

REGISTERED NUMBER: 00147271 (England and Wales)

BPB Limited

Strategic Report, Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2019

SATURDAY



\*AA1MVCII\*

A06

03/04/2021

#204

COMPANIES HOUSE

**Contents of the Financial Statements  
for the year ended 31 December 2019**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>4</b>
<b>Independent Auditor's Report to the members of BPB Limited</b>	<b>6</b>
<b>Profit and Loss Account</b>	<b>8</b>
<b>Other Comprehensive Income</b>	<b>9</b>
<b>Balance Sheet</b>	<b>10</b>
<b>Statement of Changes in Equity</b>	<b>11</b>
<b>Notes to the Financial Statements</b>	<b>12</b>

**Company Information  
for the year ended 31 December 2019**

**DIRECTORS:**

M S Chaldecott  
N J Cammack  
P E A Dupin

**SECRETARY:**

R Keen

**REGISTERED OFFICE:**

Saint-Gobain House  
East Leake  
Loughborough  
Leicestershire  
LE12 6JU

**REGISTERED NUMBER:**

00147271 (England and Wales)

**AUDITORS:**

KPMG LLP  
Chartered Accountants  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

**Strategic Report  
for the year ended 31 December 2019**

The directors present their strategic report for the year ended 31 December 2019.

**REVIEW OF BUSINESS**

The company acts as an intermediate investment holding company within the Northern Europe Region of its ultimate parent, Compagnie de Saint-Gobain ("Saint-Gobain"). It employs a number of people working in central technical and administrative functions in connection with Saint-Gobain's global building materials business, particularly within the research and development function. The company also has a stock management and risk avoidance function whereby a stock of paper, to be used in the production of plasterboard, is maintained in various sites and used to supply group companies when required. The directors are satisfied with the performance of the company in achieving Saint-Gobain's aims.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Risks facing the Saint-Gobain group, which includes BPB Limited, are discussed in the Annual Report of Compagnie de Saint-Gobain.

The activities started to be affected by Covid-19 in the first quarter of 2020 and the company expects a negative impact on its financial statements in 2020, with sales being materially lower although the company still expects to be profitable. This major crisis constitutes a post-closing event, with no impact on the value of the company's assets and liabilities in the accounts at 31 December 2019. At the date the directors approved the company's 2019 financial statements, the company's management is not aware of any material uncertainties that call into question the entity's ability to continue as a going concern.

As an intermediate holding company with most of its income arising from group companies, there are no other significant risks within the company.

**KEY BUSINESS STRATEGIES**

Saint-Gobain is present in 68 countries with 171,000 employees. Saint-Gobain designs, manufactures and distributes materials and solutions which are key ingredients in the wellbeing of each of us and the future of all. They can be found everywhere in our living places and our daily life: in buildings, transportation, infrastructure and in many industrial applications. They provide comfort, performance and safety while addressing the challenges of sustainable construction, resource efficiency and climate change.

Saint-Gobain is uniquely positioned, with complementary strategic focuses in building materials and high-performance materials technologies:

- o It is the worldwide or European leader in all of its businesses, with local solutions tailored to the needs of each market.
- o It has an unrivalled portfolio of energy efficient products and solutions.
- o Its deep understanding of building professionals' needs, acquired through daily contact with customers, makes it possible to adapt the Group's solutions to highly specific market requirements.
- o It has outstanding potential for innovation, supported by unique industrial and distribution expertise and a commitment to materials research.
- o Its culture of operational excellence gives the Group an underlying robustness and the ability to respond quickly to changes in the economic environment.
- o Its solid set of tested values helps build lasting relations with all stakeholders, from customers and employees to suppliers, subcontractors, shareholders and the community.

The company acts as an investment holding company in support of the group's objectives.

**Strategic Report**  
**for the year ended 31 December 2019**

**SECTION 172(1) STATEMENT**

The company's sole member is Saint-Gobain Aldwych Limited, which is 100% owned by Compagnie de Saint-Gobain. The directors consider that their duty to promote the success of the company for the benefit of its members as a whole means that they should fully support Compagnie de Saint-Gobain in its mission to design, produce and distribute materials and solutions designed for the well-being of each person and the future of all. These materials are found everywhere in our homes and our daily lives: buildings, transport, infrastructure, as well as in many industrial applications. They provide comfort, performance and safety while meeting the challenges of sustainable construction, efficient management of resources and climate change.

The Saint-Gobain group has developed a number of shared principles applied by both management and employees which have guided the group's activities over the years. The directors of the company have fully embraced and implemented these values as part of the foundation of our business.

These values include our Principles of Conduction and Action, the Saint-Gobain Attitudes and Behaviours.

**General Principles of Conduct**

- o Professional commitment
- o Respect for others
- o Integrity
- o Loyalty
- o Solidarity

**Principles of Action**

- o Respect for the law
- o Caring for the environment
- o Worker health and safety
- o Employee rights

**Saint-Gobain Attitudes:**

- o Cultivate customer intimacy: - focusing on our customers
- o Act as an entrepreneur: setting ambitious goals, priorities, clear rules
- o Innovate: acquiring new knowledge, developing things together
- o Be agile: acting proactively and quickly, living digitalization
- o Build and engaging culture: being open-minded and acting respectful, also in change

**A strong compliance culture:**

The Directors have acted in support of the continued development of the strong Saint-Gobain Compliance Culture.

This is built on the following principles:

Sustainable Development: Communication with employees about the Principles of Conduct and Action and importance of Sustainable Development has continued

Competition law compliance - the roll-out of training for colleagues on competition compliance has continued.

Corruption prevention & Compliance with economic sanctions and embargoes - training on these importance has continued to be deployed to colleagues during the year with specialized external advice and training.

Internal audit and business control - directors have continued to ensure entities understand and adhere to business control framework and formal risk management planning

Whistleblowing system - Directors have ensured that the policy and channels, available to colleagues have been promoted across the business to ensure colleagues are aware of how to raise issues of concern.

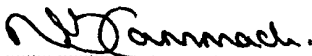
The directors also fulfil their duty by particularly looking at the following areas:

- o Employment policies
- o Safety, ethics and environment
- o Sustainable purchasing and payments to suppliers

**RESEARCH AND DEVELOPMENT**

During the year ended 31 December 2019 the company spent £1,757,000 (year ended 31 December 2018: £1,721,000) on research and development work targeting the areas of improved product functionalities and more efficient processes, leading to increased manufacturing efficiency, improved product quality and the introduction of new products within Saint-Gobain's global building materials business.

**ON BEHALF OF THE BOARD:**



N J Cammack - Director

Date: 31st March 2021

**Report of the Directors  
for the year ended 31 December 2019**

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

**RESULTS**

The company made a profit for the year ended 31 December 2019 of £479,258,000 (year ended 31 December 2018: £475,490,000), including dividends received from other group companies of £475,689,000 (year ended 31 December 2018: £474,540,000).

