

COMPANY REGISTRATION NUMBER: 01872933

**Springvale Insulation Limited**  
**Financial Statements**  
**31 December 2017**



# **Springvale Insulation Limited**

## **Financial Statements**

**Year ended 31 December 2017**

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# Springvale Insulation Limited

## Officers and Professional Advisers

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**The board of directors**

Peter Wilson  
Alan Lawlor  
Richard Hewitt Burnley  
Lwana Quarrell

**Company secretary**

Kingspan Group Limited

**Registered office**

Pembridge  
Leominster  
Herefordshire  
England  
HR6 9LA

**Auditor**

KPMG  
Chartered Accountants  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
Ireland

**Bankers**

Danske Bank

**Solicitors**

McCann FitzGerald  
Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Registered number**

01872933

# Springvale Insulation Limited

## Strategic Report

Year ended 31 December 2017

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The directors present their report and the financial statements of the company for the year ended 31 December 2017.

### STRATEGIC REPORT

For some time now, we have been pursuing the following strategy:

- Conversion from traditional insulation and building techniques to high performance solutions.
- Innovating within our space to consistently maintain a competitive edge.

The delivery of these objectives, within the scope of a conservatively managed balance sheet which has served the company and wider Kingspan Group well, will remain the focus of our execution for the foreseeable future.

### Business review and principal activity

The company manufactures building insulation, packaging and moulded products.

Growth in the refurbishment and packaging sectors continued to be a key aspect of the company's performance.

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

	2017	2016
Return on capital employed	10.07%	19.43%
Return on equity	9.58%	19.21%
Gross Margin	28.05%	37.09%
Trading Margin	4.10%	8.21%

### Future developments

We remain focused on delivering our innovation and product development agenda, extending and consolidating our global footprint and improving returns on capital. The company is well placed for the year ahead.

### Principal risks and uncertainties

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

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

As part of the annual risk assessment, the Board reviewed the company's internal assessment of the risks to the business under a wide range of headings that included: business strategy; financial including transactional and translation foreign exchange risks; compliance; human resources; operational; inventory; sales and purchasing; product development; R&D and quality control; fixed assets; IT; and others including macro-economic issues.

# Springvale Insulation Limited

## Strategic Report *(continued)*


Year ended 31 December 2017

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### Principal risks and uncertainties *(continued)*

The Board identified and reported on the principal risks facing the business, and whilst recognising that these risks cannot be wholly eliminated, the Board is of the view that the risks are being appropriately addressed by the company's internal financial and management controls.

This report was approved by the board of directors on 23 August 2018 and signed on behalf of the board by:

  
\_\_\_\_\_  
Peter Wilson  
Director

# Springvale Insulation Limited

## Directors' Report

Year ended 31 December 2017

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### DIRECTORS' REPORT

The directors present their directors report and financial statements for the year ended 31 December 2017.

#### Directors

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

Peter Wilson  
Alan Lawlor  
Richard Hewitt Burnley  
Lwana Quarrell

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

#### Directors' indemnity

The company is a wholly owned subsidiary of the ultimate parent 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 2017, in respect of the above-named directors.

#### Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2017.

#### Important events since the year end

There have been no material events subsequent to 31 December 2017 which would require disclosure in this report.

#### Branches

The company has no branches outside of the United Kingdom.

#### 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.

#### Political donations

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

#### Financial instruments

The company does not hold any financial instruments.

#### Research and development

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 & development through 2018.

# Springvale Insulation Limited

## Directors' Report *(continued)*

Year ended 31 December 2017

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### Disclosure of information in the strategic report

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

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

The directors are responsible for preparing the directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2006.

### Disclosure of information to auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office.

This report was approved by the board of directors on 23 August 2018 and signed on behalf of the board by:



Peter Wilson  
Director



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

## **Independent Auditor's Report to the Members of Springvale Insulation Limited**

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

#### ***Opinion***

We have audited the financial statements of Springvale Insulation Limited ('the Company') for the year ended 31 December 2017 as set out on pages 9 to 21, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 *Reduced Disclosure Framework*.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework* and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

#### ***Basis for opinion***

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

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

#### ***We have nothing to report on going concern***

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

#### ***Other information***

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

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



## Independent Auditor's Report to the Members of Springvale Insulation Limited *(continued)*

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### *Other information (continued)*

Based solely on our work on the other information:

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

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

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

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

We have nothing to report on these matters/in regard to these matters.

