.

No other financial statements include the results of this company.