1 STATEMENT OF ACCOUNTING POLICIES

General information

Kingspan Group plc is a public limited company registered and domiciled in Ireland, with its registered office at Dublin Road, Kingscourt, Co Cavan.

The Group's principal activities comprise the manufacture of insulated panels, rigid insulation boards, architectural facades, raised access floors, daylighting and ventilation systems and environmental solutions. The Group's Principal Subsidiary Undertakings are set out on page 133.

Statement of compliance

The consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU and those parts of the Companies Acts 2014, applicable to companies reporting under IFRS and Article 4 of the IAS Regulation.

The Company has availed of the exemption in Section 304 of the Companies Act 2014 and has not presented the Company Income Statement, which forms part of the Group's financial statements, to its members and the Registrar of Companies.

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by:

→ measurement at fair value of share based payments at initial date of award;
→ certain derivative financial instruments and deferred contingent consideration recognised at fair value; and
→ recognition of the defined benefit liability as plan assets less the present value of the defined benefit obligation.

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

These consolidated financial statements have been prepared in Euro. The Euro is the presentation currency of the Group and the functional currency of the Company.

The Group uses a number of Alternative Performance Measures (APMs) throughout these financial statements to give assistance to investors in evaluating the performance of the underlying business and to give a better understanding of how management review and monitor the business on an ongoing basis. These APMs have been defined and explained in detail on page 128.

Changes in Accounting Policies and Disclosures

The Group adopted *Annual Improvements to IFRSs 2012 to 2014 Cycle* for the first time in the current financial year with no significant impact on the Group's result for the year or financial position.

There are a number of new standards, amendments to standards and interpretations that are not yet effective and have not been applied in preparing these consolidated financial statements. These new standards, amendments to standards and interpretations are either not expected to have a material impact on the Group's financial statements or are still under assessment by the Group.

The principal new standards, amendments to standards and interpretations are as follows:

	Effective Date – periods beginning on or after
Amendments to IAS 7: *Disclosure Initiative*	1 January 2017
Amendments to IAS 12: *Recognition of deferred tax assets for unrealised losses*	1 January 2017
IFRS 15: *Revenue from contracts with customers*	1 January 2018
IFRS 9 *Financial Instruments (2009 and subsequent amendments in 2010 and 2013)*	1 January 2018
Clarification to IFRS 15: *Revenue from contracts with customers*	1 January 2018*
Amendments to IFRS 2: *Classification and measurement of share based payment transactions*	1 January 2018*
IFRS 16: *Leases*	1 January 2019*

* Not yet EU endorsed

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The Group consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are included in the Group financial statements from the date on which control over the entity is obtained and cease to be consolidated from the date on which control is transferred out of the Group.

Transactions eliminated on consolidation
Intragroup transactions and balances, and any unrealised gains arising from such transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

Segment reporting

The Group's accounting policy for identifying segments is based on internal management reporting information that is routinely reviewed by the Board of Directors, which is the Chief Operating Decision Maker (CODM) for the Group. The measurement policies used for the segment reporting under IFRS 8 are the same as those used in the consolidated financial statements. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, finance income and expenses and tax assets and liabilities.

The Group has determined that it has four operating segments: Insulated Panels, Insulation Boards, Environmental and Access Floors.

Revenue recognition

Revenue represents the fair value of goods supplied to external customers net of trade discounts, rebates and value added tax/sales tax. Revenue is recognised when the significant risks and rewards of ownership have passed to the customer, it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably, which usually arises on delivery of the goods.

Research and Development

Expenditure on research and development is recognised as an expense in the period in which it is incurred. An asset is recognised only when all the conditions set out in IAS 38 *Intangible Assets* are met.

Business Combinations

Business combinations are accounted for using the acquisition method as at the date of acquisition.

In accordance with IFRS 3 *Business Combinations*, the fair value of consideration paid for a business combination is measured as the aggregate of the fair values at the date of exchange of assets given and liabilities incurred or assumed in exchange for control. The assets, liabilities and contingent liabilities of the acquired entity are measured at fair value as at the acquisition date. When the initial accounting for a business combination is determined, it is done so on a provisional basis with any adjustments to these provisional values made within 12 months of the acquisition date and are effective as at the acquisition date.

To the extent that deferred consideration is payable as part of the acquisition cost and is payable after one year from the acquisition date, the deferred consideration is discounted at an appropriate interest rate and, accordingly, carried at net present value in the Group Statement of Financial Position. The discount component is then unwound as an interest charge in the Consolidated Income Statement over the life of the obligation.

Where a business combination agreement provides for an adjustment to the cost of a business acquired contingent on future events, the Group accrues the fair value of the additional consideration payable as a liability at acquisition date. This amount is reassessed at each subsequent reporting date with any adjustments recognised in the Income Statement.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is re-measured at the acquisition date through the Income Statement.

Transaction costs are expensed to the Income Statement as incurred.

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arises on business combinations and represents the difference between the fair value of the consideration and the fair value of the Group's share of the identifiable net assets of a subsidiary at the date of acquisition.

Pre 1 January 2010, goodwill on acquisition was initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Since 1 January 2010, the Group measures goodwill at the acquisition date as:

- → the fair value of the consideration transferred; plus
- → the recognised amount of any non-controlling interests in the acquiree; plus
- → if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- → the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain ("negative goodwill") is recognised immediately in the Income Statement.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. The cash-generating units represent the lowest level within the Group which generate largely independent cash inflows and these units are not larger than the operating segments (before aggregation) determined in accordance with IFRS 8 *Operating Segments*.

Goodwill is tested for impairment at the same level as the goodwill is monitored by management for internal reporting purposes, which is either at the individual or combination cash-generating unit level.

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. The goodwill impairment tests are undertaken at a consistent time each year. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Income Statement. Impairment losses arising in respect of goodwill are not reversed following recognition.

On disposal of a subsidiary, the attributable amount of goodwill, not previously written off to reserves, is included in the calculation of the profit or loss on disposal.

Intangible Assets (other than goodwill)

Intangible assets separately acquired are capitalised at cost. Intangible assets acquired as part of a business combination are capitalised at fair value as at the date of acquisition.

Following initial recognition, intangible assets, which have finite useful lives, are carried at cost or initial fair value less any accumulated amortisation and accumulated impairment losses.

The amortisation of intangible assets is calculated to write off the book value of intangible assets over their useful lives on a straight-line basis on the assumption of zero residual value. Where amortisation is charged on these assets, the expense is recognised in the Income Statement.

In addition to any annual amortisation charge, the carrying amount of intangible assets is reviewed for indicators of impairment at each reporting date and is subject to impairment testing when events or changes of circumstances indicate that the carrying values may not be recoverable.

The estimated useful lives are as follows:

Customer relationships	2 - 6 years
Trademarks & Brands	2 - 12 years
Patents	8 years
Technological know how	5 - 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

Foreign currency

Functional and presentation currency
The individual financial statements of each Group company are measured and presented in the currency of the primary economic environment in which the company operates, the functional currency. The Group Financial Statements are presented in Euro, which is the Company's functional currency.

Transactions and balances
Transactions in foreign currencies are translated into the functional currency at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date. All currency translation differences on monetary assets and liabilities are taken to the Income Statement, except when deferred in equity as qualifying net investment hedges and qualifying cash flow hedges.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are initially translated at the exchange rate at the date of acquisition and then subsequently these assets and liabilities are treated as part of a foreign entity and are translated at the closing rate.

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Foreign currency (continued)

Exchange rates of material currencies used were as follows:

	Average rate		Closing rate	
Euro =	2016	2015	2016	2015
Pound Sterling	**0.819**	0.726	**0.858**	0.735
US Dollar	**1.110**	1.110	**1.056**	1.090
Canadian Dollar	**1.466**	1.419	**1.425**	1.515
Australian Dollar	**1.489**	1.478	**1.462**	1.491
Czech Koruna	**27.033**	27.282	**27.020**	27.022
Polish Zloty	**4.362**	4.184	**4.422**	4.266
Hungarian Forint	**311.43**	309.93	**311.53**	314.90

Foreign operations
The Income Statement, Statement of Financial Position and Cash Flow Statement of Group companies that have a functional currency different from that of the Company are translated as follows:

- Assets and liabilities at each reporting date are translated at the closing rate at that reporting date.
- Results and cash flows are translated at actual exchange rates for the year, or an average rate where this is a reasonable approximation.

All resulting exchange differences are recognised as a separate component of equity, the translation reserve.

On disposal of a foreign operation, any such cumulative retranslation differences, previously recognised in equity, are reclassified to the income statement as part of gain or loss on disposal.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is based on the first-in, first-out principle and includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

- Raw materials are valued at the purchase price including transport, handling costs and net of trade discounts.
- Work in progress and finished goods are carried at cost consisting of direct materials, direct labour and directly attributable production overheads and other costs incurred in bringing them to their existing location and condition.

Net realisable value represents the estimated selling price less costs to completion and appropriate marketing, selling and distribution costs.

A provision is made, where necessary, in all inventory categories for obsolete, slow-moving and defective items.

Income tax

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

Current tax
Current income tax represents the expected tax payable or recoverable on the taxable profit for the year using tax rates and laws that have been enacted, or substantively enacted, at the reporting date and taking into account any adjustments arising from prior years. Liabilities for uncertain tax positions are recognised based on the directors' best probability weighted estimate of the probable outflow of economic resources that will be required to settle the liability.

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 consolidated 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.

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Grants

Grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and all relevant conditions have been complied with.

Capital grants received and receivable in respect of property, plant and equipment are treated as a reduction in the cost of that asset and thereby amortised to the Income Statement in line with the underlying asset.

Revenue grants are recognised in the Income Statement to offset the related expenditure.

A contingent liability is disclosed for grants, see Note 31, which have been received but where there are conditions under which the grants are partly or wholly repayable.

Property, Plant and Equipment

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

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

Freehold buildings	2% on cost
Plant and machinery	5% to 20% on cost
Fixtures and fittings	10% to 20% on cost
Computer equipment	12.5% to 33% on cost
Motor vehicles	10% to 25% on cost
Leased assets	Over the period of the lease, or useful life if shorter
Leasehold property improvements	Over the period of the lease, or useful life if shorter

Freehold land is stated at cost and is not depreciated.

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

In accordance with IAS 36 *Impairment of Assets*, the carrying values of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying value of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the Income Statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset or cash-generating unit is adjusted to allocate the revised carrying amount, net of any residual value, over the remaining useful life.

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

Leases

Leases are classified as finance leases whenever substantially all the risks and rewards of ownership of the asset have transferred to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised at the inception of the lease in the Statement of Financial Position at the lower of its fair value and the present value of the minimum lease payments, and are depreciated over their useful lives with any impairment being recognised in the Income Statement.

The corresponding lease obligation, net of finance charges, is included in interest bearing loans and borrowings in the Statement of Financial Position and analysed as appropriate between current and non-current amounts. The interest element of the lease payments is charged to the Income Statement over the lease period as to produce a constant periodic rate of interest, on the remaining balance of the liability, for each period.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the Income Statement on a straight-line basis over the lease term.

Retirement benefit obligations

The Group operates defined contribution and defined benefit pensions schemes.

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

Defined benefit pension schemes
The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Retirement benefit obligations (continued)

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognised immediately in other comprehensive income.

