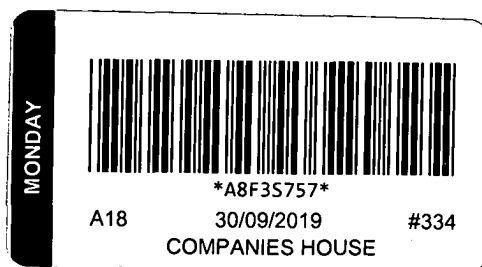


Company Registration No. 08188653

**IKO INSULATIONS UK LIMITED**

**Annual Report and Financial Statements**

**for the year ended 31 December 2018**



# **IKO INSULATIONS UK LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS 2018**

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# **IKO INSULATIONS UK LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

D F M Theuns  
F Hautman  
A B Williamson (resigned 23 July 2018)

### **SECRETARY**

TCSS Limited

### **REGISTERED OFFICE**

Pierson Road, The Enterprise Campus  
Alconbury Weald  
Huntingdon  
PE28 4YA  
United Kingdom

### **AUDITOR**

Deloitte LLP  
Statutory Auditor  
2 Hardman Street  
Manchester  
M3 3HF  
United Kingdom

# **IKO INSULATIONS UK LIMITED**

## **DIRECTORS' REPORT**

### **For the year ended 31 December 2018**

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 2018.

#### **Principal activity**

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

#### **Results**

The loss for the year, after taxation, amounted to £2,324,763 (2017: loss of £1,490,323). The loss in the year was largely due to administrative expenses, specifically depreciations, forex losses and salaries. We expect the company to become profitable in 2019.

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 construction of the new site which is included within assets under construction until this is brought into use (see note 4).

#### **Directors**

The directors who served during the year and thereafter were:

D F M Theuns

F Hautman

A B Williamson (resigned 23 July 2018)

#### **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; 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 2018**

### **Political and charitable donations**

Charitable donations in the UK totalled £0 (2017: £70). No political contributions were made (2017: same).

### **Financial risk management objectives and policies**

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

#### ***Cash flow risk***

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Exchange rates and interest rates are monitored on a regular basis by the directors, hedge accounting is not adopted by the entity.

#### ***Credit risk***

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

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Furthermore, the company insures its debtors to mitigate the risk of non-payment further.

#### ***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 available 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 availability of financial 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.

Company funding is provided by IKO Europe NV, no specific terms on reimbursement have been agreed however IKO Europe NV has no intention to request refund of the loan in the short term.

### **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 Deloitte LLP have expressed their willingness to continue as auditor of the company.

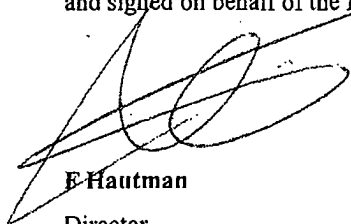
### **Small companies exemption**

In preparing this report, the director has taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006. The company is exempt from preparing a strategic report.

**IKO INSULATIONS UK LIMITED**

**DIRECTORS' REPORT (Continued)**  
**For the year ended 31 December 2018**

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



**E. Hautman**

Director

Date: 27/9/2019

Pierson Road, The Enterprise Campus  
Alconbury Weald  
Huntingdon  
PE28 4YA  
United Kingdom

# **IKO INSULATIONS UK LIMITED**

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

**For the year ended 31 December 2018**

### **INDEPENDENT AUDITOR'S REPORT**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of IKO Insulations UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position; and
- the related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### **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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IKO INSULATIONS  
UK LIMITED (Continued)  
For the year ended 31 December 2018**

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

**Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

**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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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.



## **IKO INSULATIONS UK LIMITED**

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

**For the year ended 31 December 2018**

#### **Matters on which we are required to report by exception**

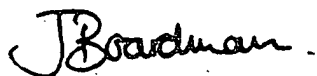
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### **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.



