

Company Registration Number :- 981905

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KRONOSPAN LIMITED

ANNUAL REPORT AND
FINANCIAL STATEMENTS

30th September 2013

KRONOSPAN LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2013

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OFFICERS AND PROFESSIONAL ADVISERS

Directors

M.C.McKenna (Chairman)
P.R.Inch F.C.M.A.
L.A.J.Scheibltreiter
W.Allen
A.M.Gambroudes

Company Secretary

R.M.Jones

Registered office

Maesgwyn Farm,
Chirk, Wrexham,
LL14 5NT

Auditor

Deloitte LLP,
Chartered Accountants and
Statutory Auditor,
Manchester,
United Kingdom

Main bankers

HSBC Holdings plc
Lloyds Bank plc

Legal advisers

Wragge & Co, Birmingham
Walker Smith Way, Chester

Tax advisers

Deloitte LLP, London

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 30th September 2013.

Environment

The company is mainly regulated under The Pollution Prevention and Control (England and Wales) Regulations 2000 (PPC) and recognises the importance of its environmental responsibilities.

Health & Safety

As a manufacturing company the risks to our employees are ever present. Progress has been made in the last 4 years with accidents reduced by 9%. As part of the ongoing target of further reducing accidents, the company is now actively encouraging the reporting of near misses.

Kronospan Limited obtained ISO 18001 over the whole site in August 2008.

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 11.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company keeps employees informed on matters relevant to them through regular meetings and newsletters. Trade union representatives are consulted regularly on a wide range of matters affecting their members' interests.

DIRECTORS

The directors of the company who served during the year and thereafter are shown below:

M.C.McKenna (Chairman)
P.R.Inch F.C.M.A.
L.A.J.Scheibltreiter
N.Matveieff F.C.A. (resigned 27th February 2013)
W.Allen
G.P.Adkins (resigned 16th November 2012)
A.M.Gambroudes

POLITICAL CONTRIBUTIONS

There were no political contributions (2012 - £Nil).

DIRECTORS' REPORT continued

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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:

- a) Select suitable accounting policies and then apply them consistently;
- b) Make judgements and accounting estimates that are reasonable and prudent;
- c) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The resolution for the reappointment of Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Maesgwyn Farm,
Chirk,
Wrexham,
LL14 5NT.

By order of the board



R.M. Jones
Company Secretary

14th November 2013

STRATEGIC REPORT

The company's principal activities are the manufacture and sale of particleboard, medium density fibreboard (MDF) and related value added products in the UK. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

As shown in the company's profit and loss account on page 7, the company's sales fell from £211 million to £207 million. EBITDA reduced from £19.0 million to £14.2 million.

Trading conditions deteriorated in the middle part of the year. The main factor contributing to the lower sales value was a fall in MDF sales volume mainly due to weaker market conditions. This together with increased energy prices lead to the fall in EBITDA. Trading conditions started to improve in the final quarter.

Expenditure on fixed assets at £5.8 million was a decrease on the previous year's expenditure of £6.6 million. The business continued to concentrate on improving performance from the existing asset base.

An interim dividend of £5,250,000 was paid during the year (2012 - £5,250,000). The directors do not recommend the payment of a final dividend (2012 - £Nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The company's customer base covers the construction, furniture and DIY sectors in the U.K. This means that the risk to the business of a major loss in customer is widely spread. However, it is important to maintain a high level of customer service and attractive product range. Whilst we are operating in high risk sectors, strict credit control procedures are in place to mitigate any potential losses.


The main reason behind the lower operating profitability was the lower MDF sales volume and the inability to increase prices by more than the increase in energy prices.

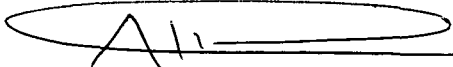
The company seeks to mitigate liquidity risk by careful management of cashflows and by maintaining a balance between continuity of funding and flexibility through the use of overdrafts and bank loans.

The company sells and purchases in foreign currencies, and is therefore exposed to movements in key currencies, in particular the Euro. This risk is managed with forward contracts taken out to manage the risk. There are no open contracts at 30th September 2013 (2012 - Same).

