

# Kingspan Holdings (Insulation) Limited

Directors' report and  
financial statements

**Year ended 31 December 2014**

*Registered number: 2897799*

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# Kingspan Holdings (Insulation) Limited

## Directors' report and financial statements

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# Kingspan Holdings (Insulation) Limited

## Directors and other information

<b>Directors</b>	Peter Wilson Geoff Doherty
<b>Secretary</b>	Kingspan Group Ltd
<b>Registered office</b>	Greenfield Business Park No. 2 Greenfield Holywell Clwyd, CH8, 7GJ North Wales
<b>Auditor</b>	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
<b>Bankers</b>	RBS Bank 10th Floor The Plaza 100 Old Hall Street Liverpool L3 9QT
<b>Solicitors</b>	Macfarlanes 10 Norwich Street London England BC4A 1BD

# Kingspan Holdings (Insulation) Limited

## Directors' report

The directors present their annual report together with the audited financial statements of Kingspan Holdings (Insulation) Limited for the year ended 31 December 2014.

### Principal activity and business review

The principal activity of the Company is that of a holding company.

The directors are satisfied with the results for the year.

2014 proved to be another positive year for Kingspan, with global sales and trading profit growing.

The trading pattern reflected an uncharacteristically strong start to the year, leading to a more stable performance through mid-year, culminating in a strong final quarter in most of our markets.

### Future developments

The directors plan to continue with the Company's current activity.

### Outlook

The positive momentum experienced in late 2014 has carried through into the early part of 2015, and should lead to a solid first quarter notwithstanding a flat January. This is particularly so in the UK, North America, and Germany. Central Europe and Turkey remain somewhat fragile, owing in both cases to the neighbouring political situation, the outcomes of which remain uncertain.

We remain focused on delivering our innovation and product development agenda, extending and consolidating our global footprint and improving returns on capital. Kingspan 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.

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 and acquisition strategy; financial including transactional and translation FX risks; compliance; human resources; operational; inventory; sales and purchasing; product development; R&D and quality control; fixed assets; IT; and others including macro-economic issues. The Board identified and reported on the principal risks facing the business, and whilst recognising that these risks cannot be wholly eliminated, the Board is of the view that the risks are being appropriately addressed by the company's internal financial and management controls.

# Kingspan Holdings (Insulation) Limited

## Directors' report *(continued)*

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

In the normal course of business the company has exposures to foreign currency and interest rate risks. The company's focus is to understand these risks and to put in place policies that minimise the economic impact of an adverse event on the company's performance. Meetings are held on a regular basis to review the results of the risk assessment, approve recommended risk management strategies and monitor the effectiveness of such policies.

Foreign exchange risks: transaction exposures are internally hedged as far as possible and to the extent that they are not, such material residual exposures are hedged on a rolling 12 month basis. It is company policy not to hedge translational exposure, which is effectively a non-cash transaction in the accounts.

Interest rate risks: the company adopts a policy of ensuring that an appropriate proportion of its exposure to changes in interest rates on borrowings is covered using a fixed rate basis. Interest rate swaps are entered into to achieve an appropriate mix of fixed and floating exposure that is consistent with the company's policy.

### **Results and dividends**

The results for the year are set out on page 8.

A dividend of €12,718,586 was paid during the year ended 31 December 2014 (2013: *€nil*).

### **Directors**

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

Peter Wilson  
Geoff Doherty

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

The company is a wholly owned subsidiary of the ultimate parent company Kingspan Group Plc, being a company incorporated in the Republic of Ireland. The company, or the Group of which the company forms part, maintains Directors and Officers Liability Insurance and (where applicable) Trustee Liability Insurance as at the date hereof and throughout the financial period ended 31 December 2014, in respect of the above named directors.

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.

# Kingspan Holdings (Insulation) Limited

## Directors' report (*continued*)

### **Director's statements on proper books of account**

The measures taken by the directors to secure compliance with the Company's obligations to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons.

The books of the Company are maintained in the Company's premises at Greenfield Business Park No. 2, Greenfield, Holywell, Clwyd, CH8 7GJ, North Wales.

