

Company Registration No. 08188653

IKO INSULATIONS UK LIMITED

Annual Report and Financial Statements

for the year ended 31 December 2019



IKO INSULATIONS UK LIMITED

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IKO INSULATIONS UK LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D F M Theuns
F Hautman

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 2019

STRATEGIC REPORT

Introduction

The directors present their strategic report for the year ended 31 December 2019.

Business review

The company is a leading manufacturer and supplier in the UK of insulation boards for the building and construction industry, majority of the output produced is directly shipped to customers of IKO Plc, for the UK market, as well as some production support, in terms of capacity is provided to other IKO commercial and production companies on the European continent.

Turnover in 2019 was £26,400,000 representing a 111% increase compared to 2018, with 2019 being the first full year of trading. Company trading only started in April 2018. Gross profit as a percentage of sales was 32.4% (2018: 11.9%) and totalled £8,562,000 (2018: £1,497,000), mainly the result of a strong capacity occupation in 2019, economies of scale started to have their impact in 2019.

Profit after tax of £5,158,000 generated in 2019 (2018: loss £2,325,000) was transferred to retained earnings, bringing the closing Shareholders funds to positive level of £1,662,000 (compared to Net deficit of £3,496,000 in 2018), so fully compensating all losses incurred previously.

The positive performance of the company, as proven in 2019, the first full year of operation, is deemed to be satisfactory and considered sustainable, going forward, as proven by continuing strong performance in the subsequent periods in 2020 despite COVID-19, as well as, positive outlook for 2021, all indicating continuing strong sales volumes, assuring sustainable plant occupation and performance.

Principal risks and uncertainties

The company's principal risks are primarily centred around competition on selling prices, in the IKO Plc market area, being the main customer for the company's products, along with fluctuations in raw material prices. Competition on selling prices in the customer markets, including the availability of cheap imports from abroad has been, and will continue to be a challenge to the company, whilst any fluctuations in raw material prices can have an impact on the stability of the company's cost base.

Raw material prices continue to be closely monitored by the company to ensure any risk in this area is minimised. Despite this the business has continued to be affected by the weakening of the pound that occurred as a result of the decision by the UK to leave the European Union.

The company's objective is to provide high quality insulations products combined with excellent service levels. The delivery of this objective along with the strong relationships that the company maintains with its key customers has meant that margins have improved in 2019.

Majority of the output produced by the company is directly shipped to customers of IKO Plc, therefore, the company is not directly exposed to credit risk through the financial failure of key customers. IKO Plc has implemented policies that require appropriate credit checks on potential customers before sales are made, in order to mitigate the customer credit risk. The impact for the company would be limited to impact on production volume.

Financial key performance indicators

Because majority of sales are made to related parties, with monthly settlement, Debtor days are not considered a critical KPI for the business (see Note 9). Creditor days decreased from 135 days in 2018 to 89 days in 2019.

Stock on average turned 3.5 times in 2019, representing decrease compared to average of 5.5 times in 2018.

Both Equity and Asset based ROCE improved on the prior year due to increased EBIT levels.

Non-financial key performance indicators

The company uses a variety of non-financial key performance measures, which are mainly production related, such as quality, capacity and throughput.

These measures are reported and reviewed weekly or monthly and most continue to show improvement.

IKO INSULATIONS UK LIMITED

DIRECTORS' REPORT (continued) For the year ended 31 December 2019

Future developments

The directors expect continuation of the strong operational performance in the subsequent periods despite the pandemic COVID-19 waves experienced in 2020 and early 2021, however with positive business outlook for 2021, indicating continuing strong sales volumes, assuring sustainable plant occupation and performance in the forthcoming year, albeit in a challenging economical environment.

