

Registration number: 02940609

Kingspan Light + Air (UK & Ireland) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

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Kingspan Light + Air (UK & Ireland) Limited

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Kingspan Light + Air (UK & Ireland) Limited

Company Information

Directors	Alexander Cooke Bernardus Claaszen Donna Clark Garrett Crowe Liam McDaniel Nicholas Buckingham
Company secretary	Kingspan Group Limited
Registered office	Unit 7 Melyn Mair Business Centre Lamby Industrial Park Wentloog Avenue Cardiff CF3 2EX Wales
Solicitors	Allen & Overy LLP One Bishops Square London England E1 6AD
Bankers	National Westminster Bank Plc
Auditor	Ernst & Young Chartered Accountants EY Building Harcourt Centre Harcourt Street Dublin 2 Ireland

Kingspan Light + Air (UK & Ireland) Limited

Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Fair review of the business

The principal activity of the company during the year was the service, maintenance and installation of smoke control and ventilation systems and the supply and installation of daylighting products. The business was reorganised during the year to position it for profitable growth in 2022 and beyond.

The Company, consistent with the rest of the industry globally, experienced significant supply-side inflationary pressure throughout the period across materials, labour, energy and logistics. The Company successfully implemented revised pricing strategies to maintain strong margin performance. The Company expects inflationary pressures to continue into 2022 due to a combination of continuing industry specific factors coupled with the macroeconomic events stemming from Russia's invasion of Ukraine.

Results

The Company's profit for the year, after taxation, amounted to £60,199 (2020: profit of £546,459).

The balance of the profits for the year amounting to £60,199 will be added to reserves and carried forward to the following year.

The Company's key financial and other performance indicators during the year were as follows:

Financial KPIs	Unit	2021	2020
Gross Profit Margin	%	43.36	42.26
Trading Profit Margin	%	.47	6.01
Return on Capital Employed	%	1.09	15.39
Return on Equity	%	1.43	16.05

Gross profit margin was higher due to good overhead control. The trading profit margin and return KPIs have decreased due to the business restructure during the year which will position the business for growth in 2022.

Future developments

The directors aim to continue to improve the operation of the company in the coming year maintaining the strong management policies and plans that have been established. Management expect an improved financial performance in 2022 compared to 2021.

The main focus of activity will continue to be in the service and maintenance element of the business. It is also planned that the business will continue to grow the distribution of daylighting products during the year which is seen as a potentially important future part of the business and can be a notable revenue and profit generator.

SECTION 172 - HOW THE DIRECTORS HAVE PERFORMED THEIR DUTY TO PROMOTE THE SUCCESS OF THE COMPANY FOR THE BENEFIT OF ITS MEMBERS AS A WHOLE

In compliance with sections 172 and 414CZA of the UK Companies Act 2006, the directors make the following statement in relation to the year ended 31 December 2021:

(I) Stakeholders

The Board of Directors recognise that in order for the Company to meet its responsibilities to stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties. The Board is actively engaged with key stakeholders through a variety of mechanisms and will set out below how it has engaged with owners, customers, suppliers and our communities. The Board is also aware of the importance of engagement with the workforce on the development of strategy as well as on the uncovering of risk and promoting new opportunities and will also discuss engagement with employees below.

Kingspan Light + Air (UK & Ireland) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Owners

The Company's ultimate parent is Kingspan Group plc ("The Group"). The Group has established a number of policies that set out the operational framework for the Board. The Board are committed to ensuring that the Company complies with these Group policies. These include:

- o The Group Accounting Manual
- o The Group Anti-Bribery and Corruption Policy
- o The Group Code of Conduct
- o The Group Share Dealing Policy
- o The Group Treasury Manual
- o The Group Global Sanctions Policy

Customers

Our Customer Experience Programme is all about capturing what, how and why our customers experience the things they do.

During 2021, the Group received feedback from over 14,000 customers, from over 100 countries through the Net Promoter Score (NPS) programme that was launched during 2018. As customer experience becomes more important in a digital world our feedback programme gives us a means to hear what our customers have to say about their experience with us, keeps our finger on the pulse and provides insights to develop and drive new digital technologies to help make meaningful change happen.

Suppliers

Kingspan has developed an ethical and environmental strategy for procuring materials and services. We seek to build and maintain long term relationships with key suppliers and contractors to ensure that they are aligned to the same goals and standards as Kingspan, to address strategic global issues, emerging trends and ultimately our customer needs. This approach is built on core social, ethical and environmental standards. In all cases we aim to foster an environment of collaboration.

During 2020, the Group announced its Planet Passionate programme which is the Group's ambitious sustainability programme that aims to significantly reduce the Company's environmental impact as it continues to grow its business whilst also enhancing the environmental benefits of its products. There are 12 targets set out in the programme, one of which is a 50% reduction in product CO2 intensity from its primary supply partners by 2030.