### **Subsequent events**

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

### **Branches**

The company has no branches outside of the United Kingdom.

### **Strategic report**

In preparing the directors' report, the directors have taken the small companies exemption under Section 414(B) of the Companies Act 2006, (Strategic and Directors' Report) Regulations 2013, not to prepare a strategic report for presentation with these financial statements.

### **Auditor**

In accordance with Section 487 of the Companies Act 2006, KPMG, Chartered Accountants will be deemed to be re-appointed and therefore will continue in office.

On behalf of the board



Peter Wilson  
*Director*

30 April 2015

# Kingspan Holdings (Insulation) Limited

## Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and applicable law.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Company; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the financial statements, the directors are required to:

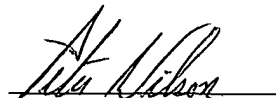
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Having made enquiries of fellow Directors and of the Company's auditors, each of the Directors confirms that:

- to the best of his knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all steps that a Director might reasonably be expected to have taken in order to make himself or herself aware of relevant audit information and to establish that the Company's auditors are aware of that information

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

On behalf of the board



Peter Wilson  
Director



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

## **Independent auditor's report to the members of Kingspan Holdings (Insulation) Limited**

We have audited the financial statements ("financial statements") of Kingspan Holdings (Insulation) Limited for the year ended 31 December 2014 set out on pages 8 to 24. The financial reporting framework that has been applied in their preparation is UK law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Section 193 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 set out on page 5, the director is responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council'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 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, in accordance with IFRS as adopted by the European Union, of the state of the company's affairs as at 31 December 2014 and of its profit for the year ended;
- the financial statements have been prepared in accordance with the Companies Act 2006.
- the information given in the directors' report is consistent with the financial statements.



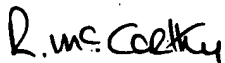


Independent auditor's report to the members of Kingspan Holdings (Insulation) Limited *(continued)*

**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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report



Ryan McCarthy  
for and on behalf of  
KPMG

Chartered Accountants, Statutory Audit Firm  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
Ireland

30<sup>th</sup> April 2015

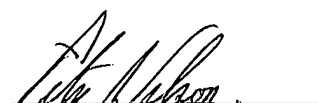
# Kingspan Holdings (Insulation) Limited

## Statement of comprehensive income for the year ended 31 December 2014

	Notes	2014 €	2013 €
Administration income/(expenses)		897,272	(3,645,868)
<b>Operating profit/(loss)</b>		<b>897,272</b>	<b>(3,645,868)</b>
Income from shares in group undertakings	6	12,718,586	-
Interest payable and similar charges	4	(651)	-
<b>Profit/(loss) before income tax</b>	5	<b>13,615,207</b>	<b>(3,645,868)</b>
Income tax (expense)/credit	8	-	-
<b>Profit/(Loss) for the year</b>		<b>13,615,207</b>	<b>(3,645,868)</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>13,615,207</b>	<b>(3,645,868)</b>

The accompanying notes form an integral part of the financial statements.

On behalf of the board



Peter Wilson  
Director

# Kingspan Holdings (Insulation) Limited

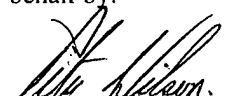
## Statement of financial position

as at 31 December 2014

	Notes	2014 €	2013 €
<b>Assets</b>			
Investments	9	201,549,859	201,549,859
<b>Total non-current assets</b>		201,549,859	201,549,859
Other receivables	10	14,102,564	13,205,282
Cash and cash equivalents	11	-	1
<b>Total current assets</b>		14,102,564	13,205,283
<b>Total assets</b>		215,652,423	214,755,142
<b>Equity</b>			
Issued share capital	12	1,256,507	1,256,507
Share premium	13	193,367,693	193,367,693
Retained earnings	14	21,027,563	20,130,942
<b>Total equity</b>		215,651,763	214,755,142
<b>Liabilities</b>			
Cash and cash equivalents	11	660	-
<b>Total current liabilities</b>		660	-
Total liabilities		660	-
<b>Total equity and liabilities</b>		215,652,423	214,755,142

The accompanying notes form an integral part of the financial statements.

