COMPANY REGISTRATION NUMBER: 02940609

Kingspan Light + Air (UK & Ireland) Limited
(formerly Brakel Airvent Limited)

Financial Statements

31 December 2018

Kingspan Light + Air (UK & Ireland) Limited
(formerly Brakel Airvent Limited)

Financial Statements

Year ended 31 December 2018

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Kingspan Light + Air (UK & Ireland) Limited
(formerly Brakel Airvent Limited)

Officers and Professional Advisers

The board of directors	Brakel Group Holding B.V. Liam McDaniel (Appointed 09/01/2018) Garrett Crowe (Appointed 21/06/2019) Alexander Cooke (Appointed 31/07/2019)
Company secretary	Kingspan Group Limited
Registered office	Unit 7 Melyn Mair Business Centre Lamby Industrial Park Wentloog Avenue Cardiff CF3 2EX Wales
Auditor	KPMG Chartered Accountants & Statutory Auditor 1 Stokes Place St. Stephen's Green Dublin 2 Ireland
Bankers	National Westminster Bank Plc
Solicitors	Allen & Overy LLP One Bishops Square London E1 6AD England
Registered number	02940609

The directors present their report and the financial statements of the company for the year ended 31 December 2018.

STRATEGIC REPORT

Business review and principal activity

The principal activity of the company during the year was the service, maintenance and installation of smoke control and ventilation systems.

During the year the company changed its name from Brakel Airvent Limited to Kingspan Light + Air (UK & Ireland) Limited.

Some of the company's key financial performance indicators are set out in the table below:

	2018	2017
Return on capital employed	5.42%	16.01%
Return on Equity	5.54%	12.82%
Gross margin	37.34%	39.37%
Trading margin	2.32%	6.83%

Future developments

The directors aim to continue with the profitable operation of the company in the coming year maintaining the strong management policies and plans that have resulted in the recent growth and financial performance.

The main focus of activity will continue to be in the service and maintenance tranche of the business, although management is also committed to winning and delivering additional project installation work. It is also planned that the business will commence distribution of lighting products during 2019. Project installation and lighting product distribution are seen as a potentially important future part of the business and can be a notable revenue and profit generator.

Principal risks and uncertainties

The directors confirm that the company's on-going process for identifying, evaluating and managing its significant risks is in accordance with best practice guidance. The process has been in place throughout the accounting period and up to the date of approval of the financial statements, and is regularly reviewed by the Board. In particular the principal risks include:

- Volatility in the macro environment;
- Failure to innovate;
- Product failure;
- Business interruption (including IT continuity);
- Credit risks and credit control;
- Employee development and retention; and
- Fraud and cybercrime.

As part of the annual risk assessment, the Board reviewed the company's internal assessment of the risks to the business under a wide range of headings that included: business strategy; financial including transactional and translation foreign exchange risks; compliance; human resources; operational; inventory; sales and purchasing; product development; R&D and quality control; fixed assets; IT; and others including macro-economic issues. The Board identified and reported on the principal risks facing the business, and whilst recognising that these risks cannot be wholly eliminated, the Board is of the view that the risks are being appropriately addressed by the company's internal financial and management controls.

This report was approved by the board of directors on 9 September 2019 and signed on behalf of the board by:

Garrett Crowe
Director

DIRECTORS' REPORT

Directors

The directors who served the company during the year were as follows:

Charles Hurdman	(Appointed 05/02/2018, Resigned 31/07/2019)
Liam McDaniel	(Appointed 09/01/2018)
Tom Neville	(Appointed 09/01/2018, Resigned 21/06/2019)
James Keeton	(Resigned 05/02/2018)
Wynne Jones	(Resigned 12/03/2018)
Brakel Group Holding BV.	

None of the directors at the end of the period had any interest in the shares of the Company, or of other group companies in the United Kingdom. The directors are not required to notify the Company of any interest in the shares of group companies outside the United Kingdom.