In line with The Modern Slavery Act 2015, Kingspan is fully committed to ensuring that modern slavery is not taking place in our business or any of our supply chains and is responsible for ensuring supplier compliance with the legislation.

Communities

The directors recognise that it is important that our business has the flexibility to support initiatives which are relevant to the local workforce and to the communities in which they operate and the directors welcome engagement with the community and local charities. We do this in a number of ways – through sport sponsorships, community funding, community volunteering and through partnerships with schools and colleges.

Kingspan Light + Air (UK & Ireland) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Employees

The Directors are committed to ensuring that the necessary procedures are in place to attract, develop and retain the skill levels needed to achieve the Company's strategic goals. The Company actively engages with employees through performance reviews, training and targeted career development programmes.

The Kingspan Group plc Code of Conduct sets out clear expectations for all employees with respect to clear, ethical and honest business communications, together with compliance with the law. Employees are actively encouraged to speak out if they experience instances that are not in keeping with our Code of Conduct. The Company also employs a comprehensive, confidential and independent whistleblowing phone service to allow all employees to raise their concerns about their working environment and business practices. This service then allows management and employees to work together to address any instances of fraud, abuse and other misconduct in the workplace.

In addition, in 2021 Kingspan Group plc launched a groupwide employee engagement survey to foster a deeper dialogue on a broad range of issues including culture, vision, health & well-being, and training & development. This process of engagement allows the Directors to consistently assess and monitor the evolution of the Company's corporate culture, while promoting the ability of the workforce to raise concerns.

(II) Principal Decisions

We define principal decisions as both those that are material to the Company but also those that are significant to any of our key stakeholders. In making the following principal decisions the Directors considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between members of the Company.

1. Approved the Annual Budget and Three year Strategic Plan

- The directors approved a budget and three year strategic plan that set targets for 2022, 2023, 2024 and 2025 taking into account growth opportunities in key markets.
- The directors considered the impact of the challenge on employees' ability to achieve the targets as well as the market conditions in which the Company operates and concluded that the targets were reasonable and in line with shareholders' expectations.

2. Approved the Dividend Distribution

- The directors decided to pay a total dividend of £Nil in the year.
- The directors took into account whether it would adversely impact the on-going strategic investment considered critical to the long-term success of the Company and achievement of our strategic objectives and concluded it would not in light of the strong cash position of the Company net of the dividend payment.

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

The Company's products are targeted at both the residential and non-residential (including retail, commercial, public sector and industrial) construction sectors. As a result, demand is dependent on activity levels which may vary by sector and is subject to the usual drivers of construction activity (i.e. general economic conditions and volatility, Brexit, pandemics, political uncertainty, interest rates, business / consumer confidence levels, unemployment, population growth). While construction markets are inherently cyclical, changing building and environmental regulations continue to act as an underlying positive structural trend for demand for many of the Company's products.

Kingspan Light + Air (UK & Ireland) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Failure to innovate

Failing to successfully manage and compete with new product innovations, changing market trends and consumer tastes could have an adverse effect on the future growth of the business and the margins achieved on the existing product line.

Product failure

A key risk to the Company's business is the potential for functional failure of our product which could lead to health, safety and security issues for both our people and our customers. The Kingspan brand is well established and is a key element of the Company's overall marketing and positioning strategy. In the event of a product failure, the Kingspan brand and/ or reputation could be damaged and if so, this could lead to a loss of market share.

Laws and regulations

The Company is subject to a broad range of existing and evolving governance requirements, environmental, health and safety and other laws, regulations and standards which affect the way the Company operates. Noncompliance can lead to potential legal liabilities and curtail the development of the Company.

Business interruption (including IT continuity)

The Company's performance is dependent on the availability and quality of its physical infrastructure, its proprietary technology, its raw material supply chain and its information technology. The safe and continued operation of such systems and assets is threatened by natural and man-made perils and is affected by the level of investment available to improve them. The building industry as a whole is going through some significant change with respect to building regulations and codes. The risks associated with misunderstanding some of the potential changes and the nature of our product set are more prevalent today. Any significant or prolonged restriction to its physical infrastructure, the necessary raw materials or its IT systems and infrastructure could have an adverse effect on the Company's business performance.

Employee development and retention

The success of the Company is built upon effective management teams committed to achieving a superior performance. Failure to attract, retain or develop these teams could have an impact on business performance.

Fraud and cybercrime

The Company is potentially exposed to fraudulent activity, with particular focus on the Company's online banking systems, online payment procedures and unauthorised access to internal systems.

Health and Safety

The nature of the Company's operations can expose its contractors, customers, suppliers and other individuals to potential health and safety risks. Health and safety incidents can lead to loss of life or severe injuries.

Kingspan Light + Air (UK & Ireland) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Financial Risk Management

In the normal course of business, the Company has exposure to a variety of financial risks, including liquidity risk and credit risk. The Company's focus is to understand these risks and to put in place policies that minimise the economic impact of an adverse event on the Company's performance. Meetings are held on a regular basis to review the result of the risk assessment, approve recommended risk management strategies and monitor the effectiveness of such policies.