These financial statements were approved by the board of directors on 30 April 2015 and were signed on its behalf by:



Peter Wilson  
Director

# Kingspan Holdings (Insulation) Limited

## Statement of changes in equity as at 31 December 2014

	Share Capital & premium €	Retained earnings €	Total attributable to equity holders of the the Company €
At 1 January 2013	194,624,200	23,776,810	218,401,010
Loss for year	-	(3,645,868)	(3,645,868)
	-----	-----	-----
At 31 December 2013	194,624,200	20,130,942	214,755,142
Profit for year	-	13,615,207	13,615,207
Dividend paid	-	(12,718,586)	(12,718,586)
	-----	-----	-----
<b>At 31 December 2014</b>	<b>194,624,200</b>	<b>21,027,563</b>	<b>215,651,763</b>
	=====	=====	=====

The accompanying notes form an integral part of the financial statements.

# Kingspan Holdings (Insulation) Limited

## Statement of cash flow

for the year ended 31 December 2014

	Notes	2014 €	2013 €
<b>Cash flows from operating activities</b>			
Profit/(loss) for the period		13,615,207	(3,645,868)
Dividend paid	7	(12,718,586)	-
		-----	-----
		896,621	(3,645,868)
Change in receivables		(897,282)	278,415
Change in payables		-	-
Income tax paid		-	-
		-----	-----
<b>Net cash generated from operating activities</b>		(661)	(3,367,453)
<b>Cash flows from investing activities</b>			
Disposal of financial fixed assets		-	3,367,454
		-----	-----
<b>Net cash used in investing activities</b>		-	3,367,454
<b>Cash flows from financing activities</b>			
		-	-
		-----	-----
<b>Net cash from financing activities</b>		-	-
Net (decrease)/increase in cash and cash equivalents		(661)	1
Cash and cash equivalents at beginning of year	11	1	-
		-----	-----
Cash and cash equivalents at end of year	11	(660)	1
		=====	=====

# Kingspan Holdings (Insulation) Limited

## Notes

*forming part of the financial statements*

### **1 Reporting entity**

Kingspan Holdings (Insulation) Limited ("the Company") is a company incorporated and domiciled in the United Kingdom.

### **2 Basis of preparation**

#### **(a) Statement of compliance**

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

#### **(b) Measurement**

The financial statements have been prepared on the historical cost basis except for the following material items where applicable in the statement of financial position:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit and loss are measured at fair value

#### **(c) Use of estimates and judgements**

The preparation of financial statements in conformity with IFRSs as adopted by the EU, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The key estimate and judgement is in relation to the recoverability of investments and debtors.

The estimates and underlying assumptions are reviewed on an on-going 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.

# Kingspan Holdings (Insulation) Limited

## Notes *(continued)*

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

#### **(a) Foreign currency**

##### **(i) Functional and presentation currency**

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

##### **(i) Foreign currency transactions**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets that are carried at historical cost are not subsequently re-translated. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translations are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to functional currency at foreign exchange rates ruling at the dates the fair values were determined.

#### **(b) Impairment**

The carrying amounts of the Company's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. An asset is considered for impairment testing if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of the asset. If any such indication exists, the asset's recoverable amount is estimated. The two exceptions are dealt with as per the separate applicable accounting policy. For trade receivables specific bad debts are provided against unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off.

An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the amount of goodwill allocated to the applicable cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

##### **(i) Calculation of recoverable amount**

The recoverable amount of the Company's receivables carried at amortised cost is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

# Kingspan Holdings (Insulation) Limited

## Notes (continued)

### 3 Significant accounting policies (continued)

#### (i) Calculation of recoverable amount (continued)

The recoverable amount of other assets is the greater of their fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### (ii) Reversals of impairment

An impairment loss in respect of goodwill is not reversed. An impairment loss in respect of a receivable carried at amortised cost is reversed only to the extent that the carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised and if the reversal can be related objectively to an event occurring after the impairment was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

#### (c) Financial instruments

##### Non-derivative financial instruments

Non derivative financial instruments comprise investments in other receivables, cash and cash equivalents and other payables. Non derivatives are recognised initially at fair value plus any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company's contractual rights to the cash flows from the financial assets expire, are extinguished or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contracts expire or are discharged or cancelled.