Directors' indemnity

The company is a wholly owned subsidiary of the ultimate parent company Kingspan Group Plc, being a company incorporated in the Republic of Ireland. The company, or the Group of which the company forms part, maintains Directors and Officers Liability Insurance and (where applicable) Trustee Liability Insurance as at the date hereof and throughout the financial year ended 31 December 2018, in respect of the above named directors.

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2018.

Important events since the year end

There have been no material events subsequent to 31 December 2018 which would require disclosure in this report.

Branches

The company has no branches outside of the United Kingdom.

Political donations

The company did not make any donations for political purposes or to any political organisation during the year.

Financial instruments

The company does not hold any financial instruments.

Research and development

The company is primarily a Service and Maintenance business which carries out very limited Research and development.

Disclosure of information in the strategic report

The directors confirm that they have prepared a Strategic Report in accordance with section 414C(11) of the Companies Act 2006(Strategic Report and Directors' Report) Regulations 2013.

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the directors' report, strategic 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 they have elected to prepare the financial statements in accordance with FRS 101 *Reduced Disclosure Framework.*

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 judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

The directors who held office at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and

- each director has taken all steps that they ought to have taken as a director to make him/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

Auditor

During the year, KPMG, Chartered Accountants, were appointed as auditor. The auditor is deemed to have been re-appointed in accordance with section

This report was approved by the board of directors on 9 September 2019 and signed on behalf of the board by:
487 of the Companies Act 2006.

Garrett Crowe
Director

KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent Auditor's Report to the Members of Kingspan Light + Air (UK & Ireland) Limited

1 Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kingspan Light + Air (UK & Ireland) Limited ('the Company') for the year ended 31 December 2018 as set out on pages 9 to 23, which comprise the Profit and Loss Account and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 *Reduced Disclosure Framework.*

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework* and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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.

We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic and directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information:

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

2 Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

Tom McEvoy

Tom McEvoy **(Senior Statutory Auditor)**
for and behalf of KPMG, Statutory Auditor
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

10 September 2019

Profit and loss account and other comprehensive income

Year ended 31 December 2018

	Note	2018 £	2017 £
Revenue	3	**8,384,769**	8,025,758
Cost of sales		**(5,253,663)**	(4,865,321)
Gross profit		**3,131,106**	3,160,437
Administrative expenses		**(2,938,022)**	(2,611,305)
Operating profit	4	**193,084**	549,132
Other interest receivable and similar income	6	**1,250**	-
Interest payable and similar expenses	7	**-**	(2,337)
Profit before taxation		**194,334**	546,795
Income tax	8	**6,650**	(107,868)
Profit for the financial year and total comprehensive income		**200,984**	438,927

All of the activities of the company are classed as continuing.

The company has no other recognised items of income and expenses other than the results for the financial year as set out above. As a result, the Statement of Other Comprehensive Income is not presented.

The notes on pages 12 to 23 form part of these financial statements.

Kingspan Light + Air (UK & Ireland) Limited
(formerly Brakel Airvent Limited)

Statement of Financial Position

as at 31 December 2018

	Note	2018 £	2018 £	2017 £
Fixed assets				
Property, plant and equipment	9		205,657	137,503
Current assets				
Inventories	10	158,334		137,048
Trade and other receivables	11	2,520,115		3,112,381
Cash at bank and in hand		2,457,672		1,307,071
		5,136,121		4,556,500
Creditors: amounts falling due within one year	12	(1,677,246)		(1,265,076)
Net current assets			3,458,875	3,291,424
Total assets less current liabilities			3,664,532	3,428,927
Creditors: amounts falling due after one year	13		(2,461)	(3,840)
Provisions	14		(36,000)	-
Net assets			3,626,071	3,425,087
Capital and reserves				
Called up share capital	17		100	100
Profit and loss account	18		3,625,971	3,424,987
Total equity			3,626,071	3,425,087

These financial statements were approved by the board of directors and authorised for issue on 9 September 2019, and are signed on behalf of the board by:

Garrett Crowe
Director

Company registration number: 02940609

The notes on pages 12 to 23 form part of these financial statements.