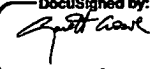
Liquidity

In order to mitigate liquidity risk and to ensure that sufficient funds are available for ongoing operations and future developments, the Company operates a prudent approach to liquidity management to enable it to meet its liabilities when due.

Credit risk

Credit risk encompasses the risk of financial loss to the Company of counterparty default in relation to any of its financial assets. The Company's principal financial assets are cash and cash equivalents and trade and other receivables. The Company's trade receivables arise from a wide and varied customer base spread, and as such there is no significant concentration of credit risk. The Company's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and a significant element of credit risk is covered by credit insurance or other forms of collateral such as letters of credit or bank guarantees.

Approved by the Board on 30 June 2022 and signed on its behalf by:

DocuSigned by:

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Garrett Crowe
Director

Kingspan Light + Air (UK & Ireland) Limited

Directors' Report for the Year Ended 31 December 2021

The Directors present their Directors' Report and financial statements for the year ended 31 December 2021.

Directors of the Company

The directors, who held office during the year, up to the date of the report, were as follows:

Alexander Cooke

Bernardus Claaszen

Donna Clark (appointed 30 June 2021)

Garrett Crowe

Liam McDaniel

Nicholas Buckingham (appointed 30 June 2021)

None of the directors in office at the end of the year have beneficial interests of greater than one percent in the shares of the Company and the parent company Kingspan Group plc.

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 period ended 31 December 2021, in respect of the above-named directors.

Principal activity

The principal activity of the Company during the year was .

Political donations

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

Employment of disabled persons

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the Company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the Company's profit-sharing schemes and are encouraged to invest in the Company through participation in share option schemes.

Kingspan Light + Air (UK & Ireland) Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Future developments

The directors aim to continue to improve the operation of the company in the coming year maintaining the strong management policies and plans that have been established. Management expect an improved financial performance in 2022 compared to 2021.

The main focus of activity will continue to be in the service and maintenance element of the business. It is also planned that the business will continue to grow the distribution of daylighting products during the year which is seen as a potentially important future part of the business and can be a notable revenue and profit generator.

Research and development

Ensuring a continuous flow of new product developments has always been a core theme of the Company, and a key element of the Company's continued differentiation strategy in an increasingly commoditised environment. These projects are primarily focused on leading the field in low energy building envelope solutions. The Company will continue to invest in research and development in the future.

Branches outside the United Kingdom

The Company has no branches outside of the United Kingdom.

Going concern

The Board has assessed the principal risks and uncertainties facing the Company, including the ongoing pandemic and the impact it is having on the global economy. The Company delivers highly efficient, low carbon building product solutions across a broad range of building applications and geographies. The potential exposure to a downturn due to the pandemic or other significant economic event is partially mitigated by the Company exposure to a wide set of market sectors and building types. Globally there is an increasing focus on climate change. The Company is well placed to benefit from this trend, that is prompting an increase in demand for energy efficient products that support energy conservation. 2022 has started strongly with trading ahead of where it was at the beginning of 2021.

The directors have reviewed budgets and projected cash flows for a period of not less than 12 months from the date of approval of the financial statements and the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. On that basis, the directors have concluded that there are no material uncertainties that would cast significant doubt over the Company's ability to continue as a going concern. For this reason, the directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Subsequent events

There have been no significant events subsequent to 31 December 2021 which would require disclosure in this report.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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.

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.

Kingspan Light + Air (UK & Ireland) Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Reappointment of auditor

The auditor, Ernst & Young, Chartered Accountants, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 30 June 2022 and signed on its behalf by:

DocuSigned by:


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Garrett Crowe
Director

Kingspan Light + Air (UK & Ireland) Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.


Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101').

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 as at the end of the financial period 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal controls as they determine are 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.

Approved by the Board on 30 June 2022 and signed on its behalf by:

DocuSigned by:

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Garrett Crowe
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSPAN LIGHT + AIR (UK & IRELAND) LIMITED

Opinion

We have audited the financial statements of Kingspan Light + Air (UK & Ireland) Limited for the year ended 31 December 2021 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 25, including a summary of significant accounting policies in Note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSPAN LIGHT + AIR (UK & IRELAND) LIMITED (continued)

Other information (continued)

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- 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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 10, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSPAN LIGHT + AIR (UK & IRELAND) LIMITED (continued)

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 101, the Companies Act 2006 and relevant tax compliance regulation in the United Kingdom.
- We understood how the Company is complying with those frameworks by making enquiries of key management personnel. We corroborated our enquiries through reading the board minutes, and we noted that there was no contradictory evidence;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by inquiry of management, those charged with governance and others within the entity, as to whether they have knowledge of any actual or suspected fraud. Where this risk was considered higher, we performed audit procedures to address the fraud risk.
- These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reading board minutes to identify any non-compliance with laws and regulations and enquiries of management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGSPAN LIGHT + AIR (UK & IRELAND) LIMITED (continued)

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.