The Group determines the net interest expense on the net defined benefit liability or asset by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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 Group 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.

Dividends

Final dividends on ordinary shares are recognised as a liability in the financial statements only after they have been approved at the Annual General Meeting of the Company. Interim dividends on ordinary shares are recognised when they are paid.

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.

Derivative financial instruments

Derivative financial instruments, principally interest rate and currency swaps, are used to hedge the Group's foreign exchange and interest rate risk exposures.

Derivative financial instruments are recognised initially at fair value and thereafter are subsequently remeasured at their fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The fair value of these instruments is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest and currency exchange rates and the current creditworthiness of the swap counterparties.

The Group designates all of its derivatives in one or more of the following types of relationships:

i. *Fair value hedge:* Hedges the exposure to movements in fair value of recognised assets or liabilities that are attributable to hedged risks.
ii. *Cash flow hedge:* Hedges the Group's exposures to fluctuations in future cash flow derived from a particular risk associated with recognised assets or liabilities.
iii. *Net investment hedge:* Hedges the exchange rate fluctuations of a net investment in a foreign operation.

At inception of the transaction, the Group documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transactions. The Group also documents its assessment, both at inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge
Any gain or loss resulting from the re-measurement of the hedging instrument to fair value is reported in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gains or losses of a hedging instrument that are in hedge relationships with borrowings are included within Finance Income or Finance Expense in the Income Statement. In the case of the related hedged borrowings, any gain or loss on the hedged item which is attributable to the hedged risk is adjusted against the carrying amount of the hedged item and is also included within Finance Income or Finance Expense in the Income Statement.

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments (continued)

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised on an effective interest basis to the Income Statement with the objective of achieving full amortisation by maturity of the hedged item.

Cash flow hedge
The effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and presented in the Cash Flow Hedge Reserve in equity with the ineffective portion being recognised within Finance Income or Finance Expense in the Income Statement. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. For cash flow hedges, other than those covered by the preceding statements, the associated cumulative gain or loss is removed from other comprehensive income and recognised in the Income Statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the Income Statement.

Hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss at that point remains in other comprehensive income and is recognised when the transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the Income Statement in the period.

Net investment hedge
Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and presented in the translation reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in either Finance Income or Finance Expense in the Income Statement. Cumulative gains or losses remain in equity until disposal of the net investment in the foreign operation at which point the related differences are reclassified to the Income Statement as part of the overall gain or loss on sale.

Financial Assets

Financial assets other than derivatives are divided into the following categories:

→ loans and receivables
→ investments held at fair value through profit and loss

Trade and other receivables are initially recorded at fair value and, at subsequent reporting dates, at amortised cost. Generally, the Group recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date.

A provision for impairment of trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. Movements in provisions are recognised in the Income Statement. Bad debts are written off against the provision when no further prospect of collection exists.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities (including trade payables) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. When determining the fair value of financial liabilities, the expected future cash flows are discounted using an appropriate interest rate.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, cancelled or expired.

Finance Income

Finance Income comprises interest income on funds invested and any gains on hedging instruments that are recognised in the Income Statement. Interest income is recognised as it accrues using the effective interest rate method.

Finance Expense

Finance Expense comprises interest payable on borrowings calculated using the effective interest rate method, gains and losses on hedging instruments that are recognised in the Income Statement and the net finance cost of the Group's defined benefit pension scheme.

Borrowing costs

Borrowing costs directly attributable to qualifying assets, as defined in IAS 23 *Borrowing costs*, are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use. Other borrowing costs are expensed to the Income Statement in the period in which they are incurred.

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Share-Based Payment Transactions

The Group grants equity settled share based payments to employees through the Performance Share Plan and the Deferred Bonus Plan.

The fair value of these equity settled transactions is determined at grant date and is recognised as an employee expense in the Income Statement, with the corresponding increase in equity, on a straight line basis over the vesting period. The fair value at the grant date is determined using a combination of the Monte Carlo simulation technique and a Black Scholes model, excluding the impact of any non-market conditions. Non-market vesting conditions are included in the assumptions about the number of options that are expected to vest. At each reporting date, the Group revises its estimates of the number of options that are likely to vest. Any adjustment from this revision is recognised in the Income Statement with a corresponding adjustment to equity.

Where the share based payments give rise to the issue of new share capital, the proceeds received by the Company are credited to share capital (nominal value) and share premium when the share entitlements are exercised. Where the share-based payments give rise to the re-issue of shares from treasury shares, the proceeds of issue are credited to share premium.

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

Treasury shares

Where the Company purchases its own equity share capital, the consideration paid is deducted from total shareholders' equity and classified as treasury shares until such shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in total shareholders' equity. No gains or losses are recognised on the purchase, sale, cancellation or issue of treasury shares.

Non-controlling interest

Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the parent company and are presented separately in the Income Statement and within equity in the Statement of Financial Position, distinguished from shareholders' equity attributable to owner of the parent company.

Significant judgements and estimation uncertainty

In the process of applying the Group's accounting policies, as set out on pages 91 to 99, management are required to make estimates, assumptions and judgements that could materially affect the Group's reported results or net asset position.

The areas where key estimates, assumptions and judgements were made by management and are material to the Group's reported results or net asset position, are as following:

Impairment (Note 9)

The Group is required to review assets for objective evidence of impairment.

It does this on the basis of a review of the budget and rolling 5 year forecasts (4 year strategic plan, as approved by the Board, plus year 5 forecasted by management), which by their nature are based on a series of assumptions and estimates.

The Group has performed impairment tests on those cash generating units which contain goodwill, and on any assets where there are indicators of impairment. The key assumptions associated with these reviews are detailed in Note 9.

Guarantees & warranties (Note 20)

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.

Recoverability of trade receivables (Note 15)

The Group 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.

Valuation of inventory (Note 14)

Inventories are measured at the lower of cost and net realisable value. The Group'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.

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Business Combinations (Note 22)

Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition. The application of this method requires certain estimates and assumptions relating, in particular, to the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition.

For intangible assets acquired, the Group bases valuations on expected future cash flows. This method employs a discounted cash flow analysis using the present value of the estimated cash flows expected to be generated from these intangible assets using appropriate discount rates and revenue forecasts. The period of expected cash flows is based on the expected useful life of the intangible asset acquired.

Income taxes (Note 7)

The Group is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions for which the ultimate tax determination is uncertain. The Group recognises liabilities based on estimates of whether additional taxes will be due. Once it has been concluded that a liability needs to be recognised, the liability is measured based on the tax laws that have been enacted or substantially enacted at the end of the reporting period. The amount shown for current taxation includes a liability for tax uncertainties and is based on the directors' best probability weighted estimate of the probable outflow of economic resources that will be required to settle the liability. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

2 SEGMENT REPORTING

In identifying the Group's operating segments, management based its decision on the product supplied by each segment and the fact that each segment is managed and reported separately to the Chief Operating Decision Maker. These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

The Group is establishing a new division, Kingspan Light & Air, encompassing the Group's daylighting and natural ventilation activities effective from January 2017. The extent of these activities increased significantly in the second half of the current year. This activity is reported within the Insulated Panels segment with a plan in place to facilitate full systematic and operational separation effective from 1 January 2017 and therefore Light & Air will be disclosed as a new operating segment from that point onwards.

Operating segments

The Group has the following four operating segments:

Insulated Panels	Manufacture of insulated panels, structural framing and metal facades.
Insulation Boards	Manufacture of rigid insulation boards, building services insulation and engineered timber systems.
Environmental	Manufacture of energy storage solutions, water and microwind systems and all related service activities.
Access Floors	Manufacture of raised access floors and datacentre storage solutions.

Analysis by class of business

Segment revenue	Insulated Panels	Insulation Boards	Environmental	Access Floors	Total
	€m	€m	€m	€m	€m
Total revenue – 2016	2,074.1	688.1	162.0	184.3	**3,108.5**
Total revenue – 2015	1,776.6	662.8	159.0	175.9	2,774.3

Inter-segment transfers are carried out at arm's length prices and using an appropriate transfer pricing methodology. As inter-segment revenue is not material, it is not subject to separate disclosure in the above analysis. For the purposes of the segmental analysis, corporate overheads have been allocated to each division based on their respective revenue for the year.

2 SEGMENT REPORTING (CONTINUED)

Segment result (profit before net finance expense)	Insulated Panels	Insulation Boards	Environmental	Access Floors	Total 2016	Total 2015
	€m	€m	€m	€m	€m	€m
Trading profit – 2016	228.0	78.5	11.3	23.1	**340.9**	
Intangible amortisation	(8.3)	(3.1)	(1.2)	-	**(12.6)**	
Operating profit – 2016	219.7	75.4	10.1	23.1	**328.3**	
Trading profit – 2015	165.2	61.3	8.1	21.3		255.9
Intangible amortisation	(5.9)	(3.1)	(0.1)	-		(9.1)
Operating profit - 2015	159.3	58.2	8.0	21.3		246.8
Net finance expense					**(14.3)**	(14.8)
Profit for the year before tax					**314.0**	232.0
Income tax expense					**(58.5)**	(41.4)
Net profit for the year					**255.5**	190.6

Segment assets	Insulated Panels	Insulation Boards	Environmental	Access Floors	Total 2016	Total 2015
	€m	€m	€m	€m	€m	€m
Assets – 2016	1,806.7	595.9	159.0	160.0	**2,721.6**	
Assets – 2015	1,401.3	586.2	149.9	157.1		2,294.5
Derivative financial instruments					**49.0**	31.7
Cash and cash equivalents					**222.0**	212.0
Deferred tax asset					**12.0**	10.9
Total assets as reported in the Consolidated Statement of Financial Position					**3,004.6**	2,549.1

Segment liabilities	Insulated Panels	Insulation Boards	Environmental	Access Floors	Total 2016	Total 2015
	€m	€m	€m	€m	€m	€m
Liabilities – 2016	(508.6)	(136.2)	(45.7)	(29.3)	**(719.8)**	
Liabilities – 2015	(377.0)	(133.9)	(39.9)	(26.2)		(577.0)
Interest bearing loans and borrowings (current and non-current)					**(698.4)**	(569.6)
Derivative financial instruments (current and non-current)					**-**	(0.1)
Income tax liabilities (current and deferred)					**(114.9)**	(108.6)
Total liabilities as reported in the Consolidated Statement of Financial Position					**(1,533.1)**	(1,255.3)

Other segment information	Insulated Panels	Insulation Boards	Environmental	Access Floors	Total
	€m	€m	€m	€m	€m
Capital investment – 2016 *	112.2	38.5	11.0	8.1	**169.8**
Capital investment – 2015 *	209.4	26.4	3.5	5.3	244.6
Depreciation included in segment result – 2016	(43.0)	(14.5)	(3.3)	(2.4)	**(63.2)**
Depreciation included in segment result – 2015	(38.7)	(15.7)	(3.7)	(2.4)	(60.5)
Non-cash items included in segment result – 2016	(6.6)	(2.0)	(0.9)	(0.9)	**(10.4)**
Non-cash items included in segment result – 2015	(4.7)	(2.0)	(0.6)	(0.8)	(8.1)

* Capital investment includes fair value of property, plant and equipment and intangible assets acquired in business combinations.