Based upon the assumptions outlined in the Accounting Policies note, the directors have continued to adopt the going concern basis in preparing the financial statements (see Note 1b).

14th November 2013


L.A.J. Scheibler


M.C. McKenna

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KRONOSPAN LIMITED

We have audited the financial statements of Kronospan Limited for the year ended 30th September 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th September 2013 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KRONOSPAN LIMITED continued

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Damian Sanders (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and
Statutory Auditor
Manchester
United Kingdom

14th November 2013

PROFIT AND LOSS ACCOUNT
for the year ended 30th September

	Note	2013 £'000	2012 £'000
Turnover	2	207,256	210,914
Change in stocks of finished goods and work in progress	9	(1,533)	2,282
Other operating income	3	9,446	11,829
Raw materials and consumables		(144,338)	(146,794)
Other external charges		(17,686)	(17,397)
Staff costs	4	(21,890)	(21,733)
Depreciation less grants released		(8,415)	(8,312)
Other operating charges		(17,008)	(20,095)
Operating profit		5,832	10,694
Bank interest receivable		27	6
Other loan interest receivable from group undertakings		264	334
Bank interest payable		(9)	(80)
Other loan interest payable to group undertakings		(211)	(164)
Profit on ordinary activities before taxation	5	5,903	10,790
Tax on profit on ordinary activities	6	(140)	(651)
Profit on ordinary activities after taxation	15 & 16	5,763	10,139

The above results for the financial year and comparatives derive solely from continuing operations and represents all recognised gains and losses. Accordingly no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET
30th September

		2013		2012	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	8		82,550		85,350
CURRENT ASSETS					
Stocks	9	17,558		19,082	
Debtors	10	21,078		20,370	
Cash at bank and in hand		20,509		13,109	
Amount owed by other group companies		12,466		16,317	
		<u>71,611</u>		<u>68,878</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
Trade creditors		(21,726)		(28,366)	
Other creditors	11	(5,147)		(5,140)	
Accruals and deferred income		(2,133)		(2,388)	
Amount owed to other group companies		(17,862)		(9,268)	
		<u>(46,868)</u>		<u>(45,162)</u>	
NET CURRENT ASSETS			24,743		23,716
TOTAL ASSETS LESS CURRENT LIABILITIES			107,293		109,066
PROVISIONS FOR LIABILITIES	13	(8,755)		(10,861)	
ACCRUALS AND DEFERRED INCOME	12	(1,927)		(2,107)	
NET ASSETS			<u>96,611</u>		<u>96,098</u>
CAPITAL AND RESERVES					
Called-up share capital	14	35,000		35,000	
Profit and loss account	15	61,611		61,098	
SHAREHOLDER'S FUNDS	16		<u>96,611</u>		<u>96,098</u>

The financial statements of Kronospan Limited, registered number 981905, were approved by the board of directors and signed on its behalf by:

14th November 2013


L.A.J. Scheibler


M.C. McKenna

NOTES TO THE FINANCIAL STATEMENTS
30th September 2013

1) ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the current and the preceding year.

(a) Accounting Convention

The financial statements are prepared under the historical cost convention

A note of historical cost profit or loss has not been presented as there is no difference between the result as disclosed in the profit and loss account and the result on a unmodified historical cost basis.

(b) Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 4.

The company is a wholly owned subsidiary within the Kronospan Holdings Limited group. The directors of this company are cognisant of the following going concern disclosure which appears in the financial statements of Kronospan Holdings Limited for the year ended 30 September 2013:

"The Group had a net cash position at the year end. The Board believes that the Group's forecasts and projections have been prepared on a conservative basis. The Group has committed bank facilities that are more than adequate to satisfy any forecast borrowing requirements during the next twelve months. As a consequence, the directors believe that the Group is well placed to manage its business successfully despite the current uncertain economic outlook".