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

30 September 2019

# IKO INSULATIONS UK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2018

### STATEMENT OF COMPREHENSIVE INCOME

	Note	+	2018 £'000	2017 £'000
Turnover			12,486	-
Cost of sales			(10,989)	(55)
<b>Gross profit/(loss)</b>			<b>1,497</b>	<b>(55)</b>
Administrative expenses			(3,518)	(1,279)
<b>Operating loss</b>			<b>(2,021)</b>	<b>(1,334)</b>
Interest payable and expenses			(304)	(156)
<b>Loss before tax</b>			<b>(2,325)</b>	<b>(1,490)</b>
Tax on loss	3		-	-
<b>Total comprehensive loss for the year</b>			<b>(2,325)</b>	<b>(1,490)</b>

There were no recognised income or expenses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on the following pages form part of these financial statements.

# IKO INSULATIONS UK LIMITED

## STATEMENT OF FINANCIAL POSITION For the year ended 31 December 2018

### STATEMENT OF FINANCIAL POSITION

	Note	2018 £'000	2017 £'000
<b>FIXED ASSETS</b>			
Tangible assets	4	31,891	27,014
		<u>31,891</u>	<u>27,014</u>
<b>CURRENT ASSETS</b>			
Stocks	5	2,012	790
Debtors: amounts falling due within one year	6	856	449
Cash at bank and in hand		1,102	658
		<u>3,970</u>	<u>1,897</u>
Creditors: amounts falling due within one year	7	(39,357)	(29,934)
<b>NET CURRENT LIABILITIES</b>		<u>(35,387)</u>	<u>(28,037)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(3,496)</u>	<u>(1,023)</u>
<b>NET LIABILITIES</b>		<u>(3,496)</u>	<u>(1,023)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital		400	400
Profit and loss account		(3,896)	(1,423)
<b>SHAREHOLDERS' DEFICIT</b>		<u>(3,496)</u>	<u>(1,023)</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: 27/3/2019

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2018**

**NOTES TO THE FINANCIAL STATEMENTS**

**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 under the Companies Act 2006 and registered in England and Wales. The registered office is Pierson Road The Enterprise Campus, Alconbury Weald, Huntingdon, PE28 4YA.

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 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. Although the company is in a net liability position, 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.

The directors have sought and received confirmation from IKO Europe NV to confirm that the intercompany loan will not be recalled in the 12 months from the signing date, therefore providing support to the company for the foreseeable future.

**1.3 Turnover**

Turnover 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. Turnover 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 turnover is recognised: actual shipment of goods.

**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 2018

### 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.

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

The estimated useful lives range as follows:

Freehold buildings	50 years
Fixtures, fitting & equipment	3 to 15 years
Computer & equipment	3 to 10 years
Plant and machinery	5 to 20 years
Vehicles	5 to 10 years
Laboratory	5 to 10 years

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 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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the year ended 31 December 2018**

**1. Accounting policies (continued)**

**1.6 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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the year ended 31 December 2018**

**1. Accounting policies (continued)**

**1.6 Financial instruments (continued)**

*Impairment of assets*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each statement of financial position 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.

**1.7 Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Raw materials, consumables and goods for resale are valued on a purchase cost on a first in, first out basis.

Work in progress and finished goods are valued on the basis of the cost of direct materials and labour plus attributable overheads based on a normal level of activity.

# IKO INSULATIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2018

### 1. Accounting policies (continued)

#### 1.8 Cash and cash equivalents

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

#### 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 statement of financial position 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.

### 2. Employees

Total employee remuneration was as follows:

	2018 £'000	2017 £'000
Wages and salaries	606	186
Social security costs	57	20
Other pension costs	9	10
	<u>672</u>	<u>216</u>

The average monthly number of employees (including directors) was:

	2018	2017
Production	12	5
Selling	6	0
Administration	0	0
Total	18	5

No remunerations were paid to the directors (2017: £ 0)



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**For the year ended 31 December 2018**

**3. Taxation**

	2018 £'000	2017 £'000
Total current tax		
Deferred tax		
Origination and reversal of timing differences		
Adjustments in respect of previous periods		
Total deferred tax		
Taxation on loss		

Despite the tax losses carried forward, no deferred tax asset has been recognised yet.