Kingspan Light + Air (UK & Ireland) Limited
(formerly Brakel Airvent Limited)

Statement of Changes in Equity

Year ended 31 December 2018

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2017	100	2,986,060	**2,986,160**
Profit for the year	–	438,927	**438,927**
Total comprehensive income for the year	–	438,927	**438,927**
At 31 December 2017	100	3,424,987	**3,425,087**
Profit for the year	–	200,984	**200,984**
Total comprehensive income for the year	–	200,984	**200,984**
At 31 December 2018	**100**	**3,625,971**	**3,626,071**

The notes on pages 12 to 23 form part of these financial statements.

1. General information

The company is a private company limited by shares, it is registered, incorporated and domiciled in the United Kingdom. Its registered number is 02940609 and the address of the registered office is Unit 7 Melyn Mair Business Centre, Wentloog Avenue, Cardiff, CF3 2EX. These financial statements have been prepared in accordance with FRS 101 *Reduced Disclosure Framework.*

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2. Accounting policies

Basis of preparation
The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards and on a going concern basis.

Changes in accounting policies and disclosures
New and amended standards and interpretations effective during 2018

Financial instruments
IFRS 9, Financial Instruments, replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses the classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Company has adopted IFRS 9 from 1 January 2018. IFRS 9 largely retains the requirements of IAS39 for the classification and measurement of financial liabilities but eliminates the previous IAS 39 categories for financial assets. The vast majority of the Company's financial assets are trade receivables and cash and as a result the classification and measurement changes do not have a material impact on the Company's financial statements. For trade receivables, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance. Given historic loss rates, normal receivable ageing and the significant portion of trade receivables that are within agreed terms, the change in impairment methodology as a result of implementing IFRS 9 did not have a material impact on the Company's financial results.

The cumulative effect method has been adopted upon transitioning to IFRS 9. The impact of adopting IFRS 9 in our financial statements was not material for the Company and there was no adjustment to retained earnings on application at 1 January 2018.

Revenue recognition
IFRS 15, Revenue from Contracts with Customers, replaces IAS 18, Revenue and IAS 11, Construction Contracts and related interpretations. IFRS 15 establishes a five-step model for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 specifies how and when revenue should be recognised as well as requiring enhanced disclosures. The Company has adopted IFRS 15 from 1 January 2018, using the modified retrospective approach and has not restated comparatives for 2017.

The Company used the five-step model to develop an impact assessment framework to assess the impact of IFRS 15 on the Company's revenue transactions. The results of our IFRS 15 assessment framework and contract reviews indicated that the impact of applying IFRS 15 on our financial statements was not material for the Company and there was no adjustment to retained earnings or material impact on the timing of revenue recognition on application of the new rules at 1 January 2018. Revenue is recognised when control of goods is transferred to the customer, which generally is at a point in time when delivery has taken place in accordance with the terms of sale.

2. Accounting policies *(continued)*

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 101. Its financial statements are consolidated into the financial statements of Kingspan Group Plc which are prepared under IFRS and can be obtained from www.kingspan.com. As such, advantage has been taken of the following disclosure exemptions available under paragraph 8 of FRS 101:

- No cash flow statement has been presented.
- No comparative period reconciliations for share capital or tangible fixed assets have been presented.
- The effects of new but not yet effective IFRSs have not been disclosed.
- No disclosure has been given for the aggregate remuneration of key management personnel.
- No disclosure in respect of transactions with wholly owned subsidiaries.