##### (i) Other receivables

Other receivables are stated at their cost less impairment losses.

##### (ii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

##### (iii) Other payables

Other payables are stated at their expected settlement amount.



# Kingspan Holdings (Insulation) Limited

## Notes *(continued)*

### 3 Significant accounting policies *(continued)*

#### (d) Expenses

##### (i) Net financing costs

Net financing costs comprise interest payable and other charges less interest income.

Interest payable on borrowings is calculated using the effective interest rate method. Other charges include bank charges and commission costs, discounts unwound, and losses on hedging instruments that are recognised in the statement of comprehensive income.

Interest income includes interest receivable on funds invested and gains and hedging instruments, and these are recognised in the statement of comprehensive income as they accrue.

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested. Interest income is recognised in the statement of comprehensive income as it accrues, taking into account the effective yield on the asset.

The interest expense component of finance lease payments is recognised in the statement of comprehensive income using the effective interest rate method.

#### (e) Income tax

Income tax on the profit for the period comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, those arising on the initial recognition of assets or liabilities that affect neither accounting or taxable profit and differences relating to retained earnings in subsidiaries, to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

# Kingspan Holdings (Insulation) Limited

## Notes (continued)

### 3 Significant accounting policies (continued)

#### (f) Dividends

Dividends are recognised in the period in which they are declared, approved or paid.

#### (g) Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows.

The Company provides for insurance claims on an appropriate discounted basis depending on the expected timing of their settlement. Provision is made for the estimated costs of claims arising from past events based on the advice of the Company's external insurance advisors.

#### (h) Forthcoming requirements

The following are the new standards that were effective for the Company's financial year ending 31 December 2014. The implementation of the standards had no significant impact on the results or financial position as set out in these Financial Statements.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (2011)
- IAS 28 Investments in Associates and Joint Ventures (2011)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- Investment Entities (Amendments to IFRS 10, 12 and IAS 27)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
- IFRIC 21 Levies

There are a number of forthcoming requirements of IFRSs as adopted by the EU which are not yet effective and have therefore not been adopted in these financial statements.

- IAS 19 Amendment: Defined Benefit Plans; Employee Contributions
- Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle
- Amendments to IFRS 11: Accounting for acquisitions of interests in Joint Operations\*
- IFRS 14 Regulatory Deferral Accounts\*
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation\*
- Amendments to IAS 16 and IAS 41: Bearer plants\*
- IAS 27: (Amendments) Equity Method in Separate Financial Statements\*
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture\*
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities: exception to consolidation\*
- Amendments to IAS 1: Disclosure Initiative\*

# Kingspan Holdings (Insulation) Limited

Notes (continued)

## (h) Forthcoming requirements (continued)

- Annual Improvements to IFRSs 2012-2014 Cycle\*
- IFRS 15: Revenue from contracts with customer\*
- IFRS 9 Financial Instruments (2014) \*

The Company does not plan to adopt these standards early and the extent of their impact has not yet been determined.

A number of the standards (\*) set out above have not yet been EU endorsed. These standards, interpretations and amendments to existing standards will be applied for the purposes of the Company financial statements with effect from their respective effective dates. These are not expected to have a material impact on the group.

## 4 Net finance costs

	2014	2013
	€	€
<i>Net finance costs:</i>		
Bank interest	651	-
	=====	=====

## 5 Statutory and other information

	2014	2013
	€	€
Directors' remuneration	-	-
Auditor's remuneration - audit	-	-
Exceptional cost	-	3,367,453
Foreign currency translation	(897,272)	278,414
	=====	=====

The exceptional cost in the prior year related to the loss on the disposal of an investment.