2 SEGMENT REPORTING (CONTINUED)

Analysis of segmental data by geography	Republic of Ireland	United Kingdom	Rest of Europe	Americas	Others	Total
	€m	€m	€m	€m	€m	€m
Income Statement Items						
Revenue – 2016	118.0	834.4	1,287.5	630.4	238.2	**3,108.5**
Revenue – 2015	92.4	816.9	1,079.3	566.7	219.0	2,774.3
Statement of Financial Position Items						
Non-current assets – 2016 *	47.9	381.3	716.9	441.2	166.9	**1,754.2**
Non-current assets – 2015 *	49.3	351.2	628.2	382.8	115.0	1,526.5
Other segmental information						
Capital investment – 2016	3.5	32.7	72.2	29.4	32.0	**169.8**
Capital investment – 2015	5.3	21.7	141.1	55.8	20.7	244.6

* Total non-current assets excluding derivative financial instruments and deferred tax assets.

The Group has a presence in over 70 countries worldwide. The revenues from external customers and non-current assets (as defined in IFRS 8) attributable to the country of domicile and all foreign countries or regions of operation are as set out above and specific regions are highlighted separately on the basis of materiality.

There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8. The individual entities within the Group each have a large number of customers spread across various activities, end-users and geographies.

3 EMPLOYEES

a) Employee numbers

The average number of persons employed by the Group in the financial year was:

	2016 Number	2015 Number
Production	**6,381**	5,286
Sales and distribution	**2,434**	2,017
Management and administration	**1,581**	1,292
	10,396	8,595

b) Employee costs, including executive directors

	2016 €m	2015 €m
Wages and salaries	**435.6**	380.2
Social welfare costs	**48.7**	42.8
Pension costs - defined contribution (Note 32)	**11.0**	10.8
Share based payments and awards	**10.4**	8.1
	505.7	441.9
Actuarial losses/(gains) recognised in other comprehensive income	**2.9**	(1.8)
	508.6	440.1

c) Employee share based compensation

The Group currently operates a number of equity settled share based payment schemes; a Performance Share Plan (PSP), a now expired Standard Share Option Scheme (SSOS) and a Deferred Bonus Plan, which was introduced in 2015. The details of these schemes are provided in the Report of the Remuneration Committee.

3 EMPLOYEES (CONTINUED)

Performance Share Plan (PSP)	Number of PSP Options	
	2016	2015
Outstanding at 1 January	**3,582,587**	4,526,786
Granted	**655,674**	775,998
Forfeited	**(60,341)**	(75,548)
Lapsed	**(4,891)**	(15,776)
Exercised	**(877,036)**	(1,628,873)
Outstanding at 31 December	**3,295,993**	3,582,587
Of which, exercisable	**1,211,254**	968,680

The Group recognised a PSP expense of €9.1m (2015: €8.1m) in the Income Statement during the year. All PSP options are exercisable at €0.13 per share. For PSP options that were exercised during the year the average share price at the date of exercise was €23.70 (2015: €18.80). The weighted average contractual life of share options outstanding at 31 December 2016 is 4.0 years (2015: 4.3 years).

The fair values of options granted under the PSP scheme during the current and prior year were determined using the Black Scholes Model or the Monte Carlo Pricing Model as appropriate. The key assumptions used in the model were as follows:

	2016 Awards	2015 Awards
Share price at grant date	€23.40	€17.80
Exercise price per share	€0.13	€0.13
Expected volatility	32%	26%
Expected dividend yield	1.4%	1.3%
Risk-free rate	-0.133%	0.15%
Expected life	3 years	3 years

The resulting weighted average fair value of options granted in the year was €17.36 (2015: €13.16).

As set out in the Report of the Remuneration Committee, the number of options that will ultimately vest is contingent on market conditions such as Total Shareholder Return and non market conditions such as the Earnings Per Share of the Group. Market conditions were taken into account in determining the above fair value, and non market conditions are considered when estimating the number of shares that will eventually vest. Expected volatility was determined by calculating the historical volatility of the Group and peer company share prices over the previous 3 years.

Standard Share Option Scheme (SSOS)
In addition to the PSP scheme, there were also outstanding options granted under a legacy scheme, the Standard Share Option Scheme (SSOS), which has now expired. During the year, all remaining 217,442 options were exercised, at an average price of €24.54 and therefore at 31 December 2016 there are no options (2015: 217,442) outstanding under this scheme. In the prior year, the exercisable options had a weighted average price of €14.18. No options lapsed or were forfeited during the year and there was no income statement expense (2015: Nil) in relation to this scheme.

Deferred Bonus Plan
As set out in the Report of the Remuneration Committee, the Deferred Bonus Plan (DBP) is intended to reward incremental performance over and above the growth targeted by the annual performance related bonus. Any DBP bonus earned for such incremental performance is satisfied by the payment of deferred share awards. These shares are held for the benefit of the individual participants for two years without any additional performance conditions. These shares vest after two years but are forfeited if the participant leaves the Group within that period.

During the year, 50,607 awards were granted under the DBP and all 50,607 awards remain outstanding at 31 December 2016. The charge recognised in the Income Statement for 2016 was €1.3m.

4 FINANCE EXPENSE AND FINANCE INCOME

	2016 €m	2015 €m
Finance expense		
Bank loans	**2.1**	3.9
Private Placement loan notes	**12.1**	10.6
Fair value movement on derivative financial instrument	**(20.4)**	(14.8)
Fair value movement on private placement debt	**20.5**	15.3
Net defined benefit pension scheme (Note 32)	**0.1**	0.1
	14.4	15.1
Finance income		
Interest earned	**(0.1)**	(0.3)
Net finance cost	**14.3**	14.8

No borrowing costs were capitalised during the year (2015: €nil).

No costs were reclassified from other comprehensive income to profit during the year (2015: €nil).

5 PROFIT FOR THE YEAR BEFORE TAX

	2016 €m	2015 €m
The profit for the year is stated after charging/(crediting):		
Distribution expenses	**152.4**	138.5
Operating lease payments	**13.0**	12.0
Product development costs (total, including payroll)	**24.2**	18.5
Depreciation	**63.2**	60.5
Amortisation of intangible assets	**12.6**	9.1
Foreign exchange (gain)/loss	**(5.8)**	1.4
Profit on sale of property, plant and equipment	**(1.4)**	(2.1)

Analysis of total auditor's remuneration for audit services

	2016 €m	2015 €m
Audit of Group (KPMG Ireland)	**0.7**	0.7
Audit of other subsidiaries (other KPMG offices)	**1.1**	1.0
	1.8	1.7

Analysis of amounts paid to the auditor in respect of non-audit services

	2016 €m	2015 €m
Tax compliance and advisory services (KPMG Ireland)	**0.1**	0.2
Tax compliance and advisory services (other KPMG offices)	**0.4**	0.6
	0.5	0.8

6 DIRECTORS' REMUNERATION

	2016 €m	2015 €m
Fees	**0.6**	0.6
Other emoluments	**6.6**	6.2
Pension costs	**0.7**	0.7
Performance Share Plan expense	**1.9**	1.8
Gain on Performance Share Plan awards	**3.4**	9.8
	13.2	19.1

A detailed analysis of directors' remuneration is contained in the Report of the Remuneration Committee.

7 INCOME TAX EXPENSE

	2016 €m	2015 €m
Tax recognised in the Consolidated Income Statement		
Current taxation:		
Current tax expense	**60.3**	42.9
Adjustment in respect of prior years	**1.6**	(2.4)
	61.9	40.5
Deferred taxation:		
Origination and reversal of temporary differences	**(2.0)**	0.9
Effect of rate change	**(1.4)**	-
	(3.4)	0.9
Income tax expense	**58.5**	41.4

The following table reconciles the applicable Republic of Ireland statutory tax rate to the effective tax rate (current and deferred) of the Group:

	2016 €m	2015 €m
Profit for the year	**314.0**	232.0
Applicable notional tax charge (12.5%)	**39.3**	29.0
Expenses not deductible for tax purposes	**4.3**	7.0
Net effect of differing tax rates	**14.4**	6.6
Utilisation of unprovided deferred tax assets	**(1.5)**	(1.7)
Other items	**2.0**	0.5
Total income tax expense	**58.5**	41.4

The total tax charge in future periods will be affected by any changes to the corporation tax rates in force in the countries in which the Group operates. No significant change is expected to the standard rate of corporation tax in the Republic of Ireland which is currently 12.5%.

The methodology used to determine the recognition and measurement of uncertain tax positions is set out in Note 1 'Statement of Accounting Policies'.

The total value of deductible temporary differences which have not been recognised is €18.4m (2015: €15.8m) consisting mainly of tax losses forward. €1.9m of the losses expire within 10 years while all other losses may be carried forward indefinitely.

No provision has been made for tax in respect of temporary differences arising from unremitted earnings of foreign operations as there is no commitment to remit such earnings and no current plans to do so. Deferred tax liabilities of €7.4m (2015: €6.1m) have not been recognised for withholding tax that would be payable on unremitted earnings of €148.8m (2015: €122.5m) in certain subsidiaries.

8 EARNINGS PER SHARE

	2016 €m	2015 €m
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	**255.4**	188.1
	Number of shares ('000) 2016	**Number of shares ('000) 2015**
Weighted average number of ordinary shares for the calculation of basic earnings per share	**177,637**	176,221
Dilutive effect of share options	**2,677**	2,977
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**180,314**	179,198
	2016 € cent	**2015 € cent**
Basic earnings per share	**143.8**	106.7
Diluted earnings per share	**141.6**	105.0
Adjusted basic earnings per share	**150.2**	111.0

Adjusted basic earnings reflects the profit attributable to ordinary shareholders after eliminating the impact, net of tax, of the Group's intangible amortisation charge.

The number of options which are anti-dilutive and have therefore not been included in the above calculations is Nil (2015: Nil).

9 GOODWILL

	2016 €m	2015 €m
At 1 January	**821.2**	475.3
Additions relating to current year acquisitions (Note 22)	**178.7**	327.9
Released during the year (Note 18)	**-**	(4.3)
Net exchange difference	**(9.8)**	22.3
Carrying amount 31 December	**990.1**	821.2
At 31 December		
Cost	**1,055.7**	886.8
Accumulated impairment losses	**(65.6)**	(65.6)
Net carrying amount	**990.1**	821.2

Cash-generating units

Goodwill acquired through business combinations is allocated, at acquisition, to CGUs that are expected to benefit from synergies in that combination. The CGUs are the lowest level within the Group at which the associated goodwill is monitored for internal management reporting purposes, and are not larger than the operating segments determined in accordance with IFRS 8 Operating Segments.

The Group is establishing a new division, Kingspan Light & Air, encompassing the Group's daylighting and natural ventilation activities effective from January 2017. The extent of these activities increased significantly in the second half of 2016. This activity is reported within the Insulated Panels segment with a plan in place to facilitate full systematic and operational separation effective from 1 January 2017 and therefore Light & Air will be disclosed as a new segment from that point onwards.

On that basis and following an assessment of the Group's CGUs, management felt that the inclusion of an additional CGU for Light &Air, within Insulated Panels, was appropriate.

A total of 9 (2015: 8) CGUs have been identified and these are analysed between the four business segments in the Group as set out below. Assets and liabilities have been assigned to the CGUs on a reasonable and consistent basis.