Based on forecasts and projections prepared for a period of at least 12 months subsequent to the date of approval of the financial statements that take into account reasonably possible changes in the company's trading performance the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

(c) Operating leases

Operating lease rentals are charged to the profit and loss account in equal annual instalments over the term of the lease.

(d) Tangible Fixed Assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is not provided on freehold land. On other assets, depreciation is provided at rates calculated to write off their cost or valuation during their estimated useful lives, in equal annual instalments or at a unit rate basis as appropriate.

The annual rates of depreciation are as follows :-

Buildings	2% - 5%
Plant and machinery, vehicles & other equipment	5% - 25%

Depreciation is not provided on assets in the course of construction.

NOTES TO THE FINANCIAL STATEMENTS continued
30th September 2013

1) ACCOUNTING POLICIES continued

(e) Stocks

Stocks are stated at the lower of cost and net realisable value. Costs include materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of production.

(f) Deferred Grants

United Kingdom grants received are treated as a deferred credit and are released to the profit and loss account on the same basis as the assets to which they relate are depreciated.

(g) Foreign Exchange

All assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Profits and losses arising on foreign currency transactions are dealt with through the profit and loss account at the rates of exchange at the transaction date.

(h) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based upon tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

(i) Research and Development

Research and development costs are written off to the profit and loss account as they are incurred.

(j) Pension Scheme

The company makes contributions to a fully insured earmarked defined benefit scheme for certain employees of the company. Contributions are charged to the profit and loss in the year in which they fall due.

(k) Cash Flow Statement

As permitted by FRS 1 "Cash Flow Statements", the company has not prepared a cash flow statement because it is a wholly owned subsidiary of Kronospan Holdings Limited. Consolidated financial statements in which the company is included are publicly available.

(l) Derivatives

The company uses derivatives to hedge its exposure to changes in foreign currency exchange rates. Derivatives are not included at fair value in the accounts. At the balance sheet date, the company had no derivatives in place.

NOTES TO THE FINANCIAL STATEMENTS continued
30th September 2013

2) ANALYSIS OF TURNOVER

All of the turnover is attributable to the company's principal activity in the UK. Turnover is recognised when goods are despatched or when the service is delivered. The turnover (net of VAT) attributable to each of the company's geographical markets is:

	2013 £'000	2012 £'000
United Kingdom	194,473	185,748
Other EU countries	7,876	11,209
Other	4,907	13,957
	<hr/> 207,256	<hr/> 210,914

3) OTHER OPERATING INCOME

This includes discounts and rebates received, and other sundry charges raised.

4) INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2013 £'000	2012 £'000
a) Directors' emoluments	614	694
Highest paid director's emoluments	157	147

No directors are members of a company operated pension scheme.

b) Average number of persons employed by the company :

	2013 No.	2012 No.
Production	461	475
Sales and distribution	85	85
Administration	60	61
	<hr/> 606	<hr/> 621

c) Employee costs during the year (including directors)

	2013 £'000	2012 £'000
Wages and salaries	19,841	19,654
Social security costs	2,043	2,065
Other pension costs	6	14
	<hr/> 21,890	<hr/> 21,733

NOTES TO THE FINANCIAL STATEMENTS continued
30th September 2013

5) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2013 £'000	2012 £'000
Profit before taxation is arrived at after charging/(crediting):		
Loss on disposal of fixed assets	4	82
Depreciation	8,595	8,587
Grants released	(180)	(275)
Research and development	72	100
Auditors' remuneration for audit of company's financial statements	38	38
Remuneration to auditors for taxation services	72	49
Hire of plant and machinery	781	430
Operating lease rentals - plant & machinery	1,571	1,563
Foreign Exchange (Gains)	(100)	(274)

Legislation was passed in July 2013 to reduce the main rate of UK corporation tax from 23% to 21% from 1st April 2014 and to 20% from 1st April 2015. Deferred tax has been calculated with reference to the long term rate of 20%.