The cost of the audit and any tax or advisory services provided by the auditors, are borne by a related entity.

## 6 Income from shares in Group companies

	2014	2013
	£	£
Income from shares in Group companies	12,718,586	-
	=====	=====

During the year a dividend of €12,718,586 was received from Kingspan Insulation Ltd.

# Kingspan Holdings (Insulation) Limited

Notes (continued)

## 7 Dividends paid

	2014	2013
	£	£
Dividends paid	12,718,586	-
	=====	=====

During the year a dividend of €12,718,586 was paid to parent company Kingspan Group Limited.

## 8 Income tax

The difference between the total income tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax is as follows:

	2014	2013
	€	€
Profit/(loss) before income tax	13,615,207	(3,645,868)
	=====	=====
UK corporate tax rate 21.5% (2013: 23.25%)	2,927,270	(847,664)
Effects of:		
Expenses not deductible for tax purposes	-	782,932
Profits not subject to tax	(2,734,496)	-
Group relief	(192,774)	64,732
	-----	-----
Total income tax charge for year	-	-
	=====	=====

Finance Act 2013, which was substantively enacted on 17 July 2013, amended the main rate of corporation tax to 20% effective from 1 April 2015. This will reduce the group's future current tax charge accordingly. UK deferred tax balances have been calculated based on the rate of 20% which was substantively enacted at the reporting date.

# Kingspan Holdings (Insulation) Limited

Notes (continued)

## 9 Investment in subsidiary undertakings

	2014 €	2013 €
At 1 January	201,549,859	204,917,313
Disposals during the period	-	(3,367,454)
<b>At 31 December</b>	<b>201,549,859</b>	<b>201,549,859</b>

The following are the significant direct and indirect subsidiary undertakings of Kingspan Holdings (Insulation) Limited at 31 December 2014:

Name	Nature of business	% held	Capital & Reserves Eur	Profit/(loss) for the year Eur
Kingspan Holdings Australia Pty Limited Registered office is 38-52 Dunheved Circuit, St Marys, Sydney, NSW 2760, Australia	Holding	100	(1,114,222)	(250,258)
Kingspan Insulation Limited Registered office is Pembridge, Leominster, Herefordshire, England.	Manufacturing	100	94,551,531	6,635,060
Kingspan Insulation Limited Registered office is Bree, Castleblayney, Co. Monaghan, Ireland.	Manufacturing	99.95	32,925,190	6,524

## 10 Other receivables

	2014 €	2013 €
Amounts owed by group undertakings	14,102,564	13,205,282

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

## 11 Cash and cash equivalents

	2014 €	2013 €
Bank balances, being cash and cash equivalents	(660)	1

# Kingspan Holdings (Insulation) Limited

Notes (continued)

## 12 Share capital

	2014 €	2013 €
<i>Allotted, called up and fully paid</i>		
1,079,871 ordinary shares of GBP1 each at start of year (2013: 1,059,871 ordinary shares)	1,256,507	1,256,507
	=====	=====

## 13 Share Premium

	2014 €	2013 €
Balance at beginning and end of year	193,367,693	193,367,693
	=====	=====

## 14 Equity reserves

	Retained Earnings €
At 1 January 2014	20,130,942
Profit for year	13,615,207
Dividend paid	(12,718,586)
	-----
<b>At 31 December 2014</b>	<b>21,027,563</b>
	=====

## 15 Financial instruments and financial risk management

### (a) Overview of risk exposures and risk management strategy

The Company faces a number of financial risks in the ordinary course of business, including credit risk and liquidity risk. These are set out in more detail below. The most significant exposures relate to the creditworthiness of the Company's counterparties.

The Company's overall risk management programme is the responsibility of the directors. They seek to minimise potential adverse effects on the Company's financial performance from fluctuations in financial markets and to manage these risks in a non-speculative manner.

# Kingspan Holdings (Insulation) Limited

Notes (continued)

## 15 Financial instruments and financial risk management (continued)

### (b) Financial assets and liabilities

The following are contractual maturities of financial assets and liabilities.