9 GOODWILL (CONTINUED)

	Cash-generating units		Goodwill (€m)	
	2016	2015	2016	2015
Insulated Panels	**5**	4	**655.3**	495.2
Insulation Boards	**1**	1	**185.0**	187.4
Environmental	**1**	1	**68.4**	54.1
Access Floors	**2**	2	**81.4**	84.5
Total	**9**	8	**990.1**	821.2

Significant goodwill amounts

Management have assessed that, in line with IAS 36 *Impairment of Assets*, there are 4 CGUs that are individually significant that require additional disclosure and are as follows:

	Panels Western Europe		Panels North America		Panels Joris Ide		Insulation Boards	
	2016	2015	2016	2015	2016	2015	2016	2015
Goodwill (€m)	**89.2**	93.3	**190.5**	181.7	**286.8**	215.4	**185.0**	187.4
Discount rate (%)	**7.8**	8.1	**9.4**	9.5	**7.8**	8.1	**7.8**	8.1
Excess of value-in-use over carrying amount (€m)	**1,915.4**	1,520.8	**401.4**	316.6	**333.0**	306.6	**900.0**	704.6

The goodwill allocated to these four CGUs accounts for 76% of the total carrying amount of €990.1m. The remaining goodwill balance of €238.6m (2015: €143.3m) is allocated across the remaining 5 CGUs (2015: 4 CGUs), none of which are individually significant.

None of the individually significant CGUs are included in the "Sensitivity analysis" section as it is not considered reasonably possible that there would be a change in the key assumptions such that the carrying amount would exceed value-in-use. Consequently no further disclosures have been provided for these CGUs.

Impairment testing

Goodwill acquired through business combinations has been allocated to the above CGUs for the purpose of impairment testing. Impairment of goodwill occurs when the carrying value of the CGU is greater than the present value of the cash that it is expected to generate (i.e. the recoverable amount). The Group reviews the carrying value of each CGU at least annually or more frequently if there is an indication that a CGU may be impaired.

The recoverable amount of each CGU is determined from value-in-use calculations. The forecasts used in these calculations are based on a 4 year financial plan approved by the Board of Directors, plus year 5 as forecasted by management, and specifically excludes any future acquisition activity. They include assumptions regarding future organic growth with cash flows after year 5 assuming to continue in perpetuity at a rate of 2%, reflecting inflation, but no other growth. The use of cash flows in perpetuity is considered appropriate in light of the Group's established history of earnings growth and cash flow generation, its strong financial position, its demonstrated ability to make earnings enhancing acquisitions and the nature of the industry in which the Group operates.

The value in use calculation represents the present value of the future cash flows, including the terminal value, discounted at a rate appropriate to each CGU. The real pre-tax discount rates used range from 7.8% to 9.5% (2015: 8.1% to 9.7%). These rates are based on the Group's estimated weighted average cost of capital, adjusted for risk, and are consistent with external sources of information.

The cash flows and the key assumptions used in the value in use calculations are determined based on the historical performance of the Group, its strong current financial position as well as management's knowledge and expectation of future trends in the industry. Expected future cash flows are, however, inherently uncertain and are therefore liable to material change over time. The key assumptions used in the value in use calculations are subjective and include projected EBITDA margins, net cash flows, discount rates used and the duration of the discounted cash flow model.

Sensitivity analysis

Sensitivity analysis was performed on all non-significant CGUs by decreasing cash flows by 25%, increasing the discount rate by 30%, reducing the long term growth rate to zero and decreasing the average operating margin of each division by 15%. Each test resulted in a positive recoverable amount for each CGU under each approach. Management believes, therefore, that any reasonable change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amount, thereby giving rise to an impairment.

10 OTHER INTANGIBLE ASSETS

	Customer Relationships €m	Patents & Brands €m	Other Intangibles €m	Total €m
Cost				
At 1 January 2016	20.1	99.0	11.8	130.9
Acquisitions (Note 22)	5.2	8.6	11.4	25.2
Net exchange difference	0.1	(0.5)	0.4	-
At 31 December 2016	**25.4**	**107.1**	**23.6**	**156.1**
Accumulated amortisation				
At 1 January 2016	12.4	30.0	10.1	52.5
Charge for the year	1.5	7.6	3.5	12.6
Net exchange difference	-	(1.1)	0.2	(0.9)
At 31 December 2016	**13.9**	**36.5**	**13.8**	**64.2**
Net Book Value as at 31 December 2016	**11.5**	**70.6**	**9.8**	**91.9**

	Customer Relationships €m	Patents & Brands €m	Other Intangibles €m	Total €m
Cost				
At 1 January 2015	20.1	42.8	9.8	72.7
Acquisitions (Note 22)	-	55.4	-	55.4
Net exchange difference	-	0.8	2.0	2.8
At 31 December 2015	**20.1**	**99.0**	**11.8**	**130.9**
Accumulated amortisation				
At 1 January 2015	11.1	23.6	6.8	41.5
Charge for the year	1.2	5.5	2.4	9.1
Net exchange difference	0.1	0.9	0.9	1.9
At 31 December 2015	**12.4**	**30.0**	**10.1**	**52.5**
Net Book Value as at 31 December 2015	**7.7**	**69.0**	**1.7**	**78.4**

Other intangibles relate primarily to technological know how and order backlogs.

11 JOINT VENTURES

	2016 €m	2015 €m
Interest in joint venture		
At beginning of year	-	8.4
Share of profit after tax	-	-
Dividend received	-	-
Disposal of joint venture	-	(8.4)
At end of year	-	-

In the prior year, the Group acquired the remaining 50% of a previously held joint venture, Kingspan Industrial Insulation ("KII"). KII forms part of the Insulation division and operates mainly in the Benelux countries and the UK.

12 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings €m	Plant and machinery €m	Motor vehicles €m	Total €m
As at 31 December 2016				
Cost	477.1	1,002.8	25.3	1,505.2
Accumulated depreciation and impairment charges	(152.9)	(669.8)	(17.0)	(839.7)
Net carrying amount	**324.2**	**333.0**	**8.3**	**665.5**
At 1 January 2016, net carrying amount	337.2	275.1	6.8	619.1
Acquisitions through business combinations (Note 22)	7.5	22.0	1.4	30.9
Additions	14.6	95.7	3.4	113.7
Disposals	(7.3)	(1.0)	(0.5)	(8.8)
Reclassification	(0.1)	0.1	-	-
Depreciation charge for year	(11.7)	(48.4)	(3.1)	(63.2)
Impairment charge for year	(3.2)	(0.2)	-	(3.4)
Effect of movement in exchange rates	(12.8)	(10.3)	0.3	(22.8)
At 31 December 2016, net carrying amount	**324.2**	**333.0**	**8.3**	**665.5**

	Land and buildings €m	Plant and machinery €m	Motor vehicles €m	Total €m
As at 31 December 2015				
Cost	493.0	913.6	20.4	1,427.0
Accumulated depreciation and impairment charges	(155.8)	(638.5)	(13.6)	(807.9)
Net carrying amount	**337.2**	**275.1**	**6.8**	**619.1**
At 1 January 2015, net carrying amount	276.7	216.0	4.3	497.0
Acquisitions through business combinations (Note 22)	51.7	58.1	0.4	110.2
Additions	20.5	55.4	3.1	79.0
Disposals	(4.8)	(2.6)	(0.3)	(7.7)
Reclassification	4.6	(4.7)	0.1	-
Depreciation charge for year	(12.5)	(46.1)	(1.9)	(60.5)
Impairment charge for year	(8.1)	(5.3)	-	(13.4)
Effect of movement in exchange rates	9.1	4.3	1.1	14.5
At 31 December 2015, net carrying amount	**337.2**	**275.1**	**6.8**	**619.1**

The carrying amounts and depreciation of assets held under finance leases included above is as follows:

Net Book Value	€2.5m	*(2015: €3.6m)*
Depreciation	€1.7m	*(2015: €1.7m)*

Included within the cost of land and buildings and plant and machinery are assets in the course of construction to the value of €7.9m and €53.7m respectively (2015: €7.6m and €13.6m). These assets have not yet been depreciated.

The Group has no material investment properties and hence no property assets are held at fair value.

13 INVESTMENTS IN SUBSIDIARIES

Company	2016 €m	2015 €m
At 1 January	**1,164.3**	1,104.0
Investment in subsidiaries	**-**	54.5
Share options and awards	**9.0**	5.8
At 31 December	**1,173.3**	1,164.3

The share options and awards addition reflects the cost of share based payments attributable to subsidiary undertakings, which are treated as capital contributions by the Company.

14 INVENTORIES

	2016 €m	2015 €m
Raw materials and consumables	**296.6**	222.0
Work in progress	**14.9**	10.0
Finished goods	**107.0**	102.7
Inventory impairment allowance	**(53.0)**	(41.2)
At 31 December	**365.5**	293.5

A total of €1.8bn (2015: €1.5bn) of inventories was included in the Income Statement as an expense. This includes a net income statement charge of €7.6m (2015: €1.5m) arising on the inventory impairment allowance. Inventory impairment allowance levels are continuously reviewed by management and revised where appropriate, taking account of the latest available information on the recoverability of carrying amounts.

No inventories have been pledged as security for liabilities entered into by the Group.

15 TRADE AND OTHER RECEIVABLES

	2016 €m	2015 €m
Amounts falling due within one year:		
Trade receivables, gross	**592.1**	478.3
Impairment allowance	**(46.1)**	(42.5)
Trade receivables, net	**546.0**	435.8
Other receivables	**22.6**	19.2
Prepayments	**33.3**	19.5
	601.9	474.5

The maximum exposure to credit risk for trade and other receivables at the reporting date is their carrying amount.

The Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were determined to be impaired and a total impairment allowance of €46.1m (2015: €42.5m) has been recorded accordingly. The movement on the impairment allowance for the year is as follows:

	2016 €m	2015 €m
At 1 January	**42.5**	28.3
Effect of movement in exchange rates	**(1.1)**	0.9
Arising on acquisition	**2.7**	10.2
Provided during the year	**11.6**	11.5
Written off during the year	**(5.4)**	(4.2)
Released during the year	**(4.2)**	(4.2)
At 31 December	**46.1**	42.5

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

There are no material dependencies or concentrations on individual customers which would warrant separate disclosure. The individual entities within the Group each have a large number of customers spread across various activities, end users and geographies. Approximately 73% (2015: 71%) of net receivables are covered by credit insurance or other forms of collateral such as letters of credit or bank guarantees.

Aged Analysis

The aged analysis of gross trade receivables, analysed between amounts that were neither past due nor impaired and amounts past due but not impaired at the year end, was as follows:

	2016 €m	2015 €m
Neither past due nor impaired		
-Invoice date less than 90 days	368.0	284.9
-Invoice date greater than 90 days	15.0	6.7
Past due but not impaired		
- 0 to 60 days overdue	133.8	116.3
- 60+ days overdue	22.6	16.2
Past due and impaired (fully or partially)	52.7	54.2
	592.1	478.3

The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired, is €nil (2015: €nil).