As the consolidated financial statements of the ultimate parent, Kingspan Group Plc, include the equivalent disclosures, the Company has also taken exemption under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments.
- IFRS 7 *Financial Instruments: Disclosures.*
- IFRS 13 *Fair Value Measurement.*

Functional and presentation currency

The financial statements are presented in British pounds, which is also the Company's functional currency.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Accounting estimates and judgements

The company directors have made a number of financial estimates and judgements in compiling these financial statements. These estimates and judgements are outlined below:

Guarantees & warranties (Note 14)
Certain products carry formal guarantees of satisfactory functional and aesthetic performance of varying periods following their purchase. Local management evaluate the constructive or legal obligation arising from customer feedback and assess the requirement to provide for any probable outflow of economic benefit arising from a settlement.

Valuation of inventory (Note 10)
Inventories are measured at the lower of cost and net realisable value. The company's policy is to hold inventories at original cost and create an inventory provision where evidence exist that indicates net realisable value is below cost for a particular item of inventory. Damaged, slow-moving or obsolete inventory are typical examples of such evidence.

Recoverability of trade receivables (Note 11)
The company provides credit to customers and as a result there is an associated risk that the customer may not be able to pay outstanding balances. Trade receivables are considered for impairment on a case by case basis, when they are past due at the reporting date or when objective evidence is received that a specific counterparty may default.

2. Accounting policies *(continued)*

Accounting estimates and judgements *(continued)*
Under IFRS 9 the Group uses an allowance matrix to measure Expected Credit Loss (ECL) of trade receivables from customers. Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive chains of non-payment to write-off. The rates are calculated at a business unit level which reflects the risks associated with geographic region, age mix of customer relationship and type of product purchased. This is an area of estimation.

Revenue recognition
For the year ended 31 December 2018 the company used the five-step model as prescribed under IFRS 15 on the company's revenue transactions. This included the identification of the contract, identification of the performance obligations under same, determination of the transaction price, allocation of the transaction price to performance obligations and recognition of revenue.

The point of recognition arises when the company satisfies a performance obligation by transferring control of a promised good or service to the customer, which could occur over time or at a point in time.

Prior to 1 January 2018 the policy was as follows:

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax
The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax
Deferred tax is recognised on all temporary differences at the reporting date. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences (i.e. differences that result in taxable amounts in future periods when the carrying amount of the asset or liability is recovered or settled). Deferred tax assets are recognised in respect of all deductible temporary differences (i.e. differences that give rise to amounts which are deductible in determining taxable profits in future periods when the carrying amount of the asset or liability is recovered or settled), carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which to offset these items. The carrying amounts of deferred tax assets are subject to review at each reporting date and reduced to the extent that future taxable profits are considered to be inadequate to allow all or part of any deferred tax asset to be utilised.

2. Accounting policies *(continued)*

Deferred tax *(continued)*
Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no longer in use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Income Statement in the year the item is derecognised.

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant & Machinery - 3 to 10 years straight line

Inventory
Inventories are measured at the lower of cost and net realisable value on a first-in-first-out basis. In the case of raw materials, cost means purchase price including transport and handling costs, less trade discounts. For work in progress and finished goods, cost consists of direct materials, direct labour and directly attributable production overheads and other costs incurred in bringing them to their existing location and condition. An impairment allowance is made for obsolete, slow-moving and defective items as appropriate.

Net realisable value comprises the actual or estimated selling price in the ordinary course of business (less trade discounts), less all further costs to completion, and less all costs to be incurred in marketing, selling and distribution.

Provisions
A provision is recognised in the Statement of Financial Position when the Group has a present constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation and the amount of the obligation can be estimated reliably.

A specific provision is created when a claim has actually been made against the company or where there is a known issue at a known customer's site, both relating to a product or service supplied in the past. In addition, a risk-based provision is created where future claims are considered likely. The warranty provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Specific provisions will generally be aged as a current liability, reflecting the assessment that a current liability exists to replace or repair product sold on foot of an accepted valid warranty issue. Only where the liability is reasonably certain not to be settled within the next 12 months, will a specific provision be categorised as a long-term obligation. Risk-based provisions will generally be aged as a non-current liability, reflecting the fact that no warranty claim has yet been made by the customer.