Brexit

With Brexit effective as of 1st January 2021, the period of regulatory uncertainty one faced at the end of 2020, partially extends into 2021. New business processes e.g. for customs compliance have been rolled out. The business will continue to monitor the situation throughout this period so that we are prepared to react to new opportunities, risks and challenges that may present themselves. Management has performed detailed review of Brexit impact and implemented required administrative and ERP changes, as well as committed engagement of logistical trading partners, in order to handle the additional administrative and financial requirements for customs purposes, as the company is acquiring majority of its' raw materials from outside UK. The business activities have been resumed in January 2021 and no constraints in the UK – EU supply chain were noted.

Covid-19

In 2020, the impact and duration of Covid-19, was noted across the different geographical areas, with different timing and severity. The company did roll-out a full set of hygiene and safety measures, in line with Governmental Instructions, in order to protect the staff against potential Covid-19 infection. However we are confident that the company will continue to generate sustainable profit in 2021, despite the pandemic COVID-19 waves being experienced, as well as, looking forward to positive outlook for 2021, all indicating continuing strong sales volumes for insulation boards in targeted UK and European markets, assuring sustainable plant occupation and performance in the forthcoming year, albeit in a challenging economical environment.

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



F Hautman
Director

Date: 01/02/2021

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

IKO INSULATIONS UK LIMITED

DIRECTORS' REPORT (continued)

For the year ended 31 December 2019

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 2019.

Principal activity

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

Results

The profit for the year, being the net profit after taxation, amounted to £5,158,000 (2018: loss of £2,325,000). The significant increase of the result was largely due to:

- (1) Sales have doubled compared to 2018 (increase amounting to 111%). The company started trading at the end of the first quarter in 2018, making 2019 the first full year of operation, for production and sales, mainly consisting of insulation panels for local UK market, distributed by IKO Plc, where, in 2019, IKO Insulations UK, has taken the position of main supplier for IKO Plc of insulation boards for the UK market, whereas in previously, these boards needed to be sourced from the Netherlands and France.
- (2) Favourable evolution of the GBP vs EUR exchange rate in 2019 (with strengthening of £ currency). The company's investments in PP&E and working capital have been financed by a long-term loan, obtained from IKO Europe NV (Belgium), the loan is EUR denominated. In February 2019 and May of 2019, additional amounts of funding were provided of EUR 5.0 million and EUR 3.5 million respectively, finalising the total funding at EUR 46.5 million. Also in 2019, the terms of the loan have been agreed and formalized, the loan is EUR denominated, having a 15 years duration, with maturity date at 31 May 2034, interest rate amounting to 3.43%, payable on a quarterly base, starting on 1 June 2019, with annual repayment of EUR 3.1 million fixed amount, with first instalment made in September 2020, explaining the increase in interest payable for 2019, compared to previous year.

The directors expect continuation of the strong operational performance in the subsequent periods in 2020 despite the pandemic COVID-19 waves being experienced, as well as, positive outlook for 2021, all indicating continuing strong sales volumes, assuring sustainable plant occupation and performance in the forthcoming year.

Directors

The directors who served during the year and thereafter were:

D F M Theuns
F Hautman

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 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

IKO INSULATIONS UK LIMITED

DIRECTORS' REPORT (continued) For the year ended 31 December 2019

Directors' responsibilities statement (continued)

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.

Political and charitable donations

Charitable donations in the UK totalled £ nil (2018: £ nil). No political contributions were made (2018: £ nil).

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 (GBP vs EUR) 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. In 2019, fixed interest rate was agreed for intercompany funding (we refer to Going Concern section below).

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 that also for IKO Plc, the main customer, the going concern assumption applies and have considered a period of at least 12 months from the date of signing these financial statements. Continuation of strong operational performance has been observed in the subsequent periods, despite the pandemic COVID-19 and see strong positive outlook for 2021, all indicating continuing strong sales volumes, assuring sustainable plant occupation and performance in the forthcoming year.

IKO INSULATIONS UK LIMITED

DIRECTORS' REPORT (continued) For the year ended 31 December 2019

Going concern (continued)

The Company's funding is provided by IKO Europe NV (Belgium). The total funding at 31 December 2019 balance sheet date amounts to EUR 46.5 million.