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

16 TRADE AND OTHER PAYABLES

	2016 €m	2015 €m
Trade payables	**310.2**	233.0
Accruals	**230.1**	194.8
Deferred income	**18.8**	6.2
Irish income tax & social welfare	**1.0**	1.0
Other income tax & social welfare	**19.8**	19.7
Value added tax	**5.3**	13.5
	585.2	468.2

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

17 INTEREST BEARING LOANS AND BORROWINGS

	2016 €m	2015 €m
Current financial liabilities		
Bank loans and overdrafts (unsecured)	**0.2**	97.9
Private placements	**39.8**	-
Finance lease obligations (Note 31)	**1.1**	0.8
	41.1	98.7

	2016 €m	2015 €m
Non-current financial liabilities		
Private placements	**651.3**	465.5
Bank loans (unsecured)	**3.6**	4.3
Finance lease obligations (Note 31)	**2.4**	1.1
	657.3	470.9

17 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Analysis of Net Debt

	2016 €m	2015 €m
Cash and cash equivalents	**222.0**	212.0
Derivative financial instruments	**48.5**	29.6
Current borrowings	**(41.1)**	(98.7)
Non-current borrowings	**(657.3)**	(470.9)
Total Net Debt	**(427.9)**	(328.0)

The Group's core funding is provided by five private placements; two USD private placements totalling $242m, $42m of which matures in March 2017 with the remaining $200m maturing in August 2021, and three EUR private placements totalling €457.5m which will mature in tranches between March 2021 and November 2026. The notes have a weighted average maturity of 6.5 years.

In addition, the Group has a €300m revolving credit facility, which was undrawn at year end and which matures in March 2019. As at 31 December 2016, the Group's committed bilateral bank facilities were €160m, none of which was drawn.

More details of the Group's loans and borrowings are set out in Note 19.

Net debt, which is an Alternative Performance Measure, is stated net of interest rate and currency hedges which relate to hedges of debt. Foreign currency derivatives assets of €0.5m (2015: €2.0m) which are used for transactional hedging are not included in the definition of net debt.

18 DEFERRED CONTINGENT CONSIDERATION

For each acquisition for which deferred contingent consideration has been provided, an annual review takes place to evaluate if the payment conditions are likely to be met.

	2016 €m	2015 €m
Opening balance	**10.1**	15.4
Effect of movement in exchange rates	**0.4**	1.7
Arising on current year acquisitions (Note 22)	**5.4**	1.6
Released during year	**-**	(4.3)
Amounts paid	**(3.0)**	(4.3)
Closing balance	**12.9**	10.1
Split as follows:		
Current liabilities	**6.8**	9.5
Non-current liabilities	**6.1**	0.6
	12.9	10.1

Discounting of the non-current element has not been applied because the discount would be immaterial.

During the year, the Group paid €3.0m of deferred contingent consideration relating to the SPU Oy and PAL businesses which were acquired in 2015 and 2014 respectively.

The deferred contingent consideration arising on current year acquisitions relates to the Tankworks acquisition and potential amounts payable to the former owners if certain trading targets are achieved. The amount of deferred contingent consideration that has been recognised is arrived at by the application of a range of outcomes and associated probabilities in order to determine the carrying amount.

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial Risk Management

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

The Group's risk management strategies include the usage of derivatives (other than for speculative transactions), principally forward exchange contracts, interest rate swaps, and cross currency interest rate swaps.

Liquidity risk

In addition to the high level of free cash flow, the Group operates a prudent approach to liquidity management using a mixture of long-term debt together with short-term debt, cash and cash equivalents, to enable it to meet its liabilities when due.

The Group's core funding is provided by a number of private placement loan notes totalling €691.1m. The notes have a weighted average maturity of 6.5 years.

In addition, the Group has a €300m revolving credit facility, which was undrawn at year end and which matures in March 2019. As at 31 December 2016, the Group's committed bilateral bank facilities were €160m, none of which was drawn.

Both the private placements and the revolving credit facility have an interest cover test (Net Interest: EBITDA must exceed 4 times) and a net debt test (Net Debt: EBITDA must be less than 3.5 times). In addition, the revolving credit facility has a requirement that the Group's net assets must exceed €400m. These covenant tests have been met for the covenant test period to 31 December 2016.

The Group also has in place a number of uncommitted bilateral working capital facilities to serve its working capital requirements. These facilities total €44m (2015: €43m) and are generally supported by a Group guarantee.

The following are the carrying amounts and contractual maturities of financial liabilities (including estimated interest payments):

	Carrying amount 2016	Contractual cash flow	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Greater than 5 years
	€m	€m	€m	€m	€m	€m
Non derivative financial instruments						
Bank loans	3.8	3.8	0.2	-	-	3.6
Private placement loan notes	691.1	799.4	58.7	17.9	285.2	437.6
Finance lease liabilities	3.5	3.5	1.1	0.5	0.4	1.5
Trade and other payables	585.2	585.2	585.2	-	-	-
Deferred contingent consideration	12.9	12.9	6.8	6.1	-	-
Derivative financial (assets) / liabilities						
Interest rate swaps used for hedging:						
Carrying value	(1.7)					
Net inflows		2.0	0.7	0.5	0.8	-
Cross currency interest rate swaps used for hedging:						
Carrying value	(46.8)					
- outflow		141.9	35.1	3.0	103.8	-
- inflow		195.4	46.7	6.5	142.2	-
Foreign exchange forwards used for hedging:						
Carrying value assets	(0.5)					
Carrying value liabilities	-					
- outflow		37.5	37.5			
- inflow		37.7	37.7			

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

	Carrying amount 2015	Contractual cash flow	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Greater than 5 years
	€m	€m	€m	€m	€m	€m
Non derivative financial instruments						
Bank loans	102.2	102.2	98.2	0.4	-	3.6
Private placement loan notes	465.5	558.9	16.4	53.9	43.2	445.4
Finance lease liabilities	1.9	1.9	0.8	1.1	-	-
Trade and other payables	468.2	468.2	468.2	-	-	-
Deferred contingent consideration	10.1	10.1	9.5	0.6	-	-
Derivative financial (assets) / liabilities						
Interest rate swaps used for hedging:						
Carrying value	(2.3)					
Net inflows		2.7	0.8	0.6	1.0	0.3
Cross currency interest rate swaps used for hedging:						
Carrying value	(27.3)					
- outflow		150.1	4.5	35.9	11.6	98.1
- inflow		177.9	7.5	45.0	16.3	109.1
Foreign exchange forwards used for hedging:						
Carrying value assets	(2.1)					
Carrying value liabilities	0.1					
- outflow		68.1	68.1			
- inflow		70.0	70.0			

For provisions, the carrying amount represents the Group's best estimate of the expected future outflows. As it does not represent a contractual liability at the year end, no amount has been included as a contractual cash flow.

The actual future cash flows could be different than predicted in the tables above, if the associated obligations were to become repayable on demand as a result of non-compliance with covenants or other contractual terms. No such non-compliance is envisaged.

Foreign exchange risks

There are two types of foreign currency risk to which the Group is exposed, namely transaction risk and translation risk. The objective of the Group's foreign currency risk management strategy is to manage and control market risk exposures within acceptable parameters. As set out below the Group uses derivatives to manage foreign exchange risk. Transactions involving derivatives are carried out in accordance with the Treasury policy. The Group seeks to apply hedge accounting, where practicable, to manage volatility in profit or loss.

Transaction risk
Apart from transaction risk on debt, this arises where operating units have input costs or sales in currencies other than their functional currencies. These exposures are internally hedged as far as possible. Group policy is to hedge up to a maximum of 75% of a forecast exposure. Material exposures are hedged on a rolling 12 months basis. The Group's principal exposure relates to GBP and USD, with less significant exposures to certain central European currencies.

In addition, where operating entities carry monetary assets and liabilities at year end denominated other than in their functional currency, their translation at the year-end rates of exchange into their functional currency will give rise to foreign currency gains and losses. The Group seeks to manage these gains and losses to net to nil.

Based on current cashflow projections for the businesses to 31 December 2017, it is estimated that the Group is long GBP£92m and short USD$28m. At 31 December 2016 hedges were in place covering 32% and 0% respectively of these exposures.

Translation risk
This exists due to the fact that the Group has operations whose functional currency is not the Euro, the Group's presentational currency. Changes in the exchange rate between the reporting currencies of these operations and the Euro, have an impact on the Group's consolidated reported result. For 2016, the impact of changing currency rates versus Euro compared to the average 2015 rates was negative €43.8m (2015: positive €40.6m). In common with many other international groups, the Group does not currently seek to externally hedge its translation exposure.

Sensitivity analysis for primary currency risk
A 10% volatility of the EUR against GBP and USD in respect of transaction risk in the reporting entities functional currency would impact reported after tax profit by €9.9m (2015: €6.6m) and equity by €3.5m (2015: €5.2m).

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

US Dollar Loan Notes

2005 Private Placement
The Group has a private placement of US$42m fixed interest 12-year bullet repayment loan notes maturing on 29 March 2017. The Group has entered into US dollar fixed/Euro fixed cross currency interest rate swaps for the full amount of the private placement with semi-annual interest payments with a weighted average interest rate of 4.35%. The maturity dates of these cross currency interest rate swaps is identical to the maturity dates of the private placement debt.

These cross currency interest rate swaps have been designated as cashflow hedges under the IAS 39 hedge accounting rules, thereby removing any significant volatility from reported earnings.

2011 Private Placement
In 2011, the Group issued a second private placement of US$200m fixed interest 10 year bullet repayment loan notes maturing in August 2021. In order to align the Group's debt profile with its risk management strategy, the Group entered into a number of hedging transactions in order to mitigate the associated foreign exchange and interest rate exposures. The Group entered into US dollar fixed/GBP floating cross currency interest rate swaps for US$118.6m of the private placement. The benchmark interest rate and credit spread have been separately identified and designated for hedge accounting purposes. The Group also entered into US dollar interest rate swaps for US$40m of the private placement. The fixed rate and maturity date on the swaps match the fixed rate on the private placement for all instruments. The instruments were designated as hedging instruments at inception and continued to qualify as effective hedges under IAS 39 at 31 December 2016.

Interest Rate Risk

The Group has an exposure to movements in interest rates on its debt portfolio, and on its cash and cash equivalent balances and derivatives. The Group policy is to ensure that at least 40% of its debt is fixed rate.

In respect of interest bearing loans and borrowings, the following table indicates the effective average interest rates at the year-end and the periods over which they mature. Interest on interest bearing loans and borrowings classified as floating rate is repriced at intervals of less than one year. The table further analyses interest bearing loans and borrowings by currency and fixed/floating mix and has been prepared both before and after the impact of derivatives.

Before the impact of hedging transactions

As at 31 December 2016	Weighted average effective interest rate	Total €m	At fixed interest rate €m	At floating interest rate €m	Under 5 years €m	Over 5 years €m
Bank loans	2.91%	3.8	3.8	-	0.2	3.6
Loan notes	2.91%	691.1	691.1	-	276.1	415.0
		694.9	**694.9**	**-**	**276.3**	**418.6**

	Total €m	At fixed interest rate €m	At floating interest rate €m
Euro	461.3	461.3	-
USD	233.6	233.6	-
	694.9	**694.9**	**-**

After the impact of hedging transactions

As at 31 December 2016	Weighted average effective interest rate	Total €m	At fixed interest rate €m	At floating interest rate €m	Under 5 years €m	Over 5 years €m
Bank loans	2.91%	3.8	3.8	-	0.2	3.6
Loan notes	2.24%	691.1	536.5	154.6	276.1	415.0
		694.9	**540.3**	**154.6**	**276.3**	**418.6**

	Total €m	At fixed interest rate €m	At floating interest rate €m
Euro	527.6	527.6	-
GBP	115.1	-	115.1
USD	52.2	12.7	39.5
	694.9	**540.3**	**154.6**

The weighted average maturity of debt is 6.5 years (2015: 5.4 years) as at 31 December 2016.