**PRINCIPAL ACTIVITY**

The company acts as an intermediate investment holding company within the Northern Europe Region of its ultimate parent, Compagnie de Saint-Gobain ("Saint-Gobain"). It employs a number of people working in central technical and administrative functions in connection with Saint-Gobain's global building materials business, particularly within the research and development function. The company also has a stock management and risk avoidance function whereby a stock of paper, to be used in the production of plasterboard, is maintained in various sites and used to supply group companies when required.

**DIVIDENDS**

An interim dividend of £358,066,000 was paid on 28 February 2019 and interim dividend of £100,209,000 was paid on 28 March 2019 totalling £458,275,000, (year ended 31 December 2018: An interim dividend of £68,735,000 was paid on 24 May 2018 and interim dividend of £294,000,000 was paid on 20 December 2018 totalling of £362,735,000).

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

M S Chaldecott  
N J Cammack

Other changes in directors holding office are as follows:

B P A Clavel - resigned 1 January 2019  
C Tardy - resigned 1 January 2019  
P E A Dupin - appointed 1 January 2019

**POLITICAL DONATIONS AND EXPENDITURE**

The company did not make donations to or incur expenses to benefit any UK or other EU political organisations (year ended 31 December 2018: £nil).

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Report of the Directors  
for the year ended 31 December 2019**

**GOING CONCERN**

The company is profitable, and in a net assets position. The directors have given careful consideration to the forecasts for the 12 months following the signing of these accounts, which show continued profitability.

As a member of the Saint Gobain UK & Ireland group of companies, together referred to as the "UKI group", the company meets its day-to-day working capital requirements through operating cash flows and intercompany funding. The entity forms an integral part of the wider operation of the UKI group and as such is reliant on the continuation of the UKI group including for funding already provided. In making the going concern assessment the directors have considered the cash flow forecasts for the company, and also those of the UKI group for a period of 12 months from the date of approval of these financial statements.

The Covid-19 virus has emerged since our financial year end and at the date of approval of these financial statements the UK Government has put in place measures restricting the actions of the UK population as part of its strategy to delay and contain the impact of the virus. The directors have given careful consideration in order to include severe but plausible downside sensitivities to the base forecast cash flows for the company which indicate that the company can manage the disruption caused by the Covid 19 virus. This major crisis constitutes a post-closing event, with no impact on the value of the company's assets and liabilities in the accounts at 31 December 2019. *Having performed this sensitivity analysis, the directors remain confident that sufficient funds should be available to enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.*

Those forecasts are dependent on the company's ultimate parent company, Compagnie de Saint Gobain and certain of the company's subsidiary and fellow subsidiary companies not seeking repayment of the amounts currently due, which at 31 December 2019 amounted to £1,843,664,000. Compagnie de Saint Gobain has indicated that it does not intend to seek repayment of these amounts due at the balance sheet date. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

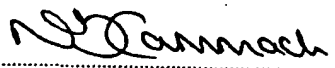
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

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

**ON BEHALF OF THE BOARD:**

  
N J Cammack - Director

Date: 31st March 2021

**Independent Auditor's Report to the Members of  
BPB Limited**

**Qualified Opinion**

We have audited the financial statements of BPB Limited (the 'company') for the year ended 31 December 2019 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework;

In our opinion, except for the matter described in the basis for qualified opinion section of our report, the financial statements have been prepared in accordance with the Companies Act 2006.

**Basis for qualified opinion**

As stated in note 1 to the financial statements, group accounts, as required by the Companies Act 2006, have not been prepared.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our qualified opinion.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

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

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

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

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

We have nothing to report in these respects.

**Independent Auditor's Report to the Members of  
BPB Limited**

**Directors' responsibilities**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities**

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

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

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

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



Emma Mayer (Senior Statutory Auditor)  
for and on behalf of KPMG LLP  
Chartered Accountants  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

Date: 31 March 2021

**Profit and Loss Account  
for the year ended 31 December 2019**

	Notes	2019 £'000	2018 £'000
<b>TURNOVER</b>	2	36,869	34,563
Cost of sales		<u>(26,939)</u>	<u>(26,661)</u>
<b>GROSS PROFIT</b>		9,930	7,902
Administrative expenses		<u>(2,593)</u>	<u>(3,963)</u>
<b>OPERATING PROFIT</b>		7,337	3,939
Income from shares in group undertakings		475,689	474,540
Interest receivable and similar income	4	<u>707</u>	<u>597</u>
		483,733	479,076
Interest payable and similar expenses	5	<u>(3,383)</u>	<u>(3,180)</u>
<b>PROFIT BEFORE TAXATION</b>	6	480,350	475,896
Tax on profit	7	<u>(1,092)</u>	<u>(406)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>479,258</u>	<u>475,490</u>


**Other Comprehensive Income  
for the year ended 31 December 2019**

	2019 £'000	2018 £'000
<b>PROFIT FOR THE YEAR</b>	479,258	475,490
<b>OTHER COMPREHENSIVE INCOME</b>		
Item that will not be reclassified to profit or loss:		
Actuarial (loss) / gain on defined benefit pension plans	(952)	6,889
Income tax relating to item that will not be reclassified to profit or loss	<u>167</u>	<u>(1,206)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	<u>(785)</u>	<u>5,683</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>478,473</u></u>	<u><u>481,173</u></u>

Balance Sheet  
31 December 2019

	Notes	2019 £'000	2018 £'000
<b>FIXED ASSETS</b>			
Owned			
Intangible assets	9	47	77
Tangible assets	10	523	606
Investments	11	1,345,383	1,345,383
Pension asset	19	<u>28,018</u>	<u>26,400</u>
		<u>1,373,971</u>	<u>1,372,466</u>
<b>CURRENT ASSETS</b>			
Stocks	12	81	1,054
Debtors (including £317,665,000 falling due after more than one year: 2018 £204,335,000)	13	<u>1,495,375</u>	<u>1,525,363</u>
		1,495,456	1,526,417
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>(355,255)</u>	<u>(632,198)</u>
<b>NET CURRENT ASSETS</b>		<u>1,140,201</u>	<u>894,219</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,514,172	2,266,685
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	<u>(1,515,141)</u>	<u>(1,288,149)</u>
<b>PROVISIONS FOR LIABILITIES</b>	16	(3,122)	(3,231)
<b>PENSION LIABILITY</b>	19	<u>(9,426)</u>	<u>(9,032)</u>
<b>NET ASSETS</b>		<u>986,483</u>	<u>966,273</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	717,875	717,875
Retained earnings	18	<u>268,608</u>	<u>248,398</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>986,483</u>	<u>966,273</u>

The financial statements were approved by the Board of Directors on 31st March 2020 and were signed on its behalf by:



N J Cammack - Director

**Statement of Changes in Equity  
for the year ended 31 December 2019**

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2018</b>	717,875	129,976	847,851
<b>Changes in equity</b>			
Total comprehensive income:			
Profit for the year	-	475,490	475,490
Other comprehensive income	-	5,683	5,683
<b>Total comprehensive income for the year</b>	-	481,173	481,173
<b>Transactions with the owners, recorded directly in equity</b>			
Dividends paid	-	(362,735)	(362,735)
Dividends forfeited	-	29	29
Share based payments - gross	-	(30)	(30)
Share based payments - tax	-	(15)	(15)
<b>Balance at 31 December 2018</b>	<u>717,875</u>	<u>248,398</u>	<u>966,273</u>
<b>Changes in equity</b>			
Total comprehensive income:			
Profit for the year	-	479,258	479,258
Other comprehensive income	-	(785)	(785)
<b>Total comprehensive income for the year</b>	-	478,473	478,473
<b>Transactions with the owners, recorded directly in equity</b>			
Dividends paid	-	(458,275)	(458,275)
Share based payments - gross	-	10	10
Share based payments - tax	-	2	2
<b>Balance at 31 December 2019</b>	<u>717,875</u>	<u>268,608</u>	<u>986,483</u>

Notes to the Financial Statements  
for the year ended 31 December 2019

1. ACCOUNTING POLICIES

**Basis of preparation**

BPB Limited is a private company limited by shares, incorporated in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101).

These financial statements present information about the company as an individual undertaking and not about its group. For the year ended 30 December 2018 and prior, the company has not prepared consolidated financial statements as it was exempt from the requirements to do so by s400 of the Companies Act 2006 as it was a wholly owned subsidiary of Compagnie de Saint-Gobain and its results were included in the consolidated financial statements of that entity. For the year ended 31 December 2019, the company is still a wholly owned subsidiary of Compagnie de Saint-Gobain and its results were included in the consolidated financial statements of that entity, which were made publicly available within the statutory filing deadlines. However, as these were not filed with Companies House ahead of the filing deadline (as required by Companies Act s401), the company is not permitted to take advantage of the exemption in s401 and is therefore required to file consolidated financial statements. The directors have chosen not to do so, due to the amount of time it would take to prepare consolidated financial statements and the urgent requirement to file the financial statements at Companies House. Accordingly, the auditor's opinion is qualified in this respect as set out on pages 6 and 7.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- o A Cash Flow Statement and related notes;
- o Disclosures in respect of transactions with wholly owned subsidiaries;
- o The effects of new but not yet effective IFRSs;
- o Disclosures in respect of the compensation of Key Management Personnel;
- o Comparative period reconciliations for tangible and intangible assets.

As the consolidated financial statements of Compagnie de Saint-Gobain (the company's ultimate parent company) include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- o IFRS 2 Share Based Payments in respect of group settled share based payments;
- o Certain disclosures required by IAS 36 Impairment of Assets in respect of the impairment of goodwill and indefinite life intangible assets;
- o Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- o Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the company in the current and prior periods including the comparative period reconciliation for goodwill;
- o Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Adoption of the following standards has not caused any significant impact on the financial statements:

- o IFRS 16. This has been adopted under the full retrospective method with effect from 1 January 2018. The following recognition exemptions proposed by IFRS 16 have been used by the company:
  - leases with a lease term of 12 months or less;
  - leases where the underlying asset has a value of less than US\$5,000 when new.
- o IFRIC 23: Uncertainty over Income Tax Treatments
- o Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- o Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- o IFRS 9: Prepayments Feature with Negative Compensation
- o Annual Improvements to IFRS Standards 2015-17 Cycle

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

1. ACCOUNTING POLICIES

**Going concern**

The company is profitable, and in a net assets position. The directors have given careful consideration to the forecasts for the 12 months following the signing of these accounts, which show continued profitability.

As a member of the Saint Gobain UK & Ireland group of companies, together referred to as the "UKI group", the company meets its day-to-day working capital requirements through operating cash flows and intercompany funding. The entity forms an integral part of the wider operation of the UKI group and as such is reliant on the continuation of the UKI group including for funding already provided. In making the going concern assessment the directors have considered the cash flow forecasts for the company, and also those of the UKI group for a period of 12 months from the date of approval of these financial statements.

The Covid-19 virus has emerged since our financial year end and at the date of approval of these financial statements the UK Government has put in place measures restricting the actions of the UK population as part of its strategy to delay and contain the impact of the virus. The directors have given careful consideration in order to include severe but plausible downside sensitivities to the base forecast cash flows for the company which indicate that the company can manage the disruption caused by the Covid 19 virus. This major crisis constitutes a post-closing event, with no impact on the value of the company's assets and liabilities in the accounts at 31 December 2019. Having performed this sensitivity analysis, the directors remain confident that sufficient funds should be available to enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Those forecasts are dependent on the company's ultimate parent company, Compagnie de Saint Gobain and certain of the company's subsidiary and fellow subsidiary companies not seeking repayment of the amounts currently due, which at 31 December 2019 amounted to £1,843,664,000. Compagnie de Saint Gobain has indicated that it does not intend to seek repayment of these amounts due at the balance sheet date. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Measurement convention**

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as available-for-sale and in the case of plant, machinery and equipment at deemed cost. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

**Intangible assets and goodwill**

Subject to the transitional relief in IFRS 1, all unincorporated business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of businesses. In respect of business acquisitions that have occurred since 1 April 2005, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the company has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and impairment losses.

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

1. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

- |  |                    |
|--|--------------------|
| - Machinery & Equipment                  | over 2 to 20 years |
| - Furniture, Fixtures & Office Equipment | over 2 to 5 years  |

**Financial instruments**

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

**Financial assets**

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. Investments in subsidiaries are carried at cost less impairment.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

1. ACCOUNTING POLICIES - continued

Financial instruments - continued

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Revenue recognition

Turnover is derived from continuing operations. It represents the provision of goods and services, net of Value Added Tax, to subsidiary companies of Compagnie de Saint-Gobain.

Foreign exchange and commodity derivatives

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied - see below), the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

For all other hedged forecast transactions, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged expected future cash flows affects profit or loss.

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

1. ACCOUNTING POLICIES - continued

**Cash value hedges - continued**

When the hedging instrument is sold, expires, is terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

**Fair value hedges**

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

(iv) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL [Trade receivables and contract assets with significant financing component are measured using the general model described above]

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

**Credit-impaired financial assets**

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**Write-offs**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

1. ACCOUNTING POLICIES - continued

**Taxation**

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

**Foreign currencies**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

**Trade and other receivables**

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

**Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

**Provisions**

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Expenses**

Net financing costs

Net financing costs comprise interest payable, finance charges on shares classified as liabilities and finance leases, interest on defined benefit pension obligations, expected return on defined benefit pension assets, interest receivable on funds invested, dividend income, and foreign exchange gains and losses that are recognised in the profit and loss account (see accounting policy for derivative financial instruments and hedging).

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payment is established.