In 2019, the terms of the loan have been agreed and formalized, the loan is EUR denominated, having a 15 year duration, with maturity date at 31 May 2034, interest rate amounting to 3.43%, payable on a quarterly base, starting on 1 June 2019, with fixed annual repayment of EUR 3.1 million, with first installment due in September 2020. In 2020 and early 2021, the company is exceeding the very strong cash generation demonstrated in 2019, enabling adherence to the repayment schedule, without compromising the operational cash requirements.

Covid-19

The impact and duration of Covid-19, was noted across the different geographical areas, with different timing and severity. Since early 2020, the directors have strengthened the short term monitoring and forecasting capabilities in the operational and finance function of the company, to enable close monitoring and reaction. The directors expect continuation of the strong operational performance in the subsequent periods, despite the pandemic COVID-19 waves being experienced in 2020 and early 2021, however with positive outlook for 2021, indicating continuing strong sales volumes, assuring sustainable plant occupation and performance in the forthcoming year.

Auditor

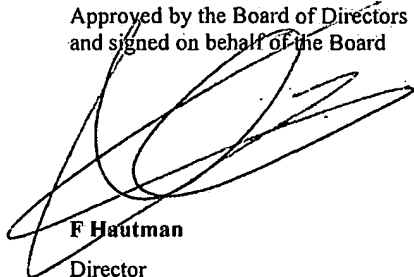
In the case of each of the persons who are directors of the company when this report was approved:

- 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.

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



F Hautman
Director

Date: 01/02/2021

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 2019

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 2019 and of its profit 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;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 15.

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.

IKO INSULATIONS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IKO INSULATIONS UK LIMITED (Continued) For the year ended 31 December 2019

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. 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 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 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 2019

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

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.



Elizabeth Benson BSc FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
1 February 2021

IKO INSULATIONS UK LIMITED

For the year ended 31 December 2019

STATEMENT OF COMPREHENSIVE INCOME

	Note	2019 £'000	2018 £'000
Turnover	2	26,400	12,486
Cost of sales		(17,838)	(10,989)
Gross profit		8,562	1,497
Administrative expenses	4	(2,993)	(3,518)
Operating Profit / (Loss)		5,569	(2,021)
Interest payable and expenses	5	(950)	(304)
Profit / (Loss) before tax	3	4,619	(2,325)
Tax on Profit/(Loss)	6	540	-
Total comprehensive profit/(loss) for the year		5,158	(2,325)

All income recognised in 2019 (and 2018) related to normal trading and continuing operations, there were no other income or expenses 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

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
FIXED ASSETS			
Tangible assets	7	32,041	31,891
		<u>32,041</u>	<u>31,891</u>
CURRENT ASSETS			
Stocks	8	3,093	2,012
Debtors: amounts falling due within one year	9	1,416	856
Cash at bank and in hand	6	6,818	1,102
		<u>11,327</u>	<u>3,970</u>
Creditors: amounts falling due within one year	10	(4,781)	(39,357)
NET CURRENT ASSETS/(LIABILITIES)		<u>6,546</u>	<u>(35,387)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>38,587</u>	<u>(3,496)</u>
Creditors: amounts falling due after one year	11	(36,925)	-
NET ASSETS / (LIABILITIES)		<u>1,662</u>	<u>(3,496)</u>
CAPITAL AND RESERVES			
Called up share capital		400	400
Profit and loss account		1,262	(3,896)
SHAREHOLDER'S FUNDS / (DEFICIT)		<u>1,662</u>	<u>(3,496)</u>

The financial statements of our company, having registration No. 08188653, were approved and authorised for issue by the board and were signed on its behalf by:


F. Hautman

Director

Date: 01/02/2021

IKO INSULATIONS UK LIMITED**For the year ended 31 December 2019****STATEMENT OF CHANGES IN EQUITY**