6) TAX ON PROFIT ON ORDINARY ACTIVITIES	2013 £'000	2012 £'000
Current tax on the profit for the year	2,134	3,393
Prior year corporation tax	(92)	(1,277)
Group relief	204	167
Prior year group relief	-	-
Total current tax charge	2,246	2,283
Deferred taxation current year	(669)	(639)
Deferred taxation prior year	(24)	7
Impact of rate reduction	(1,413)	(1,000)
Total deferred tax credit	(2,106)	(1,632)
Tax on profit on ordinary activities	140	651

Factors affecting tax charge for the year

The current tax charge for the year is higher (2012:lower) than that which would have arisen by applying the standard rate of corporation tax in the UK : 23.5% (2012 - 25%)

Profit on ordinary activities before taxation	5,903	10,790
Tax at 23.5% thereon (2012 - 25%)	1,387	2,697
Expenses not deductible for tax purposes	166	168
Excess of depreciation over capital allowances	804	738
Other timing differences	(19)	(43)
Prior year adjustments	(92)	(1,277)
Current tax charge for the year	2,246	2,283

Group relief is payable to Kronospan Holdings Limited and the related creditor is included within Amount owed to other group companies.

NOTES TO THE FINANCIAL STATEMENTS continued
30th September 2013

7) DIVIDEND	2013 £'000	2012 £'000		
2013 interim dividend of 15 pence per share (2012 - 15 pence)	5,250	5,250		
<hr/>				
8) TANGIBLE FIXED ASSETS				
	Freehold Land and buildings £'000	Buildings and plant under construction £'000	Plant and machinery, vehicles & other equipment £'000	Total £'000
COST/VALUATION				
At 1st October 2012	32,333	1,771	231,328	265,432
Additions	-	4,018	1,798	5,816
Transfers	-	(1,733)	1,733	-
Disposals	-	-	(55)	(55)
<hr/>				
At 30th September 2013	32,333	4,056	234,804	271,193
<hr/>				
ACCUMULATED DEPRECIATION				
At 1st October 2012	19,161	-	160,921	180,082
Charge for the year	696	-	7,899	8,595
Disposals	-	-	(34)	(34)
<hr/>				
At 30th September 2013	19,857	-	168,786	188,643
<hr/>				
NET BOOK VALUE				
At 30th September 2013	12,476	4,056	66,018	82,550
<hr/>				
At 30th September 2012	13,172	1,771	70,407	85,350

The value of freehold land upon which depreciation is not charged is £3,037,504 (2012 - £3,037,504).

The company has taken advantage of the transitional provisions of FRS 15 "Tangible fixed assets" and retained the book amounts of freehold land and buildings which were revalued prior to implementation of that standard. The properties were last revalued on 17th September 1993 and the valuations have not subsequently been updated.

NOTES TO THE FINANCIAL STATEMENTS continued
30th September 2013

8) TANGIBLE FIXED ASSETS continued	Freehold Land and Buildings £'000	Buildings and plant under construction £'000	Plant and machinery, vehicles & other equipment £'000	Total £'000
Comparable amounts determined according to the historical cost convention:				
Cost	29,045	4,056	234,804	267,905
Accumulated Depreciation	16,569	-	168,786	185,355
Net Book Value				
At 30th September 2013	12,476	4,056	66,018	82,550
At 30th September 2012	13,172	1,771	70,407	85,350

9) Stocks	2013 £'000	2012 £'000
Raw materials and consumables	7,905	7,896
Work in progress	218	280
Finished goods and goods for resale	9,435	10,906
	17,558	19,082

There is no material difference between the balance sheet value of stock and its replacement cost.

10) DEBTORS	2013 £'000	2012 £'000
Amounts falling due within one year:		
Trade debtors	20,884	18,735
Other debtors	4	879
Prepayments and accrued income	190	756
	21,078	20,370

11) OTHER CREDITORS	2013 £'000	2012 £'000
Taxation and social security including corporation tax	5,147	5,140

NOTES TO THE FINANCIAL STATEMENTS continued
30th September 2013

	2013 £'000	2012 £'000
12) DEFERRED INCOME		
Grants on plant, equipment and buildings		
As at 1st October	2,287	2,357
Additional grant received	-	205
Released to profit and loss account	(180)	(275)
	<hr/>	<hr/>
As at 30th September	2,107	2,287
	<hr/>	<hr/>
Due to be released within 1 year	180	180
Due to be released after 1 year	1,927	2,107
	<hr/>	<hr/>
	2,107	2,287
	<hr/>	<hr/>

No potential liability for repayment is anticipated.