## **2 Respective responsibilities and restrictions on use**

### *Responsibilities of directors for the financial statements*

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)



**Independent Auditor's Report to the Members of Springvale Insulation Limited (continued)**

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

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

**Conall O'Halloran (Senior Statutory Auditor)**  
**for and behalf of KPMG, Statutory Auditor**  
Chartered Accountants  
*1 Stokes Place*  
*St Stephen's Green*  
*Dublin 2*  
*Ireland*

23 August 2018

# Springvale Insulation Limited

## Statement of Comprehensive Income

Year ended 31 December 2017

	Note	2017 £	2016 £
<b>Revenue</b>	<b>3</b>	<b>5,162,074</b>	<b>4,448,483</b>
Cost of sales		<u>(3,714,195)</u>	<u>(2,798,650)</u>
<b>Gross profit</b>		<b>1,447,879</b>	<b>1,649,833</b>
Distribution costs		<u>(388,470)</u>	<u>(293,065)</u>
Administrative expenses		<u>(848,001)</u>	<u>(991,470)</u>
<b>Operating profit</b>	<b>4</b>	<b>211,408</b>	<b>365,298</b>
Interest payable and similar expenses	<b>6</b>	<u>–</u>	<u>(855)</u>
<b>Profit before taxation</b>		<b>211,408</b>	<b>364,443</b>
Income tax	<b>7</b>	<u>(16,000)</u>	<u>(12,000)</u>
<b>Profit for the financial year and total comprehensive income</b>		<b><u>195,408</u></b>	<b><u>352,443</u></b>

All the activities of the company are 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.

The notes on pages 12 to 21 form part of these financial statements.


# Springvale Insulation Limited

## Statement of Financial Position

as at 31 December 2017

	Note	2017 £	2017 £	2016 £
<b>Fixed assets</b>				
Property, plant and equipment	8		472,085	495,079
<b>Current assets</b>				
Inventory	9	669,843		661,120
Trade and other receivables	10	1,846,563		1,582,424
Cash at bank and in hand		1,097		56,326
		<u>2,517,503</u>		<u>2,299,870</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>889,530</u>		<u>904,179</u>
<b>Net current assets</b>			<u>1,627,973</u>	<u>1,395,691</u>
<b>Total assets less current liabilities</b>			<u>2,100,058</u>	<u>1,890,770</u>
<b>Provisions</b>				
Other provisions	12		55,635	55,635
Deferred taxation	13		5,000	–
<b>Net assets</b>			<u>2,039,423</u>	<u>1,835,135</u>
<b>Capital and reserves</b>				
Called up share capital	16		151,000	151,000
Other reserves	17		46,351	37,471
Profit and loss account	17		1,842,072	1,646,664
<b>Total equity</b>			<u>2,039,423</u>	<u>1,835,135</u>

These financial statements were approved by the board of directors and authorised for issue on 23 August 2018, and are signed on behalf of the board by:

  
 Peter Wilson  
 Director

Company registration number: 01872933

The notes on pages 12 to 21 form part of these financial statements.

# Springvale Insulation Limited

## Statement of Changes in Equity

Year ended 31 December 2017

	Note	Called up share capital £	Other reserves £	Profit and loss account £	Total £
<b>At 1 January 2016</b>		151,000	28,472	1,294,221	1,473,693
Profit for the year		—	—	352,443	352,443
<b>Total comprehensive income for the year</b>		—	—	352,443	352,443
Equity-settled share-based payments		—	8,999	—	8,999
<b>Total investments by and distributions to owners</b>		—	8,999	—	8,999
<b>At 31 December 2016</b>		151,000	37,471	1,646,664	1,835,135
Profit for the year		—	—	195,408	195,408
<b>Total comprehensive income for the year</b>		—	—	195,408	195,408
Equity-settled share-based payments	15	—	8,880	—	8,880
<b>Total investments by and distributions to owners</b>		—	8,880	—	8,880
<b>At 31 December 2017</b>		<b>151,000</b>	<b>46,351</b>	<b>1,842,072</b>	<b>2,039,423</b>

The notes on pages 12 to 21 form part of these financial statements.