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	400	(1,571)	(1,171)
Profit for the financial year and total comprehensive income	-	(2,325)	(2,325)
At 31 December 2018	<u>400</u>	<u>(3,896)</u>	<u>(3,496)</u>
At 1 January 2019	400	(3,896)	(3,496)
Profit for the financial year and total comprehensive income	-	5,158	5,158
At 31 December 2019	<u>400</u>	<u>1,262</u>	<u>1,662</u>

IKO INSULATIONS UK LIMITED

For the year ended 31 December 2019

CASH FLOW STATEMENT

	Note.	2019 £'000	2018 £'000
Operating profit/(loss)		5,569	(2,021)
Depreciation and amortisation	3	1,550	1,087
Net cash flows from/(used in) operating activities before movement in working capital		7,119	(934)
Increase in Stocks	8	(1,081)	(1,222)
Increase in Debtors		(20)	(407)
(Decrease)/increase in Creditors		(5,098)	3,823
Net cash flows (used in) / from operating activities		(920)	1,260
Cash flows from investing activities			
Acquisitions of tangible assets	7	(1,700)	(5,964)
Net Cash flows used in investing activities		(1,700)	(5,964)
Cash flows from financing activities			
Interest paid	10	(950)	(304)
Increase in Loans	11	7,446	5,452
Net cash flows from financing activities		6,496	5,148
Net increase in cash and cash equivalents		5,716	444
Increase in cash and cash equivalents		5,716	444
Cash and cash equivalents at 31 December		6,818	1,102

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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 GBP because that is the currency of the primary economic environment in which the company operates.

The company however acquires some of its raw material (mainly MDI) in EUR, and the company previously obtained financing from IKO Europe NV (Belgium), resulting in EUR denominated loan. Foreign currency amounts are revalued monthly, the revaluation results, gains and losses, are posted as period results, of which, most are effectively realized, as far as relating to trading, whereas as for the EUR loan, these revaluation results are considered un-realized, as they could potentially reverse.

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 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 that also for IKO Plc, the main customer, the going concern assumption applies and have considered a period of at least 12 months from the date of signing these financial statements. Continuation of strong operational performance has been observed in the subsequent periods, despite the pandemic COVID-19 and see strong positive outlook for 2021, all indicating continuing strong sales volumes, assuring sustainable plant occupation and performance in the forthcoming year.

The Company's funding is provided by IKO Europe NV (Belgium). The total funding at 31 December 2019 balance sheet date amounts to EUR 46.5 million. In 2019, the terms of the loan have been agreed and formalized, the loan is EUR denominated, having a 15 year duration, with maturity date at 31 May 2034, interest rate amounting to 3.43%, payable on a quarterly base, starting on 1 June 2019, with fixed annual repayment of EUR 3.1 million, with first installment due in September 2020. In 2020 and early 2021, the company is exceeding the very strong cash generation demonstrated in 2019, enabling adherence to the repayment schedule, without compromising the operational cash requirements.

Covid-19

The impact and duration of Covid-19, was noted across the different geographical areas, with different timing and severity.

The directors expect continuation of the strong operational performance in the subsequent periods, despite the pandemic COVID-19 waves being experienced in 2020 and early 2021, however with positive outlook for 2021, all indicating continuing strong sales volumes, assuring sustainable plant occupation and performance in the forthcoming period of 12 months.

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. Accounting policies (continued)

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. Turnover is recognised upon dispatch of goods.

1.4 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.

1.5 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.

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.

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. Accounting policies (continued)

1.5 Financial instruments (continued)

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.

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.

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2019

1. Accounting policies (continued)

1.5 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.

1.6 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 2019

1. Accounting policies (continued)

1.7 Cash and cash equivalents

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

1.8 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.

1.9 Current and deferred taxation

Current tax, including UK corporation 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.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax liabilities and assets are measured using the tax rates that reflect the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the 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 2019

1. Accounting policies (continued)

1.9 Current and deferred taxation (continued)

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1.10 Pensions

The company has a Defined Contribution Pension scheme in place for its employees, hosted by B&CE pension provider. The annual amount charged to the profit and loss account represents the contributions paid to the scheme in respect of the accounting period.