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Before the impact of hedging transactions

As at 31 December 2015	Weighted average effective interest rate	Total €m	At fixed interest rate €m	At floating interest rate €m	Under 5 years €m	Over 5 years €m
Bank loans	0.74%	102.2	26.0	76.2	98.4	3.8
Loan notes	3.57%	465.5	465.5	-	38.5	427.0
		567.7	**491.5**	**76.2**	**136.9**	**430.8**

	Total €m	At fixed interest rate €m	At floating interest rate €m
Euro	313.9	237.7	76.2
USD	253.8	253.8	-
	567.7	**491.5**	**76.2**

After the impact of hedging transactions

As at 31 December 2015	Weighted average effective interest rate	Total €m	At fixed interest rate €m	At floating interest rate €m	Under 5 years €m	Over 5 years €m
Bank loans	0.74%	102.2	26.0	76.2	98.4	3.8
Loan notes	2.71%	465.5	314.0	151.5	38.5	427.0
		567.7	**340.0**	**227.7**	**136.9**	**430.8**

	Total €m	At fixed interest rate €m	At floating interest rate €m
Euro	378.1	301.9	76.2
GBP	112.5	-	112.5
USD	77.1	38.1	39.0
	567.7	**340.0**	**227.7**

An increase or decrease of 100 basis points in each of the applicable rates and interest rate curves would impact reported after tax profit by €1.5m (2015: €2.3m) and equity by €1.5m (2015: €2.3m).

Credit risk

Credit risk encompasses the risk of financial loss to the Group of counterparty default in relation to any of its financial assets. The Group's maximum exposure to credit risk is represented by the carrying value of each financial asset:

	2016 €m	2015 €m
Cash & cash equivalents	222.0	212.0
Trade receivables	546.0	435.8
Derivative financial assets	49.0	31.7

Trade receivables arise from a wide and varied customer base spread across various activities, end users and geographies, and as such there is no significant concentration of credit risk. The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and a significant element of credit risk is covered by credit insurance or other forms of collateral such as letters of credit or bank guarantees.

Further details of trade receivables and associated impairment allowances, including detailed analysis of overdue debtors, is included in Note 15.

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Cash & cash equivalents

On the Group's cash and cash equivalents and derivatives, counterparty risk is managed by dealing with banks that have a minimum credit rating and by spreading business across a portfolio of 8 relationship banks.

Financial instruments by category

The carrying amount of financial assets presented in the Statement of Financial Position relate to the following measurement categories as defined in IAS 39:

2016	Loans and receivables	Derivatives designated as hedging instruments	Total
	€m	€m	€m
Current:			
Trade receivables	546.0	-	546.0
Other receivables	22.6	-	22.6
Cash and cash equivalents	222.0	-	222.0
Derivative financial instruments	-	8.4	8.4
	790.6	8.4	799.0
Non Current:			
Derivative financial instruments	-	40.6	40.6
	-	40.6	40.6

2015	Loans and receivables	Derivatives designated as hedging instruments	Total
	€m	€m	€m
Current:			
Trade receivables	435.8	-	435.8
Other receivables	19.2	-	19.2
Cash and cash equivalents	212.0	-	212.0
Derivative financial instruments	-	2.1	2.1
	667.0	2.1	669.1
Non Current:			
Derivative financial instruments	-	29.6	29.6
	-	29.6	29.6

It is considered that the carrying amounts of the above financial assets approximate their fair values.

The carrying amounts of financial liabilities presented in the Statement of Financial Position relate to the following measurement categories as defined in IAS 39:

2016	Financial liabilities in fair value hedge	Financial liabilities measured at fair value	Financial liabilities measured at amortised cost	Derivatives designated as hedging instruments	Total
	€m	€m	€m	€m	€m
Current:					
Borrowings	-	-	41.1	-	41.1
Trade payables	-	-	310.2	-	310.2
Accruals	-	-	230.1	-	230.1
Deferred contingent consideration	-	6.8	-	-	6.8
	-	6.8	581.4	-	588.2
Non current:					
Borrowings	154.6	-	502.7	-	657.3
Deferred contingent consideration	-	6.1	-	-	6.1
	154.6	6.1	502.7	-	663.4

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

2015	Financial liabilities in fair value hedge	Financial liabilities measured at fair value	Financial liabilities measured at amortised cost	Derivatives designated as hedging instruments	Total
	€m	€m	€m	€m	€m
Current:					
Borrowings	-	-	98.7	-	98.7
Trade payables	-	-	233.0	-	233.0
Accruals	-	-	194.8	-	194.8
Derivative financial instruments	-	-	-	0.1	0.1
Deferred contingent consideration	-	9.5	-	-	9.5
	-	9.5	526.5	0.1	536.1
Non current:					
Borrowings	151.5	-	319.4	-	470.9
Deferred contingent consideration	-	0.6	-	-	0.6
	151.5	0.6	319.4	-	471.5

Fair value hierarchy

Financial assets and liabilities recognised at fair value are analysed between those based on quoted prices in active markets for identical assets or liabilities (Level 1), those involving inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly (Level 2); and those involving inputs for the assets or liabilities that are not based on observable market data (Level 3).

Normally, the derivatives entered into by the Group are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates (Level 2). All derivatives entered into by the Group are included in Level 2 and consist of foreign currency forward contracts, interest rate swaps and cross currency interest rate swaps.

	As at 31 December 2016			As at 31 December 2015		
	Level 1 €m	Level 2 €m	Level 3 €m	Level 1 €m	Level 2 €m	Level 3 €m
Financial Assets						
Interest rate swaps	-	48.5	-	-	29.4	-
Foreign exchange contracts for hedging	-	0.5	-	-	2.3	-
Financial Liabilities						
Deferred contingent consideration	-	-	12.9	-	-	10.1

During the period ended 31 December 2016, there were no significant changes in the business or economic circumstances that affect the fair value of financial assets and liabilities, no reclassifications and no transfers between levels of the fair value hierarchy used in measuring the fair value of the financial instruments.

Except as detailed below, it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost approximate their fair values.

	As at 31 December 2016			As at 31 December 2015		
	Carrying amount €m	Fair Value €m	Level	Carrying amount €m	Fair Value €m	Level
Private Placement Loan Notes	691.1	742.3	2	465.5	501.2	2
Bank Loans	3.8	3.8	2	102.2	102.2	2

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Capital Management Policies and Procedures

The Group employs a combination of debt and equity to fund its operations. As at 31 December 2016 the total capital employed in the Group was as follows:

	2016 €m	2015 €m
Net Debt	**427.9**	328.0
Equity	**1,471.5**	1,293.8
Total Capital Employed	**1,899.4**	1,621.8

The Board's objective when managing capital is to maintain a strong capital base so as to maintain the confidence of investors, creditors and the market. The Board monitors the return on capital (defined as total shareholders' equity plus net debt), and targets a return of 15% together with a dividend level that is compatible with industry norms, but which also reflects any exceptional market conditions.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group actively manages foreign currency and interest rate exposure, as well as actively managing the net asset position, in order to create bottom line value. This necessitates the development of a methodology to optimise the allocation of financial resources on the one hand and the return on capital on the other.

The Board closely monitors externally imposed capital restrictions which are present due to covenants within the Group's core banking facilities. These covenants include a requirement that the net assets of the Group be maintained at a minimum level of €400m.

There were no changes to the Group's approach to capital management during the year.

20 PROVISIONS FOR LIABILITIES

Guarantees and warranties	2016 €m	2015 €m
At 1 January	**83.6**	55.8
Arising on acquisitions (Note 22)	**7.5**	18.8
Provided during year	**41.4**	43.7
Claims paid	**(14.9)**	(24.8)
Provisions released	**(12.8)**	(11.8)
Effect of movement in exchange rates	**(3.9)**	1.9
At 31 December	**100.9**	83.6
Current liability	**55.5**	47.2
Non-current liability	**45.4**	36.4
	100.9	83.6

The Group manufactures a wide range of insulation and related products for use primarily in the construction sector. Some products carry formal guarantees of satisfactory performance of varying periods following their purchase by customers and a provision is carried in respect of the expected costs of settling warranty and guarantee claims which arise. Both the number of claims and the cost of settling the claim are sensitive to change but not to such an extent as would cause a material change in the provision. Provisions are reviewed by management on a regular basis, and adjusted to reflect the current best estimate of the economic outflow. If it is no longer probable that an outflow of economic benefits will be required, the related provision is reversed.

For the non-current element of the provision, the Group anticipates that these will be utilised within three years of the reporting date. Discounting of the non-current element has not been applied because the discount would be immaterial.

The Group is not engaged in any material litigation.

21 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities arising from temporary differences and unused tax losses after offset are as follows:

	2016 €m	2015 €m
Deferred tax assets	**12.0**	10.9
Deferred tax liabilities	**(37.8)**	(44.1)
Net Position	**(25.8)**	(33.2)

21 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Deferred tax arises from differences in the carrying value of items such as property, plant and equipment, intangibles, pension obligations, and other temporary differences in the financial statements and the tax base established by the tax authorities.

The movement in the net deferred tax position for 2016 is as follows:

	Balance 1 Jan 2016 €m	Recognised in profit or loss €m	Recognised in equity €m	Recognised in other comprehensive income €m	Translation adjustment €m	Arising on acquisitions €m	Balance 31 Dec 2016 €m
Property, plant and equipment	(49.2)	3.1	-	-	1.1	(1.3)	**(46.3)**
Intangibles	(20.6)	1.2	-	-	(1.0)	(6.4)	**(26.8)**
Other temporary differences	34.6	(1.6)	1.4	0.1	0.5	4.2	**39.2**
Pension obligations	(1.5)	0.4	-	0.6	0.4	-	**(0.1)**
Unused tax losses	3.5	0.3	-	-	0.4	4.0	**8.2**
	(33.2)	3.4	1.4	0.7	1.4	0.5	**(25.8)**

The movement in the net deferred tax position for 2015 is as follows:

	Balance 1 Jan 2015 €m	Recognised in profit or loss €m	Recognised in equity €m	Recognised in other comprehensive income €m	Translation adjustment €m	Arising on acquisitions €m	Balance 31 Dec 2015 €m
Property, plant and equipment	(32.9)	1.1	-	-	(0.7)	(16.7)	**(49.2)**
Intangibles	(4.7)	1.3	-	-	-	(17.2)	**(20.6)**
Other temporary differences	21.7	(2.2)	8.7	(0.1)	0.8	5.7	**34.6**
Pension obligations	(0.8)	(0.4)	-	(0.2)	(0.1)	-	**(1.5)**
Unused tax losses	1.6	(0.7)	-	-	0.1	2.5	**3.5**
	(15.1)	(0.9)	8.7	(0.3)	0.1	(25.7)	**(33.2)**

22 BUSINESS COMBINATIONS

In August 2016, the Group acquired 100% of the share capital of Essmann Gebaudetechnik GmbH, the holding company of the Essmann Group ("Essmann"). Essmann is a European provider of light, air and safety solutions for flat roofs and façades on non-residential buildings. The total consideration including debt and related costs amounted to €79.6m.