Brian Lenihan (Senior statutory auditor)
for and on behalf of Ernst & Young, Statutory Auditor

Dublin

Date: 4 July 2022

Kingspan Light + Air (UK & Ireland) Limited

Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Revenue	4	8,514,525	9,297,584
Cost of sales		<u>(4,822,401)</u>	<u>(5,367,217)</u>
Gross profit		3,692,124	3,930,367
Distribution costs		(36,226)	(28,683)
Administrative expenses		(3,630,642)	(3,342,885)
Other operating income	5	<u>14,500</u>	<u>-</u>
Operating profit	6	39,756	558,799
Interest receivable and similar income	7	-	211
Interest payable and similar expenses	8	<u>(8,352)</u>	<u>(15,129)</u>
Profit before tax		31,404	543,881
Income tax profit	11	<u>28,795</u>	<u>2,578</u>
Profit for the year		<u>60,199</u>	<u>546,459</u>

The above results were derived from continuing operations.


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.

Kingspan Light + Air (UK & Ireland) Limited

(Registration number: 02940609)
Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Property, plant and equipment	12	189,648	317,311
Right of use assets	13	216,324	460,144
Deferred tax assets	11	56,637	14,352
		<u>462,609</u>	<u>791,807</u>
Current assets			
Inventories	14	91,044	67,751
Trade and other receivables	15	3,840,481	2,814,240
Cash and cash equivalents	16	2,332,896	2,620,361
		<u>6,264,421</u>	<u>5,502,352</u>
Creditors: amounts falling due within one year			
Lease liabilities	13	93,646	275,095
Trade and other payables	20	2,959,241	2,389,109
		<u>3,052,887</u>	<u>2,664,204</u>
Net current assets		<u>3,211,534</u>	<u>2,838,148</u>
Total assets less current liabilities		3,674,143	3,629,955
Creditors: amounts falling due after more than one year			
Lease liabilities	13	113,819	173,114
Provisions			
Provisions	19	54,085	51,447
Net assets		<u>3,506,239</u>	<u>3,405,394</u>
Equity			
Share capital	17	100	100
Other reserves	18	45,085	4,439
Profit and loss account	18	3,461,054	3,400,855
Total equity		<u>3,506,239</u>	<u>3,405,394</u>

Approved by the Board on 30 June 2022 and signed on its behalf by:

DocuSigned by:

 6988931CB8004A4.....
 Garrett Crowe
 Director

Kingspan Light + Air (UK & Ireland) Limited**Statement of Changes in Equity for the Year Ended 31 December 2021**

	Note	Share capital £	Other reserves £	Profit and loss account £	Total £
At 1 January 2020		100	-	2,854,396	2,854,496
Profit for the year		-	-	546,459	546,459
Total comprehensive income		-	-	546,459	546,459
Transactions with owners					
Share based payment transactions	9	-	4,439	-	4,439
At 31 December 2020		100	4,439	3,400,855	3,405,394

	Note	Share capital £	Other reserves £	Profit and loss account £	Total £
At 1 January 2021		100	4,439	3,400,855	3,405,394
Profit for the year		-	-	60,199	60,199
Total comprehensive income		-	-	60,199	60,199
Transactions with owners					
Share based payment transactions	9	-	27,156	-	27,156
Deferred tax relating to share based payment transactions	11	-	13,490	-	13,490
Total transactions with owners		-	40,646	-	40,646
At 31 December 2021		100	45,085	3,461,054	3,506,239

The notes on pages 18 to 35 form an integral part of these financial statements.

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The Company is a private company limited by share capital, incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:

Unit 7

Melyn Mair Business Centre

Lamby Industrial Park

Wentloog Avenue

Cardiff

CF3 2EX

Wales

Its registered number is 02940609. These financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including FRS 101 "*Reduced Disclosure Framework*" (United Kingdom Generally Accepted Accounting Practice). The principal activity of the Company is .

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of the UK adopted International Accounting Standards, but makes amendments where necessary in order to comply with Companies Act 2006.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the UK and on a going concern basis.

The financial statements are presented in sterling (£), which is also the Company's functional currency.

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Summary of 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:

- The requirements of IAS 7 *Statement of Cash Flows*, in respect of presenting a cashflow.
- The requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 and paragraph 73(e) of IAS 16 *Property, Plant and Equipment*.
- The requirements of paragraphs 10(d), 16, 111, and 134-136 of IAS 1 *Presentation of Financial Statements* in respect of capital management disclosures.
- The requirements of paragraphs 134-136 of IAS 1 *Presentation of Financial Statements* in respect of capital management disclosures.
- The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* in respect of the effects of new but not yet effective IFRSs have not been disclosed.
- The requirements of paragraphs 17 and 18A of IAS 24 *Related Party Disclosures* in respect of the disclosure of the aggregate remuneration of key management personnel.
- The requirements in IAS 24 *Related Party Disclosures* in relation to disclosure of transactions with wholly owned subsidiaries.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers*.
- The requirements of paragraph 58 of IFRS 16 *Leases*.