1.11 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.12 Finance costs

Finance costs are charged to the profit and loss account on a monthly basis. Interest payable on the EUR denominated loan from IKO EUROPE NV is settled quarterly.

Considering the fact that the company funding is EUR denominated, the evolution of foreign currency exchange rate of EUR vs GBP, could have significant impact on the GBP amount of the loan. Revaluation of the open EUR loan balance is performed monthly, at month end spot rate.

1.13 Critical accounting judgements 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

The critical judgements that the directors have made in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Assessing indicators of impairment

In assessing impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

The Directors do not consider there are any assumptions concerning the future and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **For the year ended 31 December 2019**

2. Revenue split by geography

	2019 £'000	2018 £'000
United Kingdom	16,328	11,662
The Netherlands	9,325	824
Belgium	712	-
France	35	-
	<u>26,400</u>	<u>12,486</u>

3. Profit before taxation

The profit before taxation is stated after charging/(crediting):

	2019 £'000	2018 £'000
Cost of goods sold	17,838	10,989
Depreciation (note 7)	1,550	1,087
Staff cost (note 4)	1,095	672
Auditors remuneration for audit services	5	3
Net Foreign exchange (profit)/loss	<u>(2,035)</u>	<u>465</u>

The auditor's remuneration of £5,000 (2018: £3,000) for audit work was borne by IKO Europe NV (Belgium), a group company and was charged to the company. There has been no remuneration in the year for non-audit services (2018: same).

4. Employees

Total employee remuneration was as follows:

	2019 £'000	2018 £'000
Wages and salaries	983	606
Social security costs	96	57
Other pension costs	16	9
	<u>1,095</u>	<u>672</u>

The number of employees (including directors) was:

	2019	2018
Production	19	12
Selling	7	6
	<u>26</u>	<u>18</u>

The director's remuneration is borne by other group companies and is not recharged to the company, as no fair apportionment can be determined (2018: same).

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2019

4. Employees (continued)

The company has a Defined Contribution Pension scheme in place for its employees. The annual amount charged to the profit and loss account represents the contributions paid to the scheme in respect of the accounting period.

5. Interest Payable

	2019 £'000	2018 £'000
Interest Payable	(950)	(304)
Total Interest Payable	(950)	(304)

The intercompany funding provided by IKO Europe NV (Belgium) was subject to interest payable of 1% per annum for the period of 1 January 2019 till 31 May 2019, applicable for current account funding and 3.43% per annum for the period of 1 June 2019 till 31 Decemebr 2019, after formal agreement on the long term nature of the loan. In 2018, the interest rate of 1.0% applied for the full year, applicable for current account funding. Interest payable has been accrued for mothly and settled quarter under the new terms.

6. Taxation

	2019 £'000	2018 £'000
Corporation Tax		
UK Corporation tax	-	-
Adjustments in respect of previous periods	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	540	-
Total Deferred Tax	540	-
Total Taxation in Profit & Loss account	540	-

The standard income tax rate for the year is 19% (2018: 19%).

No deferred tax asset for tax losses carried forward had been had been recognised previously. With 2019, being the first full year of operation, generating positive result, available pre-trading losses have been used to set-off against taxable profit in 2019. For the remaining tax losses carried forward, amounting to £2,845,000, a £540,000 deferred tax asset was accounted for, taking into account continued sustainable profit levels going forward.

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2019

6. Taxation (continued)

Factors affecting current tax charge in the year:

The standard rate of corporation tax for the year was confirmed to remain at 19% (2018: 19%). The actual current tax charge for the current year is set out in the following reconciliation:

	2019 £'000	2018 £'000
Profit / (loss) before tax	4,619	(2,325)
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	877	(441)
Effects of:		
Expenses not deductible	4	18
Capital allowance	(307)	(634)
Trading losses (utilised)/carried forward	(1,114)	1,057
Total Tax on Profit and Loss account	(540)	-

Factors that may affect future tax charges

The Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of corporation tax from 19% to 17% with effect from 1 April 2020. The Finance Act 2019 has now maintained the current rate at 19% for FY 2019, as applied by the company in 2019 (and 2018).