In April 2016 and August 2016, the Group acquired 100% of the share capital of Euro Clad (Holdings) Limited ("Euro Clad") and of Eurobond Laminates Limited ("Eurobond") respectively. The two companies are referred to as the 'Euro Group' as they previously had common ownership and were acquired together, with the Eurobond acquisition delayed due to UK competition clearance. Euro Clad is a British manufacturer of built up metal roof and wall systems and products whilst Eurobond is a British manufacturer of stone wool fibre panels. The total consideration including debt and related costs amounted to €94.2m.

The Group made four additional acquisitions during the year for a combined total consideration of €88.6m:

→ the purchase of 100% of the share capital of Tankworks Australia Pty Limited in April 2016, a manufacturer and supplier of steel based rain water harvesting systems in Australia;
→ the asset purchase of Bristol Fiberlite Industries Inc. ("Bristolite") in November 2016, a US manufacturer of energy efficient commercial unit skylights, smoke vents and accessories;
→ the purchase of 100% of the share capital of the Paroc Group in December 2016, a Finnish insulated panels business; and
→ the purchase of 62.5% of the share capital of Isocab Isobar NV in October 2016, a Belgian insulated panels business.

22 BUSINESS COMBINATIONS (CONTINUED)

The provisional fair values of the acquired assets and liabilities at acquisition are set out below:

	Essmann €m	Euro Group €m	Other €m	Total €m
Non-current assets				
Intangible assets	8.7	10.3	6.2	**25.2**
Property, plant and equipment	13.5	5.5	11.9	**30.9**
Deferred tax asset	5.9	0.7	1.1	**7.7**
Current assets				
Inventories	15.3	7.7	15.4	**38.4**
Trade and other receivables	29.4	22.1	22.3	**73.8**
Current liabilities				
Trade and other payables	(23.5)	(22.7)	(23.3)	**(69.5)**
Provisions for liabilities	(3.7)	(2.1)	(1.7)	**(7.5)**
Non-current liabilities				
Retirement benefit obligation	(4.6)	-	-	**(4.6)**
Deferred tax liabilities	(2.8)	(2.4)	(2.0)	**(7.2)**
Total identifiable assets	38.2	19.1	29.9	**87.2**
Non-controlling interest arising on acquisition (Note 28)	-	-	(3.5)	**(3.5)**
Goodwill	41.4	75.1	62.2	**178.7**
Total consideration	79.6	94.2	88.6	**262.4**
Satisfied by:				
Cash (net of cash acquired)	79.6	94.2	77.6	**251.4**
Deferred contingent consideration	-	-	5.4	**5.4**
Transfer of assets	-	-	5.6	**5.6**
	79.6	94.2	88.6	**262.4**

The acquired goodwill is attributable principally to the profit generating potential of the businesses, together with cross-selling opportunities and other synergies expected to be achieved from integrating the acquired businesses into the Group's existing business.

In the post-acquisition period to 31 December 2016, the businesses acquired during the current year contributed revenue of €144.5m and a trading profit of €10.9m to the Group's results.

The full year revenue and trading profit had the acquisitions taken place at the start of the year, would have been €3.3bn and €362m.

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to €73.8m. The fair value of these receivables is €71.1m, all of which is recoverable, and is inclusive of an aggregate impairment provision of €2.7m.

Given the nature of the acquisitions made during the year, there is €26.2m goodwill (2015: €Nil) which is expected to be deductible for tax purposes.

The Group incurred acquisition related costs of €3.1m (2015: €3.8m) relating to external legal fees and due diligence costs. These costs have been included in operating costs in the Income Statement.

The deferred contingent consideration reflects the present value, which is based on a multiple of EBITDA, of a put and call option to acquire the non-controlling interest in Tankworks. As this option is expected to be exercised, the Group has consolidated Tankworks as a 100% subsidiary.

The transfer of assets resulted from the Isocab Isobar NV acquisition and reflects the assets contributed by the Group in exchange for 62.5% of the share capital. The non-controlling interest recognised on acquisition reflects the value of assets contributed by the other party in exchange for its 37.5% shareholding in the new company. The fair value of such assets are provisional as at the reporting date.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of a number of the business combinations above given their proximity to year-end. Any amendments to these fair values within the twelve month timeframe from the date of acquisition will be disclosable in the 2017 Annual Report as stipulated by IFRS 3.

22 BUSINESS COMBINATIONS (CONTINUED)

Prior year acquisitions

In the prior year, the Group acquired 100% of the share capital of Steel Partners NV (the holding company of the Joris Ide Group), the Building Products division of Vicwest Inc., 100% of the share capital of American Solar Alternative Power LLC, 100% of the share capital of SPU Oy and the remaining 50% of the previously held joint venture Kingspan Industrial Insulation.

The provisional fair values of the acquired assets and liabilities at acquisition are set out below:

	Joris Ide €m	Vicwest €m	Other €m	Total €m
Non-current assets				
Intangible assets	34.5	20.9	-	**55.4**
Property, plant and equipment	81.8	22.9	5.5	**110.2**
Deferred tax asset	-	-	0.5	**0.5**
Current assets				
Inventories	79.0	24.3	5.1	**108.4**
Trade and other receivables	38.1	28.4	10.3	**76.8**
Current liabilities				
Trade and other payables	(93.4)	(32.6)	(9.9)	**(135.9)**
Provisions for liabilities	(13.0)	(3.5)	(2.3)	**(18.8)**
Non-current liabilities				
Deferred tax liabilities	(22.0)	(4.2)	-	**(26.2)**
Total identifiable assets	105.0	56.2	9.2	**170.4**
Goodwill	215.4	82.1	30.4	**327.9**
Total consideration	320.4	138.3	39.6	**498.3**
Satisfied by:				
Cash (net of cash acquired)	265.9	138.3	30.2	**434.4**
Deferred contingent consideration	-	-	1.6	**1.6**
Share capital issued	54.5	-	-	**54.5**
Value attributed to initial 50% of the business	-	-	7.8	**7.8**
	320.4	138.3	39.6	**498.3**

In the post-acquisition period to 31 December 2015, the acquired businesses contributed revenue of €567m and a trading profit of €39m to the Group's results.

The full year revenue and trading profit had the acquisitions taken place at the start of the year, would have been €2.9bn and €256m.

The Group incurred acquisition related costs of €3.8m (2014: €1.1m) relating to external legal fees and due diligence costs. These costs have been included in operating costs in the Income Statement.

23 SHARE CAPITAL

	2016 €m	2015 €m
Authorised		
220,000,000 Ordinary shares of €0.13 each	**28.6**	28.6
Issued and fully paid		
Ordinary shares of €0.13 each		
Opening balance – 178,957,056 (2015: 176,599,183) shares	**23.3**	23.0
Share options exercised – 1,094,478 (2015: 2,357,873) shares	**0.1**	0.3
Closing balance – 180,051,534 (2015: 178,957,056) shares	**23.4**	23.3

Details of share options exercised are set out in Note 3 to the financial statements.

24 SHARE PREMIUM

	2016 €m	2015 €m
At 1 January	**92.5**	48.4
Premium on share options exercised under employee share based compensation schemes	**3.1**	9.0
Premium on treasury shares issued	**-**	35.1
At 31 December	**95.6**	92.5

25 TREASURY SHARES

Consideration paid	2016			2015		
	No. of shares	Consideration per share €	Total €m	No. of shares	Consideration per share €	Total €m
At 1 January	1,938,257	5.83	11.3	4,938,257	6.22	30.7
Repurchase of shares	50,607	25.10	1.3	-	-	-
Shares issued	(19,038)	6.21	(0.1)	(3,000,000)	6.47	(19.4)
At 31 December	1,969,826	6.32	12.5	1,938,257	5.83	11.3

Nominal value	2016			2015		
	No. of shares	Nominal value €	Total €	No. of shares	Nominal value €	Total €
At 1 January	1,938,257	0.13	251,973	4,938,257	0.13	641,973
Repurchase of shares	50,607	0.13	6,579	-	-	-
Shares issued	(19,038)	0.13	(2,475)	(3,000,000)	0.13	(390,000)
At 31 December	1,969,826	0.13	256,077	1,938,257	0.13	251,973

During the year, the company repurchased 50,607 of its own shares at a cost of €1.3m. The nominal value of these shares was €6,579 at the date of purchase. This was part of a Deferred Bonus Plan, as set out in the Report to the Remuneration Committee.

The Group also issued 19,038 ordinary shares to a number of executive directors, as also set out in the Report to the Remuneration Committee.

26 RETAINED EARNINGS

In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies. The Company's profit for the financial year was €4.9m (2015: €7.0m).

27 DIVIDENDS

Equity dividends on ordinary shares:	2016 €m	2015 €m
2016 Interim dividend 10.0 cent (2015: 8.0 cent) per share	**17.8**	14.2
2015 Final dividend 17.0 cent (2014: 10.0 cent) per share	**30.2**	17.6
	48.0	31.8
Proposed for approval at AGM		
Final dividend of 23.5 cent (2015: 17.0 cent) per share	**42.3**	30.4

This proposed dividend for 2016 is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the Statement of Financial Position of the Group as at 31 December 2016 in accordance with IAS 10 Events after the Reporting Period. The proposed final dividend for the year ended 31 December 2016 will be payable on 5 May 2017 to shareholders on the Register of Members at close of business on 31 March 2017.

28 NON-CONTROLLING INTEREST

	2016 €m	2015 €m
At 1 January	**11.4**	8.0
Profit for the year attributable to non-controlling interest	**0.1**	2.5
Arising on acquisition (Note 22)	**3.5**	-
Change of ownership interest transferred from retained earnings	**1.5**	-
Dividends paid to minorities	**(0.4)**	-
Share of foreign operations' translation movement	**0.5**	0.9
At 31 December	**16.6**	11.4

During the year, the Group acquired 62.5% of the ordinary share capital of Isocab Isobar NV, a Belgian Insulated Panels business. As part of this acquisition, the Group has recognised the 37.5% non-controlling interest of €3.5m. Further details on this acquisition are provided in Note 22.

In addition, there was a change in the Group's ownership interest in two of its subsidiaries which gave rise to an increase in non-controlling interest of €1.5m. The Group disposed of 15% of its interest in Kingspan Insulated Panels Manufacturing LLC and in exchange acquired an additional 34% interest in Kingspan Yapi Elemanlari A.S. Both of these businesses were accounted for as subsidiaries pre and post the transaction and are listed in Principal Subsidiary Undertakings on page 133.