Provisions which are not expected to give rise to a cash outflow within 12 months of the reporting date are, where material, determined by discounting the expected future cash flows. The unwinding of the discount is recognised as a finance cost.

2. Accounting policies *(continued)*

Operating leases
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Share-based payments
Employees (including executive directors) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The fair value of share entitlements granted is recognised as an employee expense in the Income Statement. The fair value at the grant date is determined using a combination of the Monte Carlo simulation technique and a Black Scholes model.

The Performance Share Plan ("PSP") contains both market and non-market based vesting conditions. Accordingly, the fair value assigned to the related equity instrument on initial application of IFRS 2 *Share-based Payment* is adjusted to reflect the anticipated likelihood at the grant date of achieving the market based vesting conditions. The cumulative non-market based charge to the Income Statement is only reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

The fair value of shares granted is measured at the grant date and is spread over the period during which the employees become unconditionally entitled to the shares and is recognised as an employee benefit cost with a corresponding increase in a capital contribution reserve.

The Company does not operate any cash-settled share-based payment schemes or share-based payment transactions with cash alternatives as defined in IFRS 2.

Defined contribution retirement benefit scheme
The costs arising on the company's defined contribution schemes are recognised in the Income Statement in the period in which the related service is provided. The company has no legal or constructive obligations to pay further contributions in the event that the plan does not hold sufficient assets to provide retirement benefits.

Financial Assets
Upon adoption of IFRS 9 on 1 January 2018 the accounting policy for financial assets is as follows:

On initial recognition, a financial asset is classified as measured at amortised cost or fair value with any movement being reflected through other comprehensive income or the income statement.

The accounting policy in force for the year ended 31 December 2017 was as follows:

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If payments received from customers exceed the income recognised, then the difference is presented as deferred income.

2. Accounting policies *(continued)*

Financial Liabilities
Upon adoption of IFRS 9 the accounting policy for the year ended 31 December 2018 is as follows:

IFRS 9 doesn't change the main accounting principles for financial liabilities set out under IAS 39. Two measurement categories continue to exist, fair value through the income statement and amortised cost. Financial liabilities held for trading are measured at fair value through the income statement, and all other financial liabilities are measured at amortised cost unless the fair value option is applied.

The accounting policy in force for the year ended 31 December 2017 was as follows:

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents principally comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

3. Revenue

Revenue arises from:

	2018	2017
	£	£
Sale of goods	8,384,769	8,024,758

Disaggregation of revenue 2018:

	2018
	£
Point of Time	6,132,847
Over Time	2,251,922
	8,384,769

The company has initially applied IFRS15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated.

The directors of the company are of the opinion that it would be seriously prejudicial to the interests of the company to disclose details of revenue by either class or market.

4. Operating profit

Operating profit is stated after charging:

	2018	2017
	£	£
Depreciation of property, plant and equipment	94,825	68,690
Impairment of tangible assets	15,279	-
Impairment of stocks	14,000	-
Impairment of trade debtors	161,000	-
Operating lease rentals	42,625	324,227
Foreign exchange differences	16,549	6,904
Fees payable for the audit of the financial statements	24,882	18,558

The cost of any non-audit services provided by the auditors are borne by a related entity.

5. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2018	2017
	No.	No.
Production staff	48	31
Distribution staff	12	11
Administrative staff	30	30
	90	72

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018	2017
	£	£
Wages and salaries	2,948,828	2,880,350
Social security costs	327,265	326,698
Retirement benefit costs	58,237	79,229
	3,334,330	3,286,277

No wages and salaries or related costs were capitalised in the current or prior year.

6. Other interest receivable and similar income

	2018	2017
	£	£
Interest on cash and cash equivalents	1,250	-

7. Other interest payable and similar charges

	2018	2017
	£	£
Other interest payable	-	2,337

8. Income tax

Major components of tax expense

	2018	2017
	£	£
Current tax:		
UK current tax expense	**-**	110,954
Adjustments in respect of prior periods	**96,005**	2,600
Total current tax	**96,005**	113,554
Deferred tax:		
Origination and reversal of timing differences	**(102,655)**	(5,159)
Adjustment in respect of prior years	**-**	(526)
Total deferred tax	**(102,655)**	(5,585)
Income tax	**(6,650)**	107,869

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19%).