**Employee benefits**

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

1. ACCOUNTING POLICIES - continued

Employees benefits - continued

Defined benefits

The company's net obligation in respect of defined benefit pension plans and other post-employment benefits 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; that benefit is discounted to determine its present value and the fair value of any plan assets (at bid prices) is deducted. The liability discount rate is the yield at the balance sheet date on the AA credit rated bonds that have maturity dates approximating to the terms of the company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the profit and loss account on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the profit and loss account.

All actuarial gains and losses that arise in calculating the company's obligation in respect of a plan are recognised in full in the period in which they arise.

The pension schemes are part of the Saint-Gobain pension scheme in the United Kingdom and the group policy charges the net defined benefit cost of the plan to participating entities on the basis of current pensionable pay.

Share-based payments

Saint-Gobain operates stock option and performance share plans which are decided by the Board of Directors of Compagnie de Saint-Gobain, the ultimate holding company. Full details of these share based payments can be found in the annual report of Compagnie de Saint-Gobain.

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options.

The Saint-Gobain group also offers opportunities for employees to purchase shares through a monthly tax-free plan and an annual discounted purchase plan. The impact of these schemes is not material to the company in 2019.

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

1. ACCOUNTING POLICIES - continued

**Impairment**

The carrying amounts of the company's assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use were tested for impairment as at 1 April 2005, the date of transition to Adopted IFRSs, even though no indication of impairment existed. This was done as part of the review of assets and carrying value following the acquisition of BPB Limited (formerly BPB Plc) by the Compagnie de Saint-Gobain on 1 December 2005.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the company's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Notes to the Financial Statements - continued**  
**for the year ended 31 December 2019**

**1. ACCOUNTING POLICIES - continued**

**Non-current assets held for sale and discontinued operations**

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent re-measurement.

A discontinued operation is a component of the company's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the profit and loss account (including the comparative period) as a column analysing the post tax profit or loss of the discontinued operation and the post tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets/disposal groups constituting discontinued operations.

**2. TURNOVER**

	2019	2018
	£'000	£'000
Sale of goods	1,440	761
Technical fee for use of intellectual property	30,735	29,258
Purchasing commission	4,694	4,544
	<u>36,869</u>	<u>34,563</u>

By geographical market:

	2019	2018
	£'000	£'000
UK	8,269	7,158
Other EU countries	18,602	17,516
Rest of world	9,998	9,889
	<u>36,869</u>	<u>34,563</u>

**3. EMPLOYEES AND DIRECTORS**

	2019	2018
	£'000	£'000
Wages and salaries	4,275	5,335
Social security costs	488	581
Other pension costs	188	170
	<u>4,951</u>	<u>6,086</u>

The average number of employees during the year was as follows:

	2019	2018
Administrative	<u>67</u>	<u>75</u>

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

3. EMPLOYEES AND DIRECTORS - continued

	2019	2018
	£'000	£'000
Directors' remuneration	<u>-</u>	<u>-</u>

The directors of the company are also directors of several other companies within the Saint-Gobain group, and their emoluments are borne by these other companies. They do not consider that their duties in respect of BPB Limited take up a significant proportion of their time, and no director receives any emoluments from the company, nor are they members of any pension scheme in which the company has an interest. Accordingly, the directors do not believe that it is practicable to apportion the amount of their remuneration between their services as directors of the company and their services to other companies in the group.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£'000	£'000
Interest receivable from other group companies	279	353
Interest on pension scheme asset	<u>428</u>	<u>244</u>
	<u>707</u>	<u>597</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£'000	£'000
Interest payable to other group companies	<u>3,383</u>	<u>3,180</u>

6. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2019	2018
	£'000	£'000
Cost of inventories recognised as expense	1,440	537
Depreciation - owned assets	94	57
Patents and licences amortisation	30	36
Auditors' remuneration	70	50
Research and development expense as incurred	<u>1,757</u>	<u>1,721</u>

7. TAXATION

Analysis of tax expense

	2019	2018
	£'000	£'000
Current tax:		
Tax	488	(101)
Current tax - prior years	<u>194</u>	<u>156</u>
Total current tax	682	55
Deferred tax	<u>410</u>	<u>351</u>
Total tax expense in profit and loss account	<u>1,092</u>	<u>406</u>

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

## 7. TAXATION - continued

## Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £'000	2018 £'000
Profit before income tax	<u>480,350</u>	<u>475,896</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	91,267	90,420
Effects of:		
Non taxable dividend income	(90,381)	(90,162)
Adjustments in respect of prior year	194	156
Expense not deductible	45	23
Current year deferred tax corporation tax rate adjustment	<u>(33)</u>	<u>(31)</u>
Tax expense	<u>1,092</u>	<u>406</u>

## Tax effects relating to effects of other comprehensive income

	Gross £'000	Tax £'000	2019 Net £'000
Actuarial (loss) on defined benefit pension plans	<u>(952)</u>	<u>167</u>	<u>(785)</u>

	Gross £'000	Tax £'000	2018 Net £'000
Actuarial gain on defined benefit pension plans	<u>6,889</u>	<u>(1,206)</u>	<u>5,683</u>

## Factors affecting future tax charges

The deferred tax asset at 31 December 2019 has been calculated at an average rate of 17.5% (2018: 17.5%) based on the expected rates of corporation tax at the dates the timing differences will reverse. Subsequent to the year end, the government announced that the UK corporation tax rate would remain at 19%. If the deferred tax liability at the balance sheet date had been calculated at 19% it would be £268,000 higher.

## 8. DIVIDENDS

	2019 £'000	2018 £'000
Interim dividend paid on 28 February 2019	358,066	-
Interim dividend paid on 28 March 2019	100,209	-
Interim dividend paid on 24 May 2018	-	68,735
Interim dividend paid on 20 December 2018	-	<u>294,000</u>
	<u>458,275</u>	<u>362,735</u>

An interim dividend of 24.94 pence per share was paid on 28 February 2019 and an interim dividend of 6.98 pence per share was paid on 28 March 2019 (4.79 pence per share was paid on 24 May 2018 and an interim dividend of 20.48 pence per share was paid on 20 December 2018).