# Springvale Insulation Limited

## Notes to the Financial Statements

Year ended 31 December 2017

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### 1. General information

Springvale Insulation Limited is a company incorporated and domiciled in the United Kingdom. These financial statements have been prepared in accordance with FRS 101 *Reduced Disclosure Framework*. The address of the registered office is Pembridge, Leominster, Herefordshire, England, HR6 9LA.

### 2. Accounting policies

#### Basis of preparation

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

#### 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](http://www.kingspan.com). As such, advantage has been taken of the following disclosure exemptions available under paragraph 8 of FRS 101:

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

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

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

#### Functional and presentation currency

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

#### Foreign currencies

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

#### Changes in accounting estimates

For the list of the new standards that were effective for the company's financial year ending 31 December 2017, refer to the Kingspan Group Plc Annual Report.

# Springvale Insulation Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2017

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### 2. Accounting policies (continued)

#### Accounting estimates and judgements

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

##### *Guarantees & warranties*

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

##### *Valuation of inventory*

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

##### *Recoverability of trade receivables*

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.

#### Revenue

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

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

#### Property, plant and equipment

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

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

Property, plant and equipment, excluding freehold land, is depreciated at appropriate rates in order to write them off over their expected useful life to their residual values. Depreciation is provided on a straight line basis at the rates stated below:

Freehold Property	-	2% straight line
Plant & Machinery	-	10% straight line

Estimated useful lives and residual values are re-assessed annually.

Assets under construction are not depreciated until they are ready for use.

# Springvale Insulation Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

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### 2. Accounting policies *(continued)*

#### **Research and development**

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

#### **Income tax**

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

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

#### **Deferred tax**

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

Deferred tax liabilities are recognised for all taxable temporary differences (i.e. differences that 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.

#### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

# Springvale Insulation Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

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### 2. Accounting policies *(continued)*

#### **Trade and other receivables**

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

#### **Trade and other creditors**

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

#### **Cash and cash equivalents**

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

#### **Inventory**

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

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

#### **Provisions**

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

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

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

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

#### **Defined contribution pension scheme**

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

# Springvale Insulation Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2017

### 2. Accounting policies (continued)

#### Share-based payments

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

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

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

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

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

### 3. Revenue

Revenue arises from:

	2017	2016
	£	£
Sale of goods	<u>5,162,074</u>	<u>4,448,483</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.

### 4. Operating profit

Operating profit is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation of property, plant and equipment	37,879	23,317
Impairment of trade debtors	(1,373)	56,485
Equity-settled share-based payments expense	8,880	8,999
Operating lease rentals	15,278	15,155
Foreign exchange differences	(49)	(14,692)
Fees payable for the audit of the financial statements	<u>6,320</u>	<u>7,540</u>

# Springvale Insulation Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2017

### 5. Staff costs

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

	2017 No.	2016 No.
Production staff	24	24
Distribution staff	2	2
Administrative staff	4	7
	<u>30</u>	<u>33</u>

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

	2017 £	2016 £
Wages and salaries	1,069,368	1,014,062
Social security costs	74,160	63,373
Other pension costs	25,619	26,295
	<u>1,169,147</u>	<u>1,103,730</u>

The wages and salaries figure above includes employee share based payments of £8,880 (2016: £8,999). No wages and salaries or related costs were capitalised in the current or prior year.