	2018	2017
	£	£
Profit on ordinary activities before taxation	**194,334**	546,795
Profit on ordinary activities by rate of tax	**36,923**	103,891
Adjustment to tax charge in respect of prior periods	**96,006**	-
Effect of expenses not deductible for tax purposes	**30,764**	1,282
Other adjustments	**(46,187)**	2,696
Group Relief	**(124,156)**	-
Income tax	**(6,650)**	107,869

9. Property, plant and equipment

	Plant and machinery £
Cost	
At 1 January 2018	299,208
Additions	178,358
Fair value adjustment	(15,279)
At 31 December 2018	**462,287**
Depreciation	
At 1 January 2018	161,805
Charge for the year	94,825
At 31 December 2018	**256,630**
Carrying amount	
At 31 December 2018	**205,657**
At 31 December 2017	137,503

10. Inventories

	2018 £	2017 £
Finished goods and goods for resale	**158,334**	137,048

The above carrying value is shown net of an inventory provision of £14,000 (2017: £nil).

A total of £2,635,529 (2017: £1,149,588) of inventories was included in the Income Statement as an expense.

11. Trade and other receivables

	2018 £	2017 £
Trade debtors	**1,713,520**	2,856,095
Amounts owed by group undertakings	**250,108**	215,755
Deferred tax asset (note 15)	**102,655**	8,882
Prepayments	**60,989**	-
Other debtors	**392,843**	31,649
	2,520,115	3,112,381

Amounts owed by group undertakings are unsecured, interest free and are payable on demand.

12. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	699,634	638,893
Amounts owed to group undertakings	400,292	81,197
Accruals	153,506	213,984
Deferred income	29,375	-
Social security and other taxes	333,098	320,260
Corporation tax	59,951	9,352
Finance lease	1,390	1,390
	1,677,246	1,265,076

Amounts owed to group companies are unsecured, interest free and fall due on demand.

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

	2018	2017
	£	£
Obligations under finance leases and hire purchase contracts	2,461	3,840

14. Provisions

	Warranties
	£
At 1 January 2018	–
Profit and loss charge	36,000
At 31 December 2018	36,000

The following provisions have been recorded in respect of warranties and guarantees.

	2018	2017
	£	£
Risk based provision	36,000	-

15. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2018 £	2017 £
Included in trade and other receivables (note 11)	(102,655)	(8,882)

The deferred tax account consists of the tax effect of timing differences in respect of:

	2018 £	2017 £
Accelerated capital allowances	(10,678)	(6,517)
Other timing differences	(91,977)	(2,365)
	(102,655)	(8,882)

16. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £58,237 (2017: £79,229).

17. Called up share capital

Authorised share capital

	2018 £	2017 £
100 Ordinary shares of £1 each	100	100

Issued, called up and fully paid

	2018 No.	2018 £	2017 No.	2017 £
Ordinary shares of £1 each	100	100	100	100

18. Reserves

Profit and loss account – records retained earnings and accumulated losses.

19. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
Not later than 1 year	**109,260**	116,501
Later than 1 year and not later than 5 years	**214,556**	196,801
Later than 5 years	**28,667**	66,888
	352,483	380,189

19. Controlling party

The ultimate parent company is Kingspan Group plc, a company incorporated in the Republic of Ireland.

The immediate parent company is Brakel Group Holding B.V., a company incorporated in the Netherlands.

20. Comparative information

Comparative information has been represented where necessary, to present the financial statements on a consistent basis.

21. Subsequent events

There have been no significant events subsequent to the year end which require disclosure in the financial statements.

22. Approval of the financial statements

The financial statements were approved by the directors on 9 September 2019.