

**Company Registration No. 02446447**

**IKO HOLDINGS PLC**

**Annual Report and Financial Statements**

**For the year ended 31 December 2016**



# **IKO HOLDINGS PLC**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS 2016**

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# **IKO HOLDINGS PLC**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

S Koschitzky  
H M Koschitzky  
D P Maginnis  
A B Williamson  
F Hautman  
J Koschitzky

### **SECRETARY**

TCSS Limited

### **REGISTERED OFFICE**

Appley Lane North  
Appley Bridge  
Wigan  
Lancashire  
WN6 9AB

### **AUDITOR**

Deloitte LLP  
Statutory Auditor  
2 Hardman Street  
Manchester  
M3 3HF

# **IKO HOLDINGS PLC**

## **STRATEGIC REPORT**

**For the year ended 31 December 2016**

### **Introduction**

The directors present their strategic report for the year ended 31 December 2016.

### **Business review**

The company is the intermediate holding company of an integrated group of companies engaged principally in the manufacture, distribution and installation of waterproofing and protective coatings.

### **Principal risks and uncertainties**

Since the company does not trade, the director perceives the main risk facing this business to be a significant downturn in trading of IKO PLC Limited its main trading subsidiary. This risk is mitigated through regular review by the directors.

The company considers its principal risk to be the financial performance of its subsidiary company, which supports the carrying value of the company's investment and which provides support to this company to meet its liabilities as they fall due. The risk is managed through regular review by the directors by ensuring that results of the subsidiaries are monitored and any variances to budgets are reviewed and investigated.

Details regarding the adoption of the going concern basis of accounting in preparing the financial statements can be found in note 1 to the financial statements.

### **Financial key performance indicators**

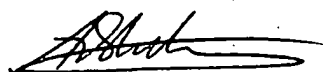
The director considers the company's key performance indicator to be the financial performance of its subsidiary undertakings. The performance of IKO PLC, being the main trading subsidiary is monitored monthly by the directors by way of a comprehensive management report and as the company is, and is expected to continue to be, profitable the director considers the key performance indicator outcome to be satisfactory.

The main key performance indicators of the holding company are distributable reserves which currently total £5,880,000 (2015: £4,791,000) and receipt of interest income from its subsidiaries which totals £1,545,000 (2015: £1,776,000). The performance of the company is deemed to be satisfactory.

### **Future developments**

The company will continue to act as a holding company for the IKO group for the foreseeable future.

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



**A B Williamson**  
Director

Date: 26/6/17

Appley Lane North  
Appley Bridge  
Wigan  
Lancashire  
WN6 9AB

## **IKO HOLDINGS PLC**

### **DIRECTORS' REPORT**

**For the year ended 31 December 2016**

The directors present their annual report on the affairs of the company, the financial statements and auditor's report for the year ended 31 December 2016.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,089,000 (2015: £724,000). The directors have not recommended the payment of a dividend (2015: £nil).

#### **Directors**

The directors who served during the year and subsequently to the date of this report were:

S Koschitzky  
H M Koschitzky  
D P Maginnis  
A B Williamson  
F Hautman  
J Koschitzky

H M Koschitzky is an overseas based director and is not required to notify his interest in group undertakings incorporated outside Great Britain to the company. He has no beneficial interest in the share capital of the group companies in Great Britain. F Hautman is also an overseas based director and has no beneficial interest in the share capital of group companies in Great Britain. None of the directors had any declarable beneficial interest in the share or loan capital of the company's ultimate parent company, IKO Enterprises Limited.

#### **Directors' indemnities**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made in prior years and remain in force at the date of this report.

#### **Post balance sheet events**

There have been no significant events affecting the company since the year end.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, 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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have 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.

# **IKO HOLDINGS PLC**

## **DIRECTORS' REPORT (continued)** **For the year ended 31 December 2016**

### **Directors' responsibilities statement (continued)**

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.

### **Financial risk management objectives and policies**

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

#### ***Cash flow risk***

The company's cash flow risk is relatively low due to low levels of external finance within the business. Loans due from other group companies are held at a fixed rate ensuring consistent cash flow receipts. The results of the subsidiaries are monitored on a regular basis to ensure that payment of interest income and dividends, as required, to ensure that the group remains well funded.

#### ***Credit risk***

The company's principal financial assets are investments which are held profitable trading subsidiaries.

#### ***Liquidity risk***

Liquidity risk at the Company is insignificant as its financial liabilities are mainly with other companies within the IKO U.K. Limited Group. The Group is in a strong profitable and net asset position which mitigates the liquidity risk.