As the consolidated financial statements of the ultimate parent, Kingspan Group Plc include the equivalent disclosures, the Company has also taken exemption under FRS101 available in respect of the following disclosures:

- The requirements of paragraph 45(b) and paragraphs 46-52 of IFRS 2 *Share Based Payments*, in respect of group settled share based payments.
- The requirements of IFRS 7 *Financial Instruments: Disclosures*.
- The requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*.

Going concern

The Board has assessed the principal risks and uncertainties facing the Company, including the ongoing pandemic and the impact it is having on the global economy. The Company delivers highly efficient, low carbon building product solutions across a broad range of building applications and geographies. The potential exposure to a downturn due to the pandemic or other significant economic event is partially mitigated by the Company's exposure to a wide set of market sectors and building types. Globally there is an increasing focus on climate change. The Company is well placed to benefit from this trend, that is prompting an increase in demand for energy efficient products that support energy conservation. 2022 has started strongly with trading ahead of where it was at the beginning of 2021.

The directors have reviewed budgets and projected cash flows for a period of not less than 12 months from the date of approval of the financial statements and the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. On that basis, the directors have concluded that there are no material uncertainties that would cast significant doubt over the Company's ability to continue as a going concern. For this reason, the directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Exemption from preparing group accounts

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the UK. The Company is included in the consolidated accounts of the ultimate parent undertaking Kingspan Group plc, a company incorporated in the Republic of Ireland and in accordance with Section 401 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

Changes in accounting policy

There were a number of amendments to standards and interpretations effective for the Company from 1 January 2021, none of which had a material effect on the results or financial performance of the Company. A full list of these changes can be found in the consolidated financial statements of the ultimate parent, Kingspan Group plc and can be obtained from www.kingspan.com.

Revenue recognition

The Company recognises revenue exclusive of sales tax and trade discounts which would occur over time or at a point in time. The Company uses the five-step model as prescribed under IFRS 15 *Revenue from Contracts with Customers* on the Company's revenue transactions. This includes 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. Typically, individual performance obligations are specifically called out in the contract which allows for accurate recognition of revenue as and when performances are fulfilled.

The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customers.

The Company has identified a number of revenue streams where revenue is recognised at a point in time and/or over time. These are detailed below:

Supply only contracts

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. Revenue is recognised at the time of delivery at the delivery address (where Kingspan is to deliver the goods to the delivery address) or at Kingspan's works (where the customers is to collect the goods) or, if the customer wrongfully fails to take delivery of the goods, the time when Kingspan has tendered delivery of the goods. Invoicing occurs at the point of final delivery of the product or performance obligation, at which point a right is established for unconditional consideration as control passes to the customer. Typically, payment terms are 30 days from the end of the month in which the invoice is raised.

Supply and install projects

If a contract requires the Company to install or commission a product and the product can be separated or sold separately from the installation service and the contract specifically separates the performance obligations, then the product only supply element is recognised in line with the criteria set out in the supply only policy. The installation element is recognised over time in line with the milestones set out in the contract. If there is significant integration provided for in the contract then a single purchase order is identified and the revenue is recognised over time.

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Interest receivable and similar income

Interest receivable and similar income comprises interest income on funds invested and any gains on hedging instruments that are recognised in the Profit and Loss Account. Interest income is recognised as it accrues using the effective interest rate method.

Interest payable and similar charges

Interest payable and similar charges comprises interest payable on borrowings calculated using the effective interest rate method and lease interest.

Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Income tax

Income tax in the Profit and Loss Account represents the sum of current income tax and deferred tax not recognised in other comprehensive income or directly in equity.

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Current tax

Current tax represents the expected tax payable or recoverable on the taxable profit for the year using tax rates and laws that have been enacted or substantively enacted for the financial year taking into account any adjustments from prior years. Liabilities for uncertain tax treatments are recognised in accordance with IFRIC 23 and are measured using either the most likely amount method or the expected value method -whichever better predicts the resolution of the uncertainty.

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 will 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.

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 is measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

Depreciation is provided on a straight line basis at the rates stated below, which are estimated to reduce each item of property, plant and equipment to its residual value by the end of its useful life:

Asset class	Depreciation method and rate
Freehold property	2.5% - 10% straight line
Plant and Machinery	10% - 33% straight line
Motor Vehicles	33% straight line

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

The estimated useful lives and residual values of property, plant and equipment are determined by management at the time the assets are acquired and subsequently, re-assessed at each reporting date. These lives are based on historical experience with similar assets across the Company.

In accordance with IAS 36 *Impairment of Assets*, the carrying values of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying value of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Profit and Loss Account. Following the recognition of an impairment loss, the depreciation charge applicable to the asset or cash generating unit is adjusted to allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Assets under construction are carried at cost less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

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.