### 6. Interest payable and similar expenses

	2017 £	2016 £
Interest on banks loans and overdrafts	–	855

### 7. Income tax

#### Major components of tax expense

	2017 £	2016 £
<b>Deferred tax:</b>		
Origination and reversal of timing differences	16,000	12,000
<b>Income tax</b>	<u>16,000</u>	<u>12,000</u>

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	211,408	364,443
Profit on ordinary activities by rate of tax	40,168	72,888
Adjustment to tax charge in respect of prior periods	–	–
Effect of expenses not deductible for tax purposes	3,391	5,419
Other adjustments	(27,559)	(66,307)
<b>Income tax</b>	<u>16,000</u>	<u>12,000</u>

# Springvale Insulation Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2017

### 8. Property, plant and equipment

	Land and buildings £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 January 2017	277,852	264,266	542,118
Additions	–	14,885	14,885
<b>At 31 December 2017</b>	<b>277,852</b>	<b>279,151</b>	<b>557,003</b>
<b>Depreciation</b>			
At 1 January 2017	28,096	18,943	47,039
Charge for the year	6,903	30,976	37,879
<b>At 31 December 2017</b>	<b>34,999</b>	<b>49,919</b>	<b>84,918</b>
<b>Carrying amount</b>			
<b>At 31 December 2017</b>	<b>242,853</b>	<b>229,232</b>	<b>472,085</b>
At 31 December 2016	249,756	245,323	495,079

### 9. Inventory

	2017 £	2016 £
Raw materials and consumables	500,801	539,664
Work in progress	–	19,435
Finished goods and goods for resale	169,042	102,021
	<b>669,843</b>	<b>661,120</b>

The above carrying value is shown net of an inventory provision of £26,318 (2016: £41,822).

A total of £2,036,219 (2016: £1,524,795) of inventories was included in the Income Statement as an expense.

### 10. Trade and other receivables

	2017 £	2016 £
Trade debtors	617,530	468,596
Amounts owed by group undertakings	1,225,422	1,102,828
Deferred tax asset (note 13)	–	11,000
Prepayments and accrued income	3,611	–
	<b>1,846,563</b>	<b>1,582,424</b>

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

# Springvale Insulation Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2017

### 11. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	271,628	358,736
Amounts owed to group undertakings	53,042	51,931
Accruals and deferred income	437,921	374,821
Social security and other taxes	126,939	118,691
	<u>889,530</u>	<u>904,179</u>

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

### 12. Provisions

	Deferred tax (note 13)	Warranties	Total
	£	£	£
At 1 January 2017	(11,000)	55,635	44,635
Additions	16,000	–	16,000
31 December 2017	<u>5,000</u>	<u>55,635</u>	<u>60,635</u>

Other provisions above relate to specific warranty provisions

	2017	2016
	£	£
Specific Provisions	<u>55,635</u>	<u>55,635</u>

### 13. Deferred tax

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

	2017	2016
	£	£
Included in provisions (note 12)	<u>(5,000)</u>	<u>11,000</u>

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

	2017	2016
	£	£
Accelerated capital allowances	<u>(5,000)</u>	<u>11,000</u>

### 14. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £25,619 (2016: £26,295).

# Springvale Insulation Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2017

### 15. Share-based payments

The Company has claimed exemption from making full disclosures in relation to Share Based Payments under FRS101, 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 2016 and 31 December 2014.

	No.	2017 WAEP EUR	No.	2016 WAEP EUR
PSP Exercised during the year	-	0.13	-	0.13
	-----	-----	-----	-----
Total share options exercised during the year	-		-	
	=====		=====	
Outstanding at the end of the year	7,681	0.13	7,205	0.13
	=====	=====	=====	=====

### 16. Called up share capital

#### Authorised share capital

The cap has been removed on authorised share capital and the company have an unlimited amount of shares if required.

#### Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>151,000</u>	<u>151,000</u>	<u>151,000</u>	<u>151,000</u>

### 17. Reserves

Other reserves - consists of the Share option reserve, which records the value received in relation to the issue of share options.

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

### 18. Operating leases

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

	2017 £	2016 £
Not later than 1 year	18,776	20,468
Later than 1 year and not later than 5 years	-	18,928
	<u>18,776</u>	<u>39,396</u>

### 19. Related party transactions

The company has availed of the exemption under FRS101 in relation to disclosure of transactions with wholly owned subsidiaries.

# Springvale Insulation Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

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### **20. Controlling party**

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

The immediate parent company is Kingspan Holding Netherlands BV, a company incorporated in the Netherlands.

### **21. Subsequent events**

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

### **22. Approval of financial statements**

The financial statements were approved by the directors on 23 August 2018.