### **Going concern**

The financial statements have been prepared on a going concern basis which assumes the company will have sufficient funds to continue to pay its debts as and when they fall due. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future based on its forecasts and projections. In making their assessment, the directors have considered a period of at least 12 months from the date of signing these financial statements.

### **Dividends**

The director does not propose the payment of a dividend (2015: £nil).

### **Auditor**

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

- so far as each of the directors is aware, there is no relevant audit information (as defined in Companies Act 2006) of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

During the year Mazars LLP resigned as auditor and Deloitte LLP were subsequently appointed. Deloitte LLP have expressed their willingness to continue as auditor of the company.

# **IKO HOLDINGS PLC**

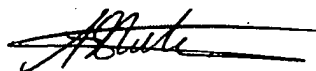
## **DIRECTORS' REPORT (continued) For the year ended 31 December 2016**

### **Approval of reduced disclosures**

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by IKO U.K. Limited, as the immediate parent of the entity.

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



**A B Williamson**

Director

Date: 26/6/17

Appley Lane North  
Appley Bridge  
Wigan  
Lancashire  
WN6 9AB

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IKO HOLDINGS PLC**

We have audited the financial statements of IKO Holdings plc for the year ended 31 December 2016, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16. 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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditors**

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31 December 2016 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 matter prescribed by the Companies Act 2006**

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IKO HOLDINGS PLC (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.



Jane Boardman BSc FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester, United Kingdom

Date: 27 June 2017

# IKO HOLDINGS PLC

## PROFIT AND LOSS ACCOUNT For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Administrative expenses		(495)	(1,050)
<b>Operating loss</b>	<b>3</b>	<b>(495)</b>	<b>(1,050)</b>
Other income		11	-
Interest receivable and similar income	5	1,545	1,776
Interest payable and expenses	6	-	(10)
<b>Profit before tax</b>		<b>1,061</b>	<b>716</b>
Taxation on profit	7	28	8
<b>Profit after tax</b>		<b>1,089</b>	<b>724</b>

There were no recognised income or expenses for 2016 or 2015 other than those included in the profit and loss account and accordingly no separate statement of other comprehensive income is presented.

The notes on pages 11 to 21 form part of these financial statements.

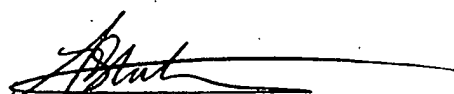
# IKO HOLDINGS PLC

## BALANCE SHEET

For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
<b>FIXED ASSETS</b>			
Investments	8	8,702	8,702
<b>CURRENT ASSETS</b>			
Debtors	9	31,859	32,791
Creditors: amounts falling due within one year	10	(55)	(2,076)
<b>NET CURRENT ASSETS</b>		31,804	30,715
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		40,506	39,417
<b>NET ASSETS</b>		40,506	39,417
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	2,412	2,412
Share premium account	13	32,214	32,214
Profit and loss account	13	5,880	4,791
<b>SHAREHOLDERS' FUNDS</b>		40,506	39,417

The financial statements of IKO Holdings plc (Registration Number 02446447) were approved and authorised for issue by the Board and were signed on its behalf by:



A B Williamson

Director

Date: 26/6/17

## IKO HOLDINGS PLC

### STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2015	2,412	32,214	4,067	38,693
Profit for the year and total comprehensive income for the year	-	-	724	724
At 31 December 2015	2,412	32,214	4,791	39,417
Profit for the year and total comprehensive income for the year	-	-	1,089	1,089
At 31 December 2016	2,412	32,214	5,880	40,506

## **IKO HOLDINGS PLC**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**

#### **1. Accounting policies**

##### **1.1 Basis of preparation of financial statements**

The company is a private limited company, incorporated in the United Kingdom and registered in England and Wales. The registered office is Appley Lane North, Appley Bridge, Wigan, WN6 9AB.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The functional currency of IKO Holdings plc is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied consistently in the current and prior years.

##### **1.2 Consolidated financial statements**

The company is exempt by virtue of the Companies Act 2006 s.401 from the requirement to prepare group financial statements because its results are consolidated into IKO U.K. Limited. These financial statements present information about the company as an individual undertaking and not about its group.

##### **1.3 Financial reporting standard 102 – reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 33 Related Party Disclosures with reference to remuneration of key management personnel;
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 and 12 Financial Instruments.

This information is included in the consolidated financial statements of IKO U.K. Limited as at 31 December 2016 and these financial statements may be obtained from the company's registered office see note 16 for further details.

##### **1.4 Going concern**

The financial statements have been prepared on a going concern basis which assumes the company will have sufficient funds to continue to pay its debts as and when they fall due for a period of at least 12 months from the date of signature of these financial statements. The company only pays dividends to the extent that it has sufficient resources and distributable reserves to enable it to do so. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future based on its forecasts and projections. In making their assessment, the directors have considered a period of at least 12 months from the date of signing these financial statements.