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost and subsequently measured using the effective interest rate (EIR) method and subject to impairment. Financial assets may also be initially measured at fair value with any movement being reflected through other comprehensive income or the Profit and Loss Account.

The Company applies the simplified approach for expected credit losses (ECL) under IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of receivables. Under IFRS 9 *Financial Instruments*, the Company 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.

Non-trading balances with group undertakings are assessed for indicators of impairment, however as all wholly owned subsidiaries are party to global cash pooling arrangements and have easy access to liquidity through these arrangements, there is limited credit risk associated with these receivables.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in, first-out principle and includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Raw materials are valued at the purchase price including transport, handling costs and net of trade discounts. Work in progress and finished goods are carried at cost consisting of direct materials, direct labour and directly attributable production overheads and other costs incurred in bringing them to their existing location and condition.

Net realisable value represents the estimated selling price less costs to completion and appropriate marketing, selling and distribution costs. A provision is made, where necessary, in all inventory categories for obsolete, slow moving and defective items.

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial liabilities

Financial liabilities are initially measured at fair value, net of any transaction costs in the case of borrowings, and subsequently measured at amortised cost using the effective interest rate. Financial liabilities are derecognised when the Company's obligations specified in the contract expire, are discharged or cancelled. Interest expense is recognised using the effective interest rate method.

Provisions

A provision is recognised in the Balance Sheet when the Company 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 incurred but not reported. 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 current, reflecting the assessment that a current obligation 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 long-term. Risk-based provisions will generally be aged as non-current, 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.

Leases

The Company recognises right of use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments at the lease commencement date. The right of use assets are initially measured at cost, and subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is provided on a straight line basis over the period of the lease, or useful life if shorter.

Lease liabilities are measured at the present value of the future lease payments, discounted at the applicable incremental borrowing rate. Subsequent to the initial measurement, the lease liabilities are increased by the interest cost and reduced by lease payments made.

The right of use assets and lease liabilities are remeasured when there are changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised or where there is a change in future lease payments as a result of a change in an index or rate. The Company applies judgement when determining the lease term where renewal and termination options are contained in the lease contract.

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. The Company also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the term of the lease.

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation

The costs arising on the Company's defined contribution schemes are recognised in the Profit and Loss Account in the period in which the related service is provided. The Company has no legal or constructive obligation to pay further contributions in the event that these plans do not hold sufficient assets to provide retirement benefits.

3 Accounting estimates and judgements

The Company has made a number of financial estimates and judgements in compiling these financial statements. These estimates and judgements are outlined below:

Guarantees and warranties

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. This is an area of estimation and judgement.

Recoverability of trade receivables

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.

Under IFRS 9 the Company 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.

Retirement benefit assumption

The Company operates both defined benefit and defined contribution retirement benefit schemes. Measurement of retirement benefit costs and retirement benefit obligations for defined benefit plans involves the application of a number of assumptions and estimates, including relating to the discount rate, future salary levels, expected employee turnover rate, the return on plan assets, annual retirement benefit increases and demographic factors.

Changes in retirement benefit assumptions will affect the retirement benefit obligations and retirement benefit cost for the year. Retirement benefit obligations are significantly affected by changes in the discount rate, life expectancy and expected salary retirement benefit adjustments.

Valuation of inventory

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. This is an area of estimation.

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

3 Accounting estimates and judgements (continued)

Leases

The Company has applied judgement to determine the lease term of contracts that include termination and extension options. If the Company is reasonably certain to exercise such options, the relevant amount of right of use assets and lease liabilities are recognised.

The Company has also applied judgement in determining the incremental borrowing rates (IBR). The incremental borrowing rate is the rate of interest that a lessee would expect to incur on funds borrowed over a similar term and security to obtain a comparable value to the right of use asset in the relevant economic environment. The Company estimates the IBR using observable inputs (such as market interest rates) when available and makes certain entity-specific estimates (such as country risk and entity specific credit rating) as required.

Income taxes

There are many transactions for which the ultimate tax determination is uncertain. The Company recognises liabilities based on estimates of whether additional taxes will be due. Once it has been concluded that a liability needs to be recognised, the liability is measured based on the tax laws that have been enacted or substantially enacted at the end of the reporting period. The amount shown for current taxation includes an estimate for uncertain tax treatments where the Company considers it probable that uncertain tax treatments will not be accepted by tax authorities and the estimate is measured using either the most likely amount method or the expected value method as appropriate, prescribed by IFRIC 23.

Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Company estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations, and taking into consideration applicable tax legislation in the relevant jurisdiction. These calculations also require the use of estimates.

4 Revenue

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2021	2020
	£	£
Sale of goods	<u>8,514,525</u>	<u>9,297,584</u>
	2021	2020
	£	£
Disaggregation of revenue:		
Point in time	7,683,887	8,440,946
Over time	<u>830,638</u>	<u>856,638</u>
	<u>8,514,525</u>	<u>9,297,584</u>

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 either by class or market.