**Factors affecting current tax charge in the year:**

The tax credit assessed for the year is lower than (2017: lower) the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Loss before tax	(2,325)	(1,409)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(441)	(271)
Effects of:		
Expenses not deductible	65	90
Income not taxable	-	-
Tax losses	376	181
Adjustments to tax charge in respect of prior periods	-	-
Total tax charge for the year	441-	271

Despite the tax losses carried forward, no deferred tax asset has been recognised yet. The company made significant capital expenditure in 2018 for the factory. Production started in March 2018 and recognition of the deferred tax asset will be reassessed once the company becomes profitable because of production.

**Factors that may affect future tax charges**

Finance Act 2016, which was substantively enacted on 6 September 2017, included provisions to reduce the rate of corporation tax to 17% from 1 April 2020. Accordingly, deferred tax balances will be revalued to the lower rate of 17% once recognised in these accounts. To the extent that the deferred tax reverses before 1 April 2020 then the impact on the deferred tax would be reassessed.

# IKO INSULATIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

### 4. Tangible fixed assets

Cost or valuation	Freehold land £'000	Computer & equipment £'000	Fixtures, fitting & equipment £'000	Plant and machinery £'000	Building £'000	Vehicles £'000	Laboratory £'000	Assets under construction £'000	Total £'000
At 1 January 2018	5,405	3	0	0	0	0	0	21,606	27,014
Additions	2	49	97	10,672	16,328	187	162	-21,533	5,964
At 31 December 2018	5,407	52	97	10,672	16,328	187	162	73	32,978
Depreciation									
At 1 January 2018	0	0	0	0	0	0	0	0	0
Additions	0	-4	-14	-796	-242	-10	-21	0	-1,087
At 31 December 2018	0	-4	-14	-796	-242	-10	-21	0	-1,087
Net book value									
At 31 December 2018	5,407	48	83	9,876	16,086	177	141	73	31,891
At 31 December 2017	5,405	3	0	0	0	0	0	21,606	27,014

### 5. Stocks

	2018 £'000	2017 £'000
Raw Materials	714	790
Finished Goods	1,298	-
	<u>2,012</u>	<u>790</u>

### 6. Debtors

	2018 £'000	2017 £'000
Amounts owed by group undertakings	606	417
Other debtors	249	33
	<u>855</u>	<u>450</u>

Amounts owed by group undertakings carry an interest rate of 0% (2017: 0%) are unsecured and are repayable on demand.

## IKO INSULATIONS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

**7. Creditors: Amounts falling due within one year**

	2018 £'000	2017 £'000
Trade creditors	349	375
Amounts owed to group undertakings	39,008	29,550
Taxation and social security	-	9
Accruals and deferred income	-	-
	<u>39,357</u>	<u>29,934</u>

Amounts owed to group undertakings are unsecured and represent intercompany funding provided by IKO Europe NV, no specific terms on reimbursement have been agreed, however, IKO Europe NV has no intention to request refund of the loan in short term.

Interest is charged on intercompany funding at 1% per annum (2017:0.75%).

**8. Related party transactions**

The company has a loan balance with IKO Europe N.V., a company also under the ultimate control of IKO Enterprises Limited. Interest of £303,745 (2017: £156,614) was charged on this loan in the year and the balance on the loan at the statement of financial position date was £33,992,140 (2017: £28,391,360). There is no fixed repayment date for this loan.

As a subsidiary undertaking of IKO Enterprises Limited, the company has taken advantage of the exemption in section 33 of FRS102, from disclosing transactions with other members of the group headed by IKO Enterprises Limited.

**9. Controlling party**

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

No other financial statements include the results of this company.