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

## 9. INTANGIBLE FIXED ASSETS

	Patents and licences £'000	Computer software £'000	Totals £'000
<b>COST</b>			
At 1 January 2019	946	1,327	2,273
Disposals	-	(1,327)	(1,327)
At 31 December 2019	<u>946</u>	<u>-</u>	<u>946</u>
<b>AMORTISATION</b>			
At 1 January 2019	869	1,327	2,196
Amortisation for year	30	-	30
Eliminated on disposal	-	(1,327)	(1,327)
At 31 December 2019	<u>899</u>	<u>-</u>	<u>899</u>
<b>NET BOOK VALUE</b>			
At 31 December 2019	<u>47</u>	<u>-</u>	<u>47</u>
At 31 December 2018	<u>77</u>	<u>-</u>	<u>77</u>

## 10. TANGIBLE FIXED ASSETS

	Plant & equipment £'000
<b>COST</b>	
At 1 January 2019	3,140
Additions	11
At 31 December 2019	<u>3,151</u>
<b>DEPRECIATION</b>	
At 1 January 2019	2,534
Charge for year	94
At 31 December 2019	<u>2,628</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>523</u>
At 31 December 2018	<u>606</u>

## 11. INVESTMENTS

	Shares in group undertakings £'000
<b>COST</b>	
At 1 January 2019 and 31 December 2019	<u>1,345,383</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>1,345,383</u>
At 31 December 2018	<u>1,345,383</u>

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

11. INVESTMENTS - continued

The company's investments in subsidiaries and associates are as follows:

	Registered Office	Ownership of shares and voting rights	
	see key below	2019	2018
BPB Finance (No.4) Limited †	1	100.00%	100.00%
Saint-Gobain Denmark A/S	35	37.75%	37.75%
LECA Danmark A/S	38	37.75%	37.75%
BPB Group Finance Limited †	1	100.00%	100.00%
BPB Group Operations Limited	1	100.00%	100.00%
BPB Finance (No.2) Limited	1	100.00%	100.00%
BPB Investments Overseas Limited	1	100.00%	100.00%
Commatone Limited	1	100.00%	100.00%
BPB Asia Limited	3	95.87%	95.87%
BPB (Shanghai) Management Co Limited	28	100.00%	100.00%
BPB Gypsum BV	7	100.00%	100.00%
Allied Manufacturing Industries (Private) Limited	21	100.00%	100.00%
Allied Industrial Investments (Private) Limited	22	100.00%	100.00%
Saint-Gobain Construction Products Zimbabwe (Pve Limited	22	100.00%	100.00%
BPB Asia Pte Ltd	16	100.00%	100.00%
Asia Gypsum Company Limited	8	60.00%	60.00%
BPB Finance (No.6)	1	100.00%	100.00%
BPB India Limited	1	100.00%	100.00%
Saint-Gobain India Private Limited	37	22.00%	22.00%
Inversiones BPB Chile Ltda	20	100.00%	100.00%
Inversiones Volcan SA	39	30.17%	30.17%
CIA Industrial El Volcan SA	40	30.17%	30.17%
Placo Do Brasil Ltda	18	55.00%	68.58%
Thai Gypsum Products PLC	13	83.48%	83.48%
Saint-Gobain Sekurit (Thailand)	49	66.60%	66.60%
PT central Saint-Gobain Sekurit	44	31.20%	31.20%
PT Saint-Gobain Sekurit Indonesia	45	63.30%	63.30%
BPB Valmarand SA (sold 23/10/2018)	6	0.00%	100.00%
CertainTeed Gypsum Canada Inc. (sold 20/12/2018)	9	0.00%	0.00%
New West Gypsum Recycling (BC) Inc. ( sold 01/01/2019)	15	0.00%	40.00%
Saint-Gobain Development Mozambique Limitada (formerly BPB Gypsum Ltda)	54	99.00%	100.00%
Donn South Africa (Pty) Ltd (De-registered 07/11/2019)	27	0.00%	100.00%
Donn Products (Pty) Ltd (De-registered 07/11/2019)	27	0.00%	100.00%
Liskey (Pty) Ltd (De-registered 07/11/2019)	27	0.00%	100.00%
Gypsum Industries (Pty) Ltd	27	100.00%	100.00%
SAGEX	27	100.00%	100.00%
SG Isover South Africa (Pty) Limited	27	100.00%	100.00%
Saint-Gobain Mining (Pty) Ltd	27	100.00%	100.00%
Saint-Gobain Weber South Africa (Pty) Ltd	27	100.00%	100.00%
Selcotrade 35 (Pty) Limited	27	100.00%	100.00%
Spunbond Insulation (Pty) Ltd	27	100.00%	100.00%
Yesos Maria Morales SA	4	100.00%	100.00%
Saint-Gobain Gypsum (Shanghai) Co. Ltd	28	85.49%	85.49%
Placo Argentina SA	14	68.58%	68.58%
Saint-Gobain Gyproc Middle East FZE	30	100.00%	100.00%
Saint-Gobain Construction Products Belgium	47	100.00%	100.00%
Saint-Gobain Gyproc Emirates Industries LLC	32	49.00%	49.00%
Saint-Gobain Al Rafah LLC	33	70.00%	70.00%
Saint-Gobain Gypsum (Chang Zhou) Co Limited	2	100.00%	100.00%
Gypsum Investments Limited	1	100.00%	100.00%
Protenna AB	43	25.00%	25.00%
Skiptex Limited	1	100.00%	100.00%
Saint-Gobain Construction Products (Ireland) Limited (sold 28/02/2019)	11	0.00%	100.00%
Moy-Isover Limited ( sold 28/02/2019)	11	0.00%	100.00%
Saint-Gobain Mining (Ireland) Limited ( sold 28/02/2019)	11	0.00%	100.00%
Radcliffe Paper Tubes Limited	1	100.00%	100.00%

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

## 11. INVESTMENTS - continued

	Registered Office see key below	Ownership of shares and voting rights	
		2019	2018
Saint-Gobain Construction Products UK Limited	1	100.00%	100.00%
Artex Limited	1	100.00%	100.00%
Artex-Blue Hawk Limited	1	100.00%	100.00%
Blue Hawk Limited	1	100.00%	100.00%
BPB Paperboard Limited	10	100.00%	100.00%
British Gypsum Limited	1	100.00%	100.00%
Celotex Limited	1	100.00%	100.00%
Saint-Gobain Isover UK Limited	1	100.00%	100.00%
Saint-Gobain PAM UK Limited	1	100.00%	100.00%
Gyproc Business Park (Erith) Limited	51	51.00%	51.00%
Transportes Yeso LTDA	50	30.00%	30.00%
BCC Industries (UK) Limited (Dissolved 27/09/2019)	52	0.00%	100.00%
STAC – SWYS Tile Adhesive CY	53	100.00%	100.00%
Stanton Limited (Liquidation)	19	100.00%	100.00%
Saint-Gobain Weber Limited	1	100.00%	100.00%
Radcliffe Paper Mill Company Limited (The)	19	0.00%	100.00%
Nutbrook Canal Navigation	1	100.00%	100.00%
Thaigips Holdings Limited	13	100.00%	100.00%
Gypsum Metropolitan Company Limited	3	44.54%	44.54%
Chambers Packaging Limited	1	100.00%	100.00%
Saint-Gobain Sekurit India LTD	60	6.00%	0.00%
Fiberglass Colombia	41	13.60%	0.00%
Fibras Fivenglass SA	42	13.60%	0.00%
Solcrom S.A	50	13.60%	0.00%
Saint-Gobain Formula GMBH	55	6.00%	0.00%
Saint-Gobain Rigips GMBH	36	6.00%	0.00%
Tecnokarton Beteiligungs OHG (shares allotted 01/01/2019)	57	1.74%	0.00%
Saint-Gobain Construction Products South Africa (PTY) Ltd	62	100.00%	0.00%
PG Group Holdings Proprietary Limited	54	10.00%	0.00%
PG Group (Proprietary) LTD	63	10.00%	0.00%