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

5 Other operating income

The analysis of the Company's other operating income for the year is as follows:

	2021	2020
	£	£
Miscellaneous other operating income	<u>14,500</u>	<u>-</u>

6 Operating profit

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation expense	418,004	409,941
Impairment of trade debtors	64,230	(10,768)
Foreign exchange gains	(12,900)	(11,192)
Profit on disposal of property, plant and equipment	<u>-</u>	<u>(2,022)</u>

7 Interest receivable and similar income

	2021	2020
	£	£
Interest income on bank deposits	<u>-</u>	<u>211</u>

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on lease liabilities	<u>8,352</u>	<u>15,129</u>

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	3,665,761	4,076,504
Social security costs	401,414	393,936
Pension costs, defined contribution scheme	<u>110,511</u>	<u>117,281</u>
	<u>4,177,686</u>	<u>4,587,721</u>

The costs incurred for equity settled share based payments in the year were £27,156 (2020: £4,439). No wages and salaries or related costs were capitalised in the current or prior year.

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

9 Staff costs (continued)

	2021 No.	2020 No.
Production	40	44
Administration and support	17	23
Sales, marketing and distribution	15	15
	<u>72</u>	<u>82</u>

The directors' aggregate remuneration in respect of qualifying services were:

	2021 £	2020 £
Wages and salaries	180,693	266,406
Social security costs	62,155	42,425
Retirement benefit costs	18,140	24,982
	<u>260,988</u>	<u>333,813</u>

In respect of the highest paid director:

	2021 £	2020 £
Remuneration	260,988	333,813

10 Auditor's remuneration

	2021 £	2020 £
Audit of the financial statements	<u>-</u>	<u>10,349</u>

The cost of audit services provided by the auditor during the year was borne by a related entity.

11 Income tax

Tax charged/(credited) in the profit and loss account

	2021 £	2020 £
Deferred taxation		
Origination and reversal of timing differences	(24,263)	(5,541)
Adjustments in respect of prior periods	-	2,963
Arising from effect of rate change	<u>(4,532)</u>	<u>-</u>
Total deferred taxation	<u>(28,795)</u>	<u>(2,578)</u>

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Income tax (continued)

The tax on profit before tax for the year differs from the standard rate of corporation tax in the UK (2020 - differs from the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	<u>31,404</u>	<u>543,881</u>
Corporation tax at standard rate	5,967	103,337
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	6,619	2,678
Decrease arising from group relief tax reconciliation	(14,781)	(96,743)
Other tax effects for reconciliation between accounting profit and tax income	<u>(26,600)</u>	<u>(11,850)</u>
Total tax credit	<u>(28,795)</u>	<u>(2,578)</u>

Finance Bill 2020, which was substantively enacted on 24 May 2021, will increase the UK corporate tax rate from the current rate of 19% to 25% with effect from 1 April 2023. This change was enacted in the current period such that the closing deferred tax balances have been calculated using the 25% rate where appropriate.

Deferred tax

Deferred tax assets and liabilities

	Asset £
2021	<u>56,637</u>
2020	<u>14,352</u>

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

	2021 £	2020 £
Accelerated capital allowances	(27,303)	(14,352)
Share options	(23,800)	-
Other timing differences	<u>(5,534)</u>	<u>-</u>
	<u>(56,637)</u>	<u>(14,352)</u>

Deferred tax movement during the year:

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Income tax (continued)

At 1 January 2021 £	Recognised in income £	Recognised in equity £	At 31 December 2021 £
14,352	28,795	13,490	56,637

Deferred tax movement during the prior year:

At 1 January 2020 £	Recognised in income £	At 31 December 2020 £
11,774	2,578	14,352

12 Property, plant and equipment

	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation			
At 1 January 2021	72,560	636,691	709,251
Additions	-	4,077	4,077
At 31 December 2021	72,560	640,768	713,328
Depreciation			
At 1 January 2021	-	391,940	391,940
Charge for the year	14,504	117,236	131,740
At 31 December 2021	14,504	509,176	523,680
Carrying amount			
At 31 December 2021	58,056	131,592	189,648
At 31 December 2020	72,560	244,751	317,311

13 Leases

	Land and buildings £	Motor vehicles £	Total £
Right of use assets			
At 1 January 2021	228,977	231,167	460,144
Additions	-	42,444	42,444
Reclassification	(43,757)	43,757	-
Depreciation charge for the year	(43,757)	(242,507)	(286,264)
At 31 December 2021	141,463	74,861	216,324

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

13 Leases (continued)

Right of use assets	Land and buildings £	Motor vehicles £	Total £
At 1 January 2020	228,977	503,345	732,322
Additions	-	33,698	33,698
Remeasurement	-	(14,162)	(14,162)
Deprecation charge for the year	-	(291,714)	(291,714)
At 31 December 2020	<u>228,977</u>	<u>231,167</u>	<u>460,144</u>