7. Tangible fixed assets

	Freehold Land £'000	Building £'000	Plant and Machinery £'000	Vehicles £'000	Assets under construction £'000	TOTAL £'000
Cost or valuation						
At 31 December 2018	5,407	16,328	10,983	187	73	32,978
Additions	-	778	879	43	-	1,700
Transfers	-	-	73	-	(73)	-
At 31 December 2019	5,407	17,106	11,935	230	-	34,678
Depreciation						
At 31 December 2018	-	242	835	10	-	1,087
Change for the year	-	339	1,190	21	-	1,550
At 31 December 2019	-	581	2,025	31	-	2,637
Net book value						
At 31 December 2018	5,407	16,086	10,148	177	73	31,891
At 31 December 2019	5,407	16,525	9,910	199	-	32,041

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2019

8. Stocks

	2019 £'000	2018 £'000
Raw Materials	1,698	714
Finished Goods	1,395	1,298
	<u>3,093</u>	<u>2,012</u>

9. Debtors

	2019 £'000	2018 £'000
Amounts owed by related parties (see Note 13)	255	606
Other debtors	621	249
Deferred Tax Asset	540	-
	<u>1,416</u>	<u>856</u>

Amounts owed by group undertakings of £ 255,000 (2018: £606,000) are normal trade accounts receivable, resulting from sales of insulation boards, mainly to IKO Plc and IKO Insulations BV (see Note 13). No interest is charged on trade receivables.

A deferred tax asset of £540k (2018: £nil) has been recognised in the financial statements on available tax losses carried forward. The directors consider that recognition of the asset is supported by forecasts and actual trading performance sufficient to generate future taxable profits against which the deferred tax asset is expected to reverse.

10. Creditors: Amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	486	349
Amounts owed to related parties (Note 13)	3,786	39,008
Taxation and social security	142	-
Accruals and deferred income	367	-
	<u>4,781</u>	<u>39,357</u>

The amounts owed to group undertakings include funding provided by IKO Europe NV:

In 2018, no specific terms on reimbursement had been agreed yet, so these were presented as 'due within one year', as they were technically repayable on demand.

In 2019, the terms of the intercompany funding provided by IKO Europe NV have been agreed and formalized, the loan is EUR denominated, is unsecured and having a 15 year's duration, with maturity date at 31 May 2034, with annual repayment of EUR 3.1 million, fixed amount, with first instalment due in September 2020. In line with these, the first reimbursement amounting to £ 2,637,000 is presented as short term (due within one year). The residual principal amount of the loan is reported as long term loan (see below).

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 31 December 2019

10. Creditors: Amounts falling due within one year (continued)

The intercompany funding provided by IKO Europe NV (Belgium) was subject to interest charge of 1% per annum for the period of 1 January 2019 till 31 May 2019, applicable for current account funding and 3.43% per annum for the period of 1 June 2019 till 31 Decemebr 2019, after formal agreement on the long term nature of the loan. In 2018, the interest rate of 1.0% applied for the full year, applicable for current account funding. All interest expense has been accrued for mothly and stettled quarter under the new terms.

11. Creditors: Amounts falling due after year

	2019 £'000	2018 £'000
Amounts owed to Related Party, are due:		
Between one and five years	10,550	-
After 5 years	26,375	-
	<u>36,925</u>	<u>-</u>
Within one year	2,367	-
TOTAL	<u>39,562</u>	<u>-</u>

The total amount for the loan provided by IKO Europe NV outstanding is £ 39,562,000, represented by £ 2,637,000 short term part, due for repayment in September 2020 (Note 10) and £ 36,925,000, representing the long term part of the loan, to be reimbursed annually, in equal parts, amounting to EUR 3.1 million, over the 14 years period from 2021 to 2034. The loan is EUR demominated and is unsecured. All remaining amounts due on short term and long term, have been translated at 2019 year end closing rate amounting to EUR 1 = £ 0.8508.