† Direct holding

## Registered office address key:

- 1 - Saint-Gobain House East Leake, Loughborough,
- 2 - No. 25, TongJiang North Road, ChunJiang Town, XinBei District, Changzhou, China
- 3 - 12th Floor, Gypsum Metropolitan Tower, 539/2 Si Ayutthaya Road, Rajathewee, 10400 Bangkok, Thailand
- 4 - 132 Principe De Vergara, 28002, Madrid, Spain
- 5 - 1839 FPLM Avenue, City of Maputo, Mozambique
- 6 - 190 Boulevard J.F. Kennedy, Bascharge, L-4930, Luxembourg
- 7 - 20 Parallelweg, Etten-Leur, 4878AH, Netherlands
- 8 - 21/F Far East Finance Centre, 16 Harcourt Road, Hong Kong, Hong Kong
- 9 - 2424 Lakeshore Road West, Mississauga, ON L5J 1K4, Canada
- 10 - 300 Crownpont Road, Glasgow, West Central Lowlands, G40 2UJ
- 11 - 4 Kilcarbery Business Park, Nangor Road, Clondalkin, DUBLIN 22 Ireland
- 12 - 40 Brivibas Street, 2nd Floor, Riga LV-1-5- Latvia
- 13 - 539/2 Sri Ayudhya Road, Rajathewee District, Bangkok, 10400
- 14 - 556, Lavalle, Piso 3 E, Buenos Aires, Argentina
- 15 - 700 401 West Georgia Street, Vancouver, British Columbia, V6B 5A1, Canada
- 16 - 79 Robinson Road, #24-08, CPF Building, Singapour, 068897, Singapore
- 17 - 83 Daugavgrivas str., Riga LV-1007, Latvia
- 18 - AV. Valentina Mello Freire Borensteln, Dona Loloya 333, Jardim SAO Francisco, 08735-270, Mogi Daz Cruzes, Sao Paulo SP, Brazil
- 19 - C/O MAZARS LLP, Tower Bridge House, St Katharines Way, London, United Kingdom, E1W 1DD
- 20 - C/O Carey Y Cia Ltda, Miraflores 222, Piso 24, Santiago, Chile
- 21 - C/O Ernst & Young, 2 eme etage, Manica Chambers, Herbert Chitepo Street, Mutare, Zimbabwe
- 22 - Delport Road, Cleveland Park, Msasa, Harare, Zimbabwe
- 23 - Hareskovvej 12, 4400 Kalundborg, Denmark
- 24 - Jauniela 24, Riga LV-1050, Latvia
- 25 - Kalmarleden, Box 153, S--746 24, Balsa, Sweden
- 26 - Kilrush Industrial Park, Kilrush, County Clare, Ireland

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

11. INVESTMENTS - continued

- 27 - No 1 Shale Road, N1 Business Park, CNR Old Johannesburg & Tlokwe Roads, Kosmosdal Ext 7, Samrand 0157, South Africa  
 28 - No.968 WangQiao Road, Pudong New District, Shanghai, China  
 29 - Parnu Mnt. 139, 11317 Tallinn, Estonia  
 30 - PO Box 26110, Jebel Ali Free Zone, Dubai United Arab Emirates  
 31 - PO Box 341, 108 Champlain Drive, St. Stephen NB E2B 2X2, Canada  
 32 - PO Box 38983, Abu Dhabi, United Arab Emirates  
 33 - PO BOX 6 Postal Code 222, Raoyah, Thumrait Sultanate of Oman  
 34 - Polcher Strasse 113, D-56727, Mayen, Germany  
 35 - Robert Jacobsens Vej 62A, 2300, Copenhagen S, Denmark  
 36 - Schanzenstrasse 84, 40549 Dusseldorf, Germany  
 37 - Sigapi Aachi Building, Floor No.7, 18/3, Rukmini Lakshmi pathy Road, Egmore, Chennai, Tamil Nadu, 600008, India  
 38 - Unterkainisch 24, A-8990, Bad Aussee, Austria  
 39 - C/o Carey Y Cia Ltda, Miraflores 222, Piso 24, Santiago, Chile  
 40 - Agustinas 1357, 10 Piso, SANTIAGO, Chile  
 41 - CALLE 3 #3-49 ESTE, MOSQUERA, CUDINAMARCA, Colombia  
 42 - CALLE NORTE, LOCAL FIBRAS, FIVENGlass, ZONA INDUSTRIAL SOCO, LA VICTORIA, Venezuela  
 43 - c/o Heibelberg Cement Sweden AB, Box 47055, 10074, STOCKHOLM, Sweden  
 44 - Kawasan Industri MM2100, JI ARU BLOK AE8, Kel. Jatiwangi, Kec, Cikarang Barat, Kabupaten, Bekasi, Jawa Barat, Indonesia  
 45 - ALAMANDA TOWER, Jl. TB. Simatupang Kav. 23-24, 20th Floor, Cilandak Barat, Jakarta, 12430, Indonesia  
 46 - 2 Eglin Road, Sunninghill, Gauteng, 2157, South Africa  
 47 - 9, SINT JANSWEG, HAVEN 160, B-9130 BEVEREN-KALLO, Belgium  
 48 - 968 Wang Qiao Road Wang Qiao, Industrial Zone Pu-Dong New Area, SHANGAI, 201201, China  
 50 - Santiago, Chile  
 51 - 40-50 Windmill Street, Gravesend, Kent, DA12 1BG, Royaume-Uni  
 52 - Lows Lane, Stanton-by-Dale, Ilkeston, Derbyshire, DE7 4QU, United Kingdom  
 53 - Suite 125, 90 kingbolt Creescent Wapadrand, PRETORIA 0050, South Africa  
 54 - 18 Skeen Boulevard, Bedfordview, Johannesburg, 2007, South Africa  
 55 - KUTZHUETTE, 37445, WALKENRIED, Germany  
 56 - SCHANZENSTRASSE 84, 40549, DÜSSELDORF, Germany  
 57 - POLCHER STRASSE 113, D-56727 MAYEN, Germany  
 58 - Registered Office DELPORT ROAD, CLEVELAND PARK, MSASA, HARARE, Zimbabwe  
 59 - Randersvej 75, 8940, Randers SV, Denmark  
 60 - Plot No. 616 & 617, Village Kuruli, Pune-Nashik Road, Chakan, Pune, Maharashtra 410501, India  
 61 - CALLE 3 #3-49 ESTE, MOSQUERA, CUDINAMARCA, Colombia  
 62 - 300 Janadel Avenue, Halfway House, Midran, South Africa, 1685, South Africa  
 63 - 1st FLOOR, MILLENIUM PARK BUILDING, AVE.VLADIMIR LENINE, 146, MAPUTO, MOZAMBIQUE, Mozambique

12. STOCKS

	2019	2018
	£'000	£'000
Goods - gross value	<u>81</u>	<u>1,054</u>

Inventories to the value of £1,440,000 were recognised as expenses in the year (year ended 31 December 2018: £537,000).