## IKO HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2016

#### 1. Accounting policies (continued)

##### 1.5 Foreign currency translation

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

##### 1.6 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

###### (i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

## IKO HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2016

#### 1. Accounting policies (continued)

##### 1.6 Financial instruments (continued)

- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### (ii) Investments

Investments in subsidiaries and associates are measured at cost less impairment.

##### (iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

#### *Impairment of assets*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

#### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### *Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

## **IKO HOLDINGS PLC**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2016**

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

##### **1.6 Financial instruments (continued)**

###### *Impairment of assets (continued)*

###### *Financial assets (continued)*

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans to and from related parties.

Financial assets that are measured at cost and fair value are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **1.7 Revenue recognition**

Interest income is recognised in the profit and loss account using the effective interest method. Dividend income is recognised when the company's right to receive payment is established.

##### **1.8 Finance costs**

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **1.9 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred taxation is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

##### **1.10 Pensions**

The company participates in a group wide pension scheme providing benefits based on final pensionable pay which is closed to future accrual. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as permitted by FRS 102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.



## IKO HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

#### 2. Critical accounting judgements and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### Critical judgements in applying the company's accounting policies

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

##### *Assessing indicators of impairment*

In assessing whether there have been any indicators of impaired assets, the directors consider both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. Where there are indicators of impairment, assets are written down to their recoverable value with any adjustments recognised in the profit and loss account.

##### Key sources of estimation uncertainty in applying the Company's accounting policies

The directors do not consider that the amounts recognised in the financial statements have been significantly affected by any key sources of estimation uncertainty considered in the process of applying the Company's accounting policies.

#### 3. Operating loss

The operating loss is stated after charging/(crediting):

	2016 £'000	2015 £'000
Auditor's remuneration for audit services	1	1
Foreign exchange loss/(gain)	109	(64)
Pension contributions	327	301

Non audit fees were payable to Deloitte LLP £nil in the current and prior years.

#### 4. Employees

The company has no employees other than the directors, who received £nil remuneration (2015: £nil) for their services to the company, being remunerated by other group companies.

# **IKO HOLDINGS PLC**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 31 December 2016**

### **5. Interest receivable**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable on loans to group companies	1,220	1,278
Income from fixed asset investments	325	498
	<u>1,545</u>	<u>1,776</u>

### **6. Interest payable and similar charges**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable on group loans	-	10
	<u>-</u>	<u>10</u>

### **7. Taxation**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	(28)	-
Adjustments in respect of previous periods	2	(8)
	<u>(26)</u>	<u>(8)</u>
<b>Total current tax</b>	<b>(26)</b>	<b>(8)</b>
<b>Deferred tax</b>		
Adjustments in respect of previous periods	(2)	-
	<u>(2)</u>	<u>-</u>
<b>Total current tax</b>	<b>(28)</b>	<b>(8)</b>

# IKO HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

### 7. Taxation (continued)

#### Factors affecting current tax credit in the year:

The standard rate of tax for the year, based on the average UK standard rate of corporation tax, is 20% (2015: 20.25%). The actual current tax credit for the current year and the preceding year differs for the reasons set out in the following reconciliation:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	1,061	716
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	212	145
Effects of:		
Expenses not deductible for tax purposes	(222)	(106)
Adjustments in respect of previous periods	-	(8)
Non-taxable income	(65)	(101)
Transfer pricing adjustments	47	62
Total tax credit for the year	(28)	(8)

#### Factors that may affect future tax charges

The Finance Act 2016, which was substantively enacted in September 2016 included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020. As this legislation was substantively enacted at year end the impact of the rate change is reflected in the tax provisions reported in these accounts. Accordingly, deferred tax balances have been revalued to the lower rate of 17% in these accounts. To the extent that the deferred tax reverses before 1 April 2020 then the impact on the net deferred tax asset will be reduced.