13) PROVISIONS FOR LIABILITIES

Deferred taxation	£'000
a) Movement in the year	
At 1st October 2012	10,861
Credit for the year (Note 6)	(2,106)
	<hr/>
At 30th September 2013	8,755
	<hr/>

b) The full potential liability has been provided in both years.

	2013 £'000	2012 £'000
Capital allowances in excess of depreciation	8,821	10,955
Other timing differences	(66)	(94)
	<hr/>	<hr/>
	8,755	10,861
	<hr/>	<hr/>

14) CALLED-UP SHARE CAPITAL

	2013 £'000	2012 £'000
Authorised, allotted and fully paid 35,000,000 (2012 - 35,000,000) ordinary shares of £1 each	35,000	35,000
	<hr/>	<hr/>

15) RESERVES

Profit and loss account	£'000
Balance at 1st October 2012	61,098
Profit for the year	5,763
Dividend paid (Note 7)	(5,250)
	<hr/>
Balance at 30th September 2013	61,611
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS continued
30th September 2013

16) RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS	2013	2012
	£'000	£'000
Profit for the financial year	5,763	10,139
Dividend paid (Note 7)	(5,250)	(5,250)
Opening shareholder's funds	96,098	91,209
Closing shareholder's funds	96,611	96,098

17) ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent company is Kronospan Holdings Limited a company incorporated in England and Wales. That company prepares group accounts and copies of the financial statements are available from Companies House, Crown Way, Maindy, Cardiff. Kronospan Holdings Limited is the smallest and largest consolidated group which includes the company. The parent company of Kronospan Holdings Limited is Kronospan A.G. incorporated in Liechtenstein.

The ultimate parent company and controlling party is Wirena Stiftung, a foundation incorporated in Liechtenstein which owns 100% of the Kronospan A.G.'s ordinary shares.

The purpose of the foundation is to maintain and develop its industrial assets whose funds ultimately benefit the Kandl family.

18) RELATED PARTY TRANSACTIONS

The following companies are related parties under FRS8 as they have certain common directors to Kronospan Limited, who are party to key financial and operating decisions or are under common control:

Kandl Décor GmbH
M Kandl Holzindustrie
Kandl Flooring GmbH
Eskdalemuir Forestry Limited
Maesgwyn Insurance Company Limited
Kronospan Property Limited

During the year, the company sold goods and services to these related parties to an aggregate value of £287,816 (2012 - £267,180), and purchased goods and services to an aggregate value of £5,569,765 (2012 - £4,535,665).

The aggregate balance owed to the company by these related parties was £117,295 (2012 - £53,155) and the aggregate balance owed to them was £143,389 (2012 - £209,984).

No amounts have been written off in the period in respect of debts due to or from these related parties.

In preparing these financial statements, the directors have taken advantage of the exemption available under paragraph 3(c) of FRS8 not to disclose transactions between entities controlled within the Kronospan Holdings Limited Group.

NOTES TO THE FINANCIAL STATEMENTS continued
30th September 2013

19) CONTINGENT LIABILITY

The company has given counter indemnities of £120,000 to its bankers in respect of amounts due to H M Revenue and Customs. These are in the normal course of business.

20) CAPITAL COMMITMENTS

	2013 £'000	2012 £'000
Authorised by directors and contracted for	10,616	6,817

21) OPERATING LEASE COMMITMENTS

At 30th September 2013 the company was committed to make the following annual payments in respect of operating leases:

	Other 2013 £'000	Other 2012 £'000
Leases which expire:		
Within 1 year	1,127	1,391
Within 2- 5 years	889	1,282
	<u>2,016</u>	<u>2,673</u>