13. DEBTORS

	2019	2018
	£'000	£'000
Amounts falling due within one year:		
Trade receivables- owed by subsidiary companies	11,790	10,851
Trade receivables- owed by other group companies	6,301	5,076
Other trade receivables	4,513	2,642
Owed by group undertakings	<u>1,155,106</u>	<u>1,302,459</u>
	<u>1,177,710</u>	<u>1,321,028</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>317,665</u>	<u>204,335</u>
Aggregate amounts	<u>1,495,375</u>	<u>1,525,363</u>

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade payables-amounts due to other group companies	20,659	20,113
Trade payables-amounts due to subsidiaries	184	208
Other trade payables	3,686	2,037
Non-trade payables and accrued expenses	587	620
Owed to group undertakings	328,523	607,910
Tax	1,616	1,310
	<u>355,255</u>	<u>632,198</u>

## 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £'000	2018 £'000
Amounts owed to group undertakings	<u>1,515,141</u>	<u>1,288,149</u>

Included within amounts owed to group undertakings is a loan of £50,000,000 from Saint-Gobain Limited, the UK Treasury company for Saint-Gobain. This loan is accruing interest at 5.9% per annum payable in arrears on 15 November each year. The loan is repayable in full on 15 November 2024.

Other amounts owed to group undertakings are financing balances with the company's subsidiaries. These balances are not interest bearing and are reviewed at each balance sheet date. In testing for impairment, management have reviewed the underlying credit worthiness of each company and are satisfied that, if agreed, at group level, all balances could be repaid on demand.

## 16. PROVISIONS FOR LIABILITIES

	2019 £'000	2018 £'000
Deferred tax	3,122	2,881
Rectification provision	-	350
	<u>3,122</u>	<u>3,231</u>
	Deferred tax	Other provisions
	£'000	£'000
Balance at 1 January 2019	2,881	350
Recognised in profit and loss	410	(350)
Recognised in equity	<u>(169)</u>	<u>-</u>
Balance at 31 December 2019	<u>3,122</u>	<u>-</u>

## Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following;

	Assets		Liabilities		Net	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Property, plant and equipment	(51)	(59)	-	-	(51)	(59)
Employee benefits	-	-	3,173	2,940	3,173	2,940
	<u>(51)</u>	<u>(59)</u>	<u>3,173</u>	<u>2,940</u>	<u>3,122</u>	<u>2,881</u>

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

16. PROVISIONS FOR LIABILITIES - continued

Recognised deferred tax assets and liabilities - continued

Movement in deferred tax during the year:

	1 January 2019 £000	Equity £000	Profit and loss account £000	31 December 2018 £000
Property, plant and equipment	(59)	-	8	(51)
Employee benefits	<u>2,940</u>	<u>(169)</u>	<u>402</u>	<u>3,173</u>
	<u>2,881</u>	<u>(169)</u>	<u>410</u>	<u>3,122</u>

Movement in deferred tax during the prior year:

	1 January 2018 £000	Equity £000	Profit and loss account £000	31 December 2017 £000
Property, plant and equipment	(81)	-	22	(59)
Employee benefits	<u>1,390</u>	<u>1,221</u>	<u>329</u>	<u>2,940</u>
	<u>1,309</u>	<u>1,221</u>	<u>351</u>	<u>2,881</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:  
Number: Class:

	Nominal value:	2019 £'000	2018 £'000
1,435,750,845 Ordinary	50p	<u>717,875</u>	<u>717,875</u>

18. RESERVES

	Retained earnings £'000
At 1 January 2019	248,398
Profit for the year	479,258
Dividends	(458,275)
Actuarial adjustment (net of tax)	(785)
Share based payments - gross	10
Share based payments - tax	<u>2</u>
At 31 December 2019	<u>268,608</u>
	Retained earnings £'000
At 1 January 2018	129,976
Profit for the year	475,490
Dividends	(362,706)
Actuarial adjustment (net of tax)	5,683
Share based payments - gross	(30)
Share based payments - tax	<u>(15)</u>
At 31 December 2019	<u>248,398</u>

The company generally follows the Saint-Gobain group policy of upstreaming 100% of the dividends received last year, plus 75% of other profits after tax for the previous financial year. This policy was amended due to Brexit considerations in 2019.

Its distributable reserves comprise the profit and loss account as shown in the financial statements.

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

19. EMPLOYEE BENEFIT OBLIGATIONS

The company's employees are members of group wide defined benefit pension plans, which cover both the company and its operating subsidiaries in the UK. There are two approved schemes covering general employees, senior managers, and directors. There is also an unfunded unapproved scheme.

The net pension asset disclosed on the balance sheet is split between the Construction Products section, BPB Senior Executive section and the BPB Unfunded section of the scheme as follows:

	2019 £'000	2018 £'000
Construction Products	2,103	310
BPB Senior Executive	25,915	26,090
BPB Unfunded	(9,426)	(9,032)
	<u>18,592</u>	<u>17,368</u>
Pension asset	28,018	26,400
Pension liability	(9,426)	(9,032)
	<u>18,592</u>	<u>17,368</u>

Construction Products

The company operates a defined benefit pension plan in the UK. The plan provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at retirement and their length of service (although some benefits accrue on a Career Average Revalued Earnings (CARE) basis).

The plan is a registered scheme under UK legislation and is subject to the scheme funding requirements outlined in UK legislation.

The company has an unconditional right to a refund of any surplus in the plan if the plan winds up. Therefore, there is no additional liability recognised on the balance sheet as a result of the current recovery plan.

The plan was established under trust and is governed by the plan's trust deed and rules. The trustees are responsible for the operation and the governance of the plan, including making decisions regarding the plan's funding and investment strategy in conjunction with the company.

The plan exposes the company to actuarial risks such as; market (investment) risk, interest rate risk, inflation risk, currency risk, and longevity risk. The plan does not expose the company to any unusual plan-specific or company-specific risks.

There have been no curtailments, settlements or amendments to the plan over the year.

A full actuarial valuation was carried out at 5 April 2017, the results of which have been updated to 31 December 2019 by a qualified independent actuary.