29 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2016 €m	2015 €m
Increase in cash and cash equivalents	**28.1**	22.5
Drawdown of bank loans	**(220.0)**	(336.5)
Repayment of bank loans	**99.4**	119.3
(Increase)/decrease in lease finance	**(1.8)**	0.5
Change in net debt resulting from cash flows	**(94.3)**	(194.2)
Translation movement - relating to US dollar loan	**(5.6)**	(24.0)
Translation movement - other	**(19.0)**	1.5
Derivative financial instruments movement	**19.0**	14.2
Net movement	**(99.9)**	(202.5)
Net debt at start of the year	**(328.0)**	(125.5)
Net debt at end of the year	**(427.9)**	(328.0)

30 CASH GENERATED FROM OPERATIONS

	2016 €m	2015 €m
Profit for the year	**255.5**	190.6
Add back non-operating expenses:		
-Income tax expense	**58.5**	41.4
-Depreciation of property, plant and equipment	**63.2**	60.5
-Amortisation of intangible assets	**12.6**	9.1
-Impairment of non-current assets	**3.4**	13.4
-Employee equity-settled share options	**10.4**	8.1
-Finance income	**(0.1)**	(0.3)
-Finance expense	**14.4**	15.1
-Non cash items	**-**	1.7
-Profit on sale of property, plant and equipment	**(1.4)**	(2.1)
Changes in working capital:		
-Inventories	**(39.9)**	57.5
-Trade and other receivables	**(75.7)**	(21.2)
-Trade and other payables	**62.5**	1.6
Other:		
-Change in provisions	**13.7**	7.1
-Pension contributions	**(2.9)**	(2.8)
Cash generated from operations	**374.2**	379.7

31 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

(i) Government grants

In certain circumstances, as set out in the grant agreements (the most significant of which are ceasing to trade or the disposal of grant aided assets), government grants may be repayable up to a maximum amount of €2.3m (2015: €0.7m).

(ii) Guarantees and contingencies

The private placement loan notes (US$242m & €457.5m), which are fully drawn at year end, the revolving credit facility (€300m) and the €160m bilateral loan note facilities, neither of which were drawn at year end, are all secured by means of cross guarantees provided by Kingspan Group plc.

(iii) Leases

Finance lease liabilities are payable as follows:

	Future minimum lease payment		Interest		Present value of minimum lease payments	
	2016 €m	2015 €m	2016 €m	2015 €m	2016 €m	2015 €m
Less than one year	1.2	0.9	0.1	0.1	1.1	0.8
Between 1 - 5 years	2.9	1.2	0.5	0.1	2.4	1.1
	4.1	**2.1**	**0.6**	**0.2**	**3.5**	**1.9**

Total obligations under non-cancellable operating leases are due as follows:

	Minimum payments 2016 €m	Minimum payments 2015 €m
Less than one year	**20.7**	17.0
Between 1 - 5 years	**52.1**	41.9
More than 5 years	**45.3**	42.9
	118.1	101.8

(iv) Future capital expenditure

Capital expenditure in subsidiary entities, approved by the directors but not provided in the financial statements, is as follows:

	2016 €m	2015 €m
Contracted for	**27.3**	32.0
Not contracted for	**17.8**	13.4
	45.1	45.4

32 PENSION OBLIGATIONS

The Group operates defined contribution schemes in each of its main operating locations. The Group also has a number of defined benefit schemes in the UK and mainland Europe.

Defined contribution schemes
The total cost charged to profit or loss of €11.0m (2015: €10.8m) represents employer contributions payable to these schemes in accordance with the rules of each plan. An amount of €5.3m (2015: €6.0m) was included at year end in accruals in respect of defined contribution pension accruals.

Contributions for key management personnel to defined contribution schemes are set out in Note 6.

Defined benefit schemes / obligations
The Group has two legacy defined benefit schemes in the UK, both of which are closed to new members and to future accrual. The total pension contributions to these schemes for the year amounted to €2.0m (2015: €2.0m) and the expected contributions for 2017 are €0.1m.

32 PENSION OBLIGATIONS (CONTINUED)

The Group also has pension obligations in mainland Europe which are accounted for as defined benefit obligations. During the year, the Group acquired additional pension obligations in Germany and France through the acquisition of Essmann. These obligations have been accounted for in line with the Group's existing pension obligations in Germany whereby companies are not required to fund independent schemes for post employment benefit obligations. Instead, commencing from the date the employee becomes eligible to receive the income stream, this obligation is satisfied from available cash resources of the relevant employing company. A provision has been made for the unfunded liability. However the variability in the valuation of these obligations is lower than would traditionally apply to funded schemes as there are no scheme assets for which returns must be forecast. €0.9m of pension entitlements have been paid to retired former employees during the year (2015: €0.8m).

The pension costs relating to all of the above defined benefit obligations are assessed in accordance with the advice of qualified actuaries. In the case of the two UK legacy schemes, the most recent actuarial valuations were performed as of 31 March 2016. In general, actuarial valuations are not available for public inspection; however, the results of valuations are advised to members of the various schemes.

The extent of the Group's obligation under these schemes is sensitive to judgemental actuarial assumptions, of which the principal ones are set out below. It is not considered that any reasonable sensitivity analysis on these assumptions would materially alter the scheme obligations.

	2016	2015
Life expectancies		
Life expectancy for someone aged 65 - Males	**22.2**	22.2
Life expectancy for someone aged 65 - Females	**24.2**	24.5
Life expectancy at age 65 for someone aged 45 - Males	**23.9**	23.9
Life expectancy at age 65 for someone aged 45 - Females	**26.1**	26.4
Rate of increase in salaries	**0% - 2.75%**	0% - 2.0%
Rate of increase of pensions in payment	**0% - 2.1%**	0% - 1.8%
Rate of increase for deferred pensioners	**2.2%**	1.9%
Discount rate	**1.3% - 2.6%**	2% - 3.8%
Inflation rate	**1% - 2.2%**	1.5% - 1.9%

Movements in net liability recognised in the Statement of Financial Position

	2016 €m	2015 €m
Net liability in schemes at 1 January	**(7.3)**	(11.7)
Acquired	**(4.6)**	-
Employer contributions and pension payments	**2.9**	2.8
Recognised in the Income Statement	**(0.4)**	(0.4)
Recognised in the Statement of Comprehensive Income	**(2.9)**	1.8
Foreign exchange movement	**(1.8)**	0.2
Net liability in schemes at 31 December	**(14.1)**	(7.3)

Defined benefit pension (expense)/income recognised in the Income Statement

	2016 €m	2015 €m
Current service cost	**(0.1)**	(0.1)
Settlements of scheme obligations	**(0.2)**	(0.2)
Total, included in operating costs	**(0.3)**	(0.3)
Movement on scheme obligations	**(2.6)**	(2.8)
Interest on scheme assets	**2.5**	2.7
Net interest expense, included in finance expense (Note 4)	**(0.1)**	(0.1)

32 PENSION OBLIGATIONS (CONTINUED)

Analysis of amount included in other comprehensive income

	2016 €m	2015 €m
Actual return less interest on scheme assets	**11.8**	(2.3)
Experience gain arising on scheme liabilities	**1.6**	-
Actuarial gain arising from changes in demographic assumptions	**0.6**	0.2
Actuarial (loss)/gain arising from changes in financial assumptions	**(16.9)**	3.9
(Loss)/gain recognised in other comprehensive income	**(2.9)**	1.8

The cumulative actuarial loss recognised in other comprehensive income to date is €20.2m (2015: €17.3m).

In 2016, the actual return on plan assets was €14.3m (2015: €0.4m).

Asset Classes and Expected Rate of Return

The assets in the scheme at each year end were as follows:

	2016	2015
Asset Classes as % of Total Scheme Assets		
Equities	**67%**	63%
Bonds (Corporates)	**0%**	0%
Cash	**0%**	0%
Liability Driven Investment (LDI)	**33%**	37%
	100%	100%

The net pension liability is analysed as follows:

	2016 €m	2015 €m
Equities	**51.2**	47.2
Bonds (Corporates)	**0.3**	0.3
Cash	**0.1**	0.4
Liability Driven Investment (LDI)	**25.5**	27.5
Fair market value of plan assets	**77.1**	75.4
Present value of obligation	**(91.2)**	(82.7)
Deficit	**(14.1)**	(7.3)
Analysed between:		
Funded schemes' surplus	**6.7**	7.8
Unfunded obligations	**(20.8)**	(15.1)
	(14.1)	(7.3)
Related deferred tax liability	**0.1**	1.5

Changes in present value of defined benefit obligations	2016 €m	2015 €m
At 1 January	**82.7**	83.7
Acquired through business combination	**4.6**	-
Current service cost	**0.2**	0.2
Interest cost	**2.6**	2.8
Benefits paid	**(4.1)**	(3.9)
Settlement	**(0.1)**	(0.1)
Actuarial losses/(gains)	**14.7**	(4.1)
Effect of movement in exchange rates	**(9.4)**	4.1
At 31 December	**91.2**	82.7

32 PENSION OBLIGATIONS (CONTINUED)

Changes in present value of scheme assets during year	2016 €m	2015 €m
At 1 January	**75.4**	72.0
Interest on scheme assets	**2.5**	2.7
Employer contributions	**2.0**	2.0
Benefits paid	**(3.2)**	(3.1)
Settlement	**(0.3)**	(0.3)
Actual return less interest	**11.8**	(2.3)
Effect of movement in exchange rates	**(11.1)**	4.4
At 31 December	**77.1**	75.4

History of Assets, Liabilities, Experience Gains and Losses	2016 €m	2015 €m	2014 €m	2013 €m	2012 €m
Fair value of plan assets	**77.1**	75.4	72.0	61.2	58.7
Present value of defined benefit obligation	**(91.2)**	(82.7)	(83.7)	(68.9)	(71.0)
Deficit	**(14.1)**	(7.3)	(11.7)	(7.7)	(12.3)
Experience gains/(losses) arising on scheme liabilities (present value)	**1.6**	-	-	(0.6)	0.1
% of defined benefit obligation	**2%**	0%	0.0%	0.9%	0.2%
Assumptions (loss)/gain	**(14.7)**	4.1	(10.6)	0.1	(0.2)
% of defined benefit obligation	**16%**	5%	12.7%	0.1%	0.3%
Actual return less interest on scheme assets	**11.8**	(2.3)	3.9	0.7	0.9
% of scheme assets	**15%**	(3%)	5.4%	1.1%	1.6%

33 RELATED PARTY TRANSACTIONS

The principal related party relationships requiring disclosure under IAS 24 Related Party Disclosures relate to (i) transactions between group companies, (ii) compensation of key management personnel and (iii) goods and services purchased from directors.

(i) Transactions between subsidiaries are carried out on an arm's length basis.
The Company received dividends from subsidiaries of €Nil, and there was a net decrease in the intercompany balance of €39.7m (2015: €13.1m).
Transactions with the Group's non-wholly owned subsidiaries primarily comprise trading sales and capital funding, carried out on an arm's length basis. These transactions are not considered to be material.

(ii) For the purposes of the disclosure requirements of IAS 24 Related Party Disclosures, the term "key management personnel" (i.e. those persons having the authority and responsibility for planning, directing and controlling the activities of the Company), comprise the board of directors who manage the business and affairs of the Company. As identified in the Report of the Remuneration Committee, the directors, other than the non-executive directors, serve as executive officers of the Group.
Key management personnel compensation is set out in Note 6.
Mr Eugene Murtagh received dividends of €8.1m during the year from the Company (2015: €5.4m). Dividends of €0.65m were paid to other key management personnel (2015: €0.43m).

(iv) The Group purchased legal services in the sum of €108,104 (2015: €158,336) from McCann FitzGerald Solicitors, a firm in which Mr John Cronin is a partner.

34 POST BALANCE SHEET EVENTS

There have been no material events subsequent to 31 December 2016 which would require adjustment to or disclosure in this report.

35 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the directors on 17 February 2017.