31 December 2014	Carrying amounts €	Contractual cash flows €	Due within 6 months €
<b>Financial assets</b>			
Cash and cash equivalents	-	-	-
Other receivables	14,102,564	14,102,564	14,102,564
	-----	-----	-----
<b>Financial liabilities</b>			
Cash and cash equivalents	(660)	(660)	(660)
Other payables	-	-	-
	-----	-----	-----
	14,101,904	14,101,904	14,101,904
	=====	=====	=====
 31 December 2013			
	Carrying amounts €	Contractual cash flows €	Due within 6 months €
<b>Financial assets</b>			
Cash and cash equivalents	1	1	1
Other receivables	13,205,282	13,205,282	13,205,282
	-----	-----	-----
<b>Financial liabilities</b>			
Other payables	-	-	-
	-----	-----	-----
	13,205,283	13,205,283	13,205,283
	=====	=====	=====

### (c) Basis for determining fair value

Set out below are the major methods and assumptions used in determining the fair values of the financial assets and liabilities disclosed in the preceding tables.

#### *Cash and cash equivalents*

The nominal amount of cash and cash equivalents, all of which have a remaining maturity of three months, is deemed to reflect fair value at the statement of financial position date.

#### *Receivables and payables*

For receivables and payables with a remaining life of less than six months, the carrying value less impairment provision, where appropriate, is deemed to reflect fair value. All other receivables and payables are discounted to fair value on initial recognition, and at statement of financial position date.

# Kingspan Holdings (Insulation) Limited

## Notes (continued)

### 15 Financial instruments and financial risk management (continued)

#### (d) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash and cash equivalents.

##### *Other receivables*

The directors have a credit policy in place where credit evaluations are performed on all customers requiring credit over certain thresholds and credit limits are established for each customer. The Company's exposure to credit risk and credit limits are monitored regularly.

The carrying amount of financial assets, net of impairment provisions, represents the Company's maximum credit exposure.

##### *Cash and cash equivalents*

Cash is held with financial institutions with the highest credit rating and subject to a minimum credit rating of "A".

The maximum exposure to credit risk was as follows:

	2014 €	2013 €
Cash and cash equivalents	-	1
Other receivables	14,102,564	13,205,282
	<u>14,102,564</u>	<u>13,205,283</u>
	=====	=====



# Kingspan Holdings (Insulation) Limited

## Notes (continued)

### 15 Financial instruments and financial risk management (continued)

#### (e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. It is the policy of the Company to have adequate committed undrawn facilities available at all times to cover unanticipated financing requirements.

The following are contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements:

31 December 2014	Carrying amount €'000	Contractual cash flows €'000	Due < 1 year €'000	1-5 years €'000	After 5 years €'000
Cash and cash equivalents	660	660	660	-	-
Other payables	-	-	-	-	-
	=====	=====	=====	=====	=====
31 December 2013	Carrying amount €'000	Contractual cash flows €'000	Due < 1 year €'000	1-5 years €'000	After 5 years €'000
Other payables	-	-	-	-	-
	=====	=====	=====	=====	=====

### 16 Commitments and contingent liabilities

There is a contingent liability on the company in respect of guarantees given for borrowings by fellow subsidiaries and parent. These borrowings amounted to €310,034,291 at 31 December 2014 (2013: €298,789,814). The company is also party to the Group Revolving Credit Facility for €300m which was undrawn at 31 December 2014.

# Kingspan Holdings (Insulation) Limited

Notes *(continued)*

## **17 Related party transactions**

The company has related party relationships with its subsidiaries. There were no emoluments paid to the directors during the year.

The transactions are disclosed elsewhere in these financial statements where relevant.

IAS 24 requires the disclosure of compensation paid to the company's key management personnel. Personnel services have been supplied by a fellow group undertaking at a cost of nil during the year (2013: nil).

## **18 Ultimate parent company**

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

The immediate parent company is Kingspan Group Limited, a company incorporated in the United Kingdom.

## **19 Approval of financial statements**

The financial statements were approved by the Directors on 30 April 2015.