Lease liability

	2021 £	2020 £
At 1 January	448,209	714,603
Additions	42,443	33,699
Payments	(281,906)	(297,892)
Interest	8,352	15,074
Other	(9,633)	(17,275)
At 31 December	<u>207,465</u>	<u>448,209</u>

Split as follows:

	2021 £	2020 £
Current liability	93,646	275,095
Non-current liability	<u>113,819</u>	<u>173,114</u>
	<u>207,465</u>	<u>448,209</u>

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2021 £	2020 £
Less than 1 year	98,367	283,185
1 - 5 years	115,103	165,646
More than 5 years	<u>4,669</u>	<u>14,008</u>
Total lease liabilities (undiscounted)	<u>218,139</u>	<u>462,839</u>

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

14 Inventories

	2021 £	2020 £
Finished goods and goods for resale	<u>91,044</u>	<u>67,751</u>

The above carrying value is shown net of an inventory provision of £48,356 (2020: £121,926).

A total of £2,563,375 (2020: £2,590,301) of inventories was included in the profit and loss as an expense.

15 Trade and other receivables

	2021 £	2020 £
Trade debtors, gross	2,867,197	1,945,045
Expected credit loss allowance	<u>(124,751)</u>	<u>(117,530)</u>
Net trade debtors	2,742,446	1,827,515
Amounts owed by Group undertakings	47,472	74,525
Prepayments	53,048	53,751
Other debtors	<u>997,515</u>	<u>858,449</u>
	<u>3,840,481</u>	<u>2,814,240</u>

The amounts due from group undertakings are unsecured, interest free and are due on demand.

16 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	<u>2,332,896</u>	<u>2,620,361</u>

17 Share capital

Authorised share capital

	2021 £	2020 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

18 Reserves

Other reserves

This reserve is made up of the share option reserve, which relates to capital contributions from the ultimate parent Kingspan Group plc in respect of share options in the parent Company granted to employees of Kingspan Light + Air (UK & Ireland) Limited.

Profit and loss account

This reserve records retained earnings and accumulated losses.

19 Provisions

	Warranties £	Total £
At 1 January 2021	51,447	51,447
Additional provisions	43,875	43,875
Provisions used	(21,237)	(21,237)
Unused provision reversed	(20,000)	(20,000)
At 31 December 2021	<u>54,085</u>	<u>54,085</u>
	2021	2020
	£	£
Current provisions	54,085	51,447

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

19 Provisions (continued)

The Company manufactures a wide range of insulation and related products for use primarily in the construction sector. Some products carry formal guarantees of satisfactory performance of varying periods following their purchase by customers and a provision is carried in respect of the expected costs of settling warranty and guarantee claims which arise. The Company in the course of its operations can be party to claims or litigation. Both the number of claims and the cost of settling the claim are sensitive to change.

In most cases, a reasonably reliable estimate can be made based on a range of possible outcomes. If the extent and cost of settling a claim or potential claim is not yet reasonably determinable, no provision is made until such a reliable estimate can be made. Provisions are reviewed by management on a regular basis, and adjusted to reflect the current best estimate of the economic outflow. If it is no longer probable that an outflow of economic benefits will be required, the related provision is reversed.

20 Trade and other payables

	2021	2020
	£	£
Trade creditors	304,391	284,311
Accrued expenses	489,991	506,575
Amounts owed to group undertakings	1,460,233	794,790
Social security and other taxes	107,919	123,262
VAT payable	235,512	461,527
Income tax liability	64,387	64,387
Deferred income and customer prepayments	296,808	154,257
	<u>2,959,241</u>	<u>2,389,109</u>

The amounts due to group undertakings are unsecured, interest free and fall due on demand.

21 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £110,511 (2020: £117,281).

Contributions totalling £22,133 (2020: £25,015) were payable to the scheme at the end of the year and are included in creditors.

22 Share-based payments

The Company has claimed exemption from making full disclosures in relation to Share Based Payments under FRS 101, and in line with those exemptions, the below shows the options exercised during the year, along with comparatives, and the number of options outstanding at 31 December 2021 and 31 December 2020.

Kingspan Light + Air (UK & Ireland) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

22 Share-based payments (continued)

	2021		2020	
	No.	WAEP* £	No.	WAEP* £
Exercised PSP during the year	2,854	0.13	-	-
Outstanding at the end of the year	3,664	0.13	-	-

**Weighted Average Exercise Price*

23 Parent undertakings and controlling parties

The Company's immediate parent is Brakel Investments B.V., a company incorporated in the United Kingdom.

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

The smallest and the largest group undertaking for which group financial statements are drawn up, and of which the Company is a member, is that of Kingspan Group plc. A copy of these consolidated financial statements are available at www.kingspan.com.

24 Subsequent events

There have been no significant events subsequent to 31 December 2021 which would require disclosure in these financial statements.

25 Approval of financial statements

These financial statements were authorised for issue by the Board on 30 June 2022.