### 8. Fixed asset investments

	Investments in subsidiary companies £'000
Cost and net book value	
At 1 January 2016 and 31 December 2016	8,702

## IKO HOLDINGS PLC

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

#### 8. Fixed asset investments (continued)

##### Subsidiary undertakings

The company held ordinary share capital in the following UK subsidiary undertakings:

Name	Holding	Principal activity	Registered address
IKO plc	100%	Waterproofing products	Appley Lane North, Appley Bridge, Wigan, Lancashire WN6 9AB
William Briggs & Sons Limited*	76%	Holding company	Amasco House, 101 Powke Lane, Cradley Heath, West Midlands, B64 5PX
Briggs Amasco Limited	76%	Roofing and cladding	Amasco House, 101 Powke Lane, Cradley Heath, West Midlands, B64 5PX
Maurice Hill Limited*	76%	Dormant, dissolved 2 September 2016	The Lexicon, Mount Street, Manchester, M2 5NT
Ruberoid International Limited	100%	Holding company	Appley Lane North, Appley Bridge, Wigan, Lancashire WN6 9AB
The Specialist Waterproofing Group Limited	40%	Holding company	The Old Townshend Arms, 14 Wells Road, Wells-Next-the-Sea, Norfolk, NR23 1AJ
Hyflex Roofing Limited	100%	Dormant, dissolved 2 September 2016	The Lexicon, Mount Street, Manchester, M2 5NT
Hyload Limited	100%	Dormant, dissolved 2 September 2016	The Lexicon, Mount Street, Manchester, M2 5NT
Pure Asphalt Limited**	100%	Manufacturer of Mastic & related products	Burnden Works, Burnden Road, Bolton, Greater Manchester, BL3 2RD

\*This represents an effective shareholding in these undertakings which is, in part, held via the company's interests in The Specialist Waterproofing Group Limited. The company's direct shareholding in these undertakings is 60%.

\*\* Held indirectly via the company's interests in IKO plc.

# IKO HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

### 9. Debtors

	2016 £'000	2015 £'000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	31,429	31,796
Deferred tax asset	5	3
	<u>31,434</u>	<u>31,799</u>
<b>Due within one year</b>		
Prepayments and accrued income	13	2
Corporation tax	412	990
	<u>425</u>	<u>992</u>
<b>Total debtors</b>	<u>31,859</u>	<u>32,791</u>

The amounts owed by group undertakings are due to be repaid in instalments by 31 December 2018. The balances attract interest of 3.5% per annum (2015: same).

### 10. Creditors: Amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to group undertakings	-	2,029
Accruals and deferred income	55	47
	<u>55</u>	<u>2,076</u>

# IKO HOLDINGS PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2016

### 11. Deferred taxation

	Deferred tax £'000
At 1 January 2016	3
Credit to the profit and loss account	2
	<hr/>
At 31 December 2016	5
	<hr/>

The deferred tax asset is made up as follows:

	2016 £'000	2015 £'000
Other timing differences	5	3
	<hr/>	<hr/>

### 12. Share capital

	2016 £'000	2015 £'000
Allotted, called-up and fully paid		
48,235,448 Ordinary shares of £0.05 each	2,412	2,412
	<hr/>	<hr/>

Ordinary shares have equal voting rights and rank equally on distribution.

### 13. Reserves

#### Share premium

Share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

#### Profit & loss account

Profit and loss account includes all current and prior year retained profits and losses.

### 14. Pension commitments

The company participates in the Ruberoid PLC Staff Pension Scheme. This is a defined benefit scheme which was closed to new members in April 2003.

As the Ruberoid PLC Staff Pension Scheme is run for the IKO Holdings Limited group as a whole, the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis. Hence, as permitted by FRS 102, the scheme is accounted for in these financial statements by the company as if the scheme was a defined contribution scheme.

At 31 December 2016, the scheme had a deficit on an FRS 102 basis of £25,747,000 (2015: £14,297,000). Full disclosure is contained within the financial statements of the company's intermediate parent company, IKO U.K. Limited.

During the year the company contributed £327,000 (2015: £301,000) to the Ruberoid Plc Staff Pension Scheme. Contributions outstanding at 31 December 2016 were £27,000 (2015: £27,000).

## **IKO HOLDINGS PLC**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2016**

**15. Related party transactions**

The company has taken advantage of the exemption under FRS 102 section 33 not to provide information on related party transactions with other undertakings within the IKO U.K. Limited group.

In the prior year the company had a non interest bearing loan owed to IKO Sales Limited, a fellow subsidiary of IKO Enterprises Limited. The value of this loan at 31 December 2016 was £nil (2015: £2,029,000).

In the prior year an agreement was made to net off the outstanding loan debtor with IKO Sales Limited of £1,646,000, with the creditor balance noted above.

**16. Controlling party**

The company's ultimate parent company is IKO Enterprises Limited, a company incorporated in Canada, and its immediate parent company is IKO U.K. Limited (Registered address: (Registered address: Appley Lane North, Appley Bridge, Wigan, Lancashire, WN6 9AB).

IKO U.K. Limited is the parent undertaking of the smallest and largest group of undertakings of which the Company is a member and for which group financial statements are prepared. Copies of these financial statements may be obtained from the Company Secretary at the following address.

Appley Lane North  
Appley Bridge  
Wigan  
Lancashire  
WN6 9AB