12. Analysis of Net Debt

	At 1 Jan 2019 £'000	Cash flows	Reclassification	Revaluation Non-Cash	At 31 Dec 2019 £'000
Cash and Cash Equivalents					
Cash at bank	1,102	5,716	-	-	6,818
	<u>1,102</u>	<u>5,716</u>	<u>-</u>	<u>-</u>	<u>6,818</u>
Borrowings					
Debt due within one year	(33,992)	(4,513)	33,522	2,346	(2,637)
Debt due after one year	-	(2,933)	(33,522)	(470)	(36,925)
	<u>(33,992)</u>	<u>(7,446)</u>	<u>-</u>	<u>1,876</u>	<u>(39,562)</u>
TOTAL Net Debt	<u>(32,890)</u>	<u>(1,730)</u>	<u>-</u>	<u>1,876</u>	<u>(32,744)</u>

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2019

13. Related party transactions

The company started trading at the end of the first quarter in 2018, making 2019 the first full year of operation, for production and sales of Insulation panels mainly for local UK market, distributed by IKO Plc, as well as to support other production plants in Europe.

Related party sales amounted to:

	2019 £'000	2018 £'000
IKO Plc (UK)	16,113	11,549
IKO Insulations BV (NL)	8,525	824
IKO BV (NL)	800	-
IKO NV (BE)	643	-
IKO Insulations SAS (FR)	35	-
	<u>26,116</u>	<u>12,372</u>

Related party debtors balances amount to (Note 9):

	2019 £'000	2018 £'000
IKO Insulations BV (NL)	297	26
IKO Plc (UK)	(42)	580
	<u>255</u>	<u>606</u>

Related party purchases, relating to goods and services and interests charged, amounted to:

	2019 £'000	2018 £'000
IKO S&E GmbH (Germany)	8,572	3,359
IKO Europe NV (BE)	585	564
IKO Insulations BV (NL)	285	546
IKO NV (BE)	3	1
IKO Insulations SAS (FR)	52	4,327
	<u>9,497</u>	<u>8,797</u>

The Company has a loan balance (see Notes 10-11, above) with IKO Europe N.V., a company also under the ultimate control of IKO Enterprises Europe ULC. Interest of £ 949,836 (2018: £ 303,745) was charged on this loan. The loan amount outstanding at year end, on short and long term, is £ 39,652,200 (2018: £33,992,140).

IKO INSULATIONS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2019

13. Related party transactions (continued)

As a subsidiary undertaking of IKO Enterprises Europe ULC, 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 Europe ULC.

Related party Creditors Amount falling due within one year (Note 10) amounted to:

	2019 £'000	2018 £'000
IKO S&E GmbH (Germany)	12	3,561
IKO Europe NV (BE)	3,498	34,597
IKO Insulations BV (NL)	-	850
IKO NV (BE)	8	-
IKO BV (NL)	268	-
	<hr/> 3,786	<hr/> 39,008

In 2019, the amount due to IKO Europe NV includes the first instalment of EUR 3.1 million or £ 2,637,000 due and paid in September 2020, in line with the formalized loan agreement (see Note 10).

14. Controlling party

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

No consolidated accounts are available for these companies and no other financial statements include the results of the Company.

15. Subsequent Events and Covid-19

There are no subsequent events to be noted, other than Covid-19. In 2020, the impact and duration of Covid-19, was noted across the different geographical areas, with different timing and severity, but not requiring any change to the 2019 accounts. The directors expect continuation of the strong operational performance in the subsequent periods, despite the pandemic COVID-19 waves being experienced in 2020 and early 2021, however with positive outlook for 2021, indicating continuing strong sales volumes, assuring sustainable plant occupation and performance in the forthcoming period of 12 months.