The information disclosed below is in respect of the whole of the Construction Products plan for which the company has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2019 £'000	2018 £'000
Present value of funded defined benefit obligations	1,299,320	1,167,716
Fair value of plan assets	(1,329,662)	(1,171,752)
Net obligations	<u>(30,342)</u>	<u>(4,036)</u>

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

Movements in present value of defined benefit obligation

	2019 £'000	2018 £'000
At 1 January	1,167,716	1,291,084
Current service cost (net of member contributions)	11,187	13,551
Interest cost	32,054	31,093
Net remeasurement loss/(gain) - financial	130,912	(120,395)
Net remeasurement loss/(gain) - demographic	769	(7,362)
Net remeasurement loss - GMP equalisation	-	5,927
Benefits paid	(43,318)	(46,182)
At 31 December	<u>1,299,320</u>	<u>1,167,716</u>

Movements in fair value on plan assets

	2019 £'000	2018 £'000
At 1 January	1,171,752	1,225,599
Interest income on plan assets	32,502	29,812
Return on assets excluding interest income	140,284	(65,337)
Contributions by employer	29,856	29,605
Benefits paid	(43,318)	(46,182)
Plan administrative cost	(1,414)	(1,745)
At 31 December	<u>1,329,662</u>	<u>1,171,752</u>

Expense recognised in the profit and loss account

	2019 £'000	2018 £'000
Current service cost (net of member contributions)	11,187	13,551
Net interest on defined benefit pension plan obligation	(448)	1,281
Plan administrative cost	1,414	1,745
Guaranteed Minimum Pension charge	-	5,927
Total	<u>12,153</u>	<u>22,504</u>

The expense is recognised in the following line items in the profit and loss account:

	2019 £'000	2018 £'000
Cost of sales	11,187	13,551
Administrative expenses	1,414	7,672
Net interest on pension scheme liabilities	(448)	1,281
	<u>12,153</u>	<u>22,504</u>

**Notes to the Financial Statements - continued**  
**for the year ended 31 December 2019**

**19. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The fair value of the plan assets and the return on those assets were as follows:

	2019 Fair value £'000	2018 Fair value £'000
Equities	344,786	294,769
Government debt	321,404	345,464
Corporate bonds	281,764	243,653
Property	37	33
Other	381,671	287,833
	<u>1,329,662</u>	<u>1,171,752</u>
Actual return on plan assets	<u>172,786</u>	<u>(35,525)</u>

Principal actuarial assumptions (expressed as weighted averages):

	2019 %	2018 %
Discount rate	2.00	2.80
Future salary increases	2.00	2.00
RPI inflation	2.80	3.10
CPI inflation	1.90	2.10
Future pension increases		
- inflation, max 5% p.a	2.75	3.05
Life expectancy at age 65 for current pensioners (years):		
Males	21.7	21.6
Females	23.9	23.8
Life expectancy at age 65 for current members aged 45 (years):		
Males	23.0	22.9
Females	25.4	25.4

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 20 years.

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligation as at 31 December 2019 is:

	Impact on defined benefit obligation at 31 December 2019 (£'000)
Discount rate:	
+ 0.5% p.a.	(110,051)
- 0.5% p.a.	122,550
Inflation rate:	
+ 0.5% p.a.	84,889
- 0.5% p.a.	(80,259)
Assumed life expectancy at age 65:	
+ 1 year	65,913
- 1 year	(65,350)

The plan's investment strategy is to invest broadly 80% in return seeking assets and 20% in matching assets (mainly government bonds). This strategy reflects the plan's liability profile and the trustees' and company's attitude to risk.

The last scheme funding valuation of the plan was as at 5 April 2017 and revealed a funding deficit of £145.2m. In the recovery plan dated 28 February 2018 the Company has agreed to pay £1,384,000 per month which, until 31 January 2020 which, after allowance for assumed asset outperformance, is expected to eliminate the shortfall by 5 April 2024.

In accordance with the schedule of contributions dated 28 February 2018 the group is expected to pay contributions of £29.4m to the Saint-Gobain Construction Products scheme over the next accounting period.

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

Expense recognised in the profit and loss account

The amounts recognised by the company for the Construction Products scheme were:

	2019 £'000	2018 £'000
Current service cost and admin cost (net of member contributions)	849	1,199
Net interest on defined benefit pension plan liabilities	(32)	100
Total	<u>817</u>	<u>1,299</u>

BPB Senior Executive Scheme

The company operates a defined benefit pension plan in the UK. The plan provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at retirement and their length of service.

The plan is a registered scheme under UK legislation and is subject to the scheme funding requirements outlined in UK legislation.

The company has an unconditional right to a refund of any surplus in the plan if the plan winds up. Therefore there is no additional liability recognised on the balance sheet as a result of the current recovery plan.

The plan was established under trust and is governed by the plan's trust deed and rules. The trustees are responsible for the operation and the governance of the plan, including making decisions regarding the plan's funding and investment strategy in conjunction with the company.

The plan exposes the company to actuarial risks such as; market (investment) risk, interest rate risk, inflation risk, currency risk, and longevity risk. The plan does not expose the company to any unusual plan-specific or company-specific risks.

There have been no curtailments, settlements, or amendments to the plan over the year.

A full actuarial valuation was carried out at 5 April 2017, the results of which have been updated to 31 December 2019 by a qualified independent actuary.

The information disclosed below is in respect of the whole of the plans for which the company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2019 £'000	2018 £'000
Present value of funded defined benefit obligations	69,988	68,816
Fair value of plan assets	<u>(95,903)</u>	<u>(94,906)</u>
Net obligations/(asset)	<u>(25,915)</u>	<u>(26,090)</u>

Movements in present value of defined benefit obligation

	2019 £'000	2018 £'000
At 1 January	68,816	75,975
Interest cost	1,870	1,810
Net remeasurement loss/(gain) - financial	3,422	(4,454)
Net remeasurement loss/(gain) - demographic	36	(474)
Net remeasurement loss - GMP equalisation	-	69
Benefits paid	<u>(4,156)</u>	<u>(4,110)</u>
At 31 December	<u>69,988</u>	<u>68,816</u>

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

BPB Senior Executive Scheme - continued

Movements in fair value of plan assets

	2019 £'000	2018 £'000
At 1 January	94,906	99,768
Interest income on plan assets	2,512	2,395
Return on assets excluding interest income	2,641	(3,147)
Contributions by employer	131	131
Benefits paid	(4,156)	(4,110)
Plan administrative cost	(131)	(131)
At 31 December	<u>95,903</u>	<u>94,906</u>

Expense recognised in the profit and loss account

	2019 £'000	2018 £'000
Net interest on defined benefit pension plan asset	(642)	(585)
Plan administrative cost	<u>131</u>	<u>131</u>
Total	<u>(511)</u>	<u>(454)</u>

The expense is recognised in the following line items in the profit and loss account:

	2019 £'000	2018 £'000
Administrative expenses	131	131
Finance income	<u>(642)</u>	<u>(585)</u>
	<u>(511)</u>	<u>(454)</u>

The fair value of the plan assets and the return on those assets were as follows:

	2019 Fair value £'000	2018 Fair value £'000
Government debt	95,477	91,684
Property	3	3
Other	<u>423</u>	<u>19</u>
	<u>95,903</u>	<u>91,706</u>
Actual return on plan assets	<u>5,153</u>	<u>(752)</u>

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

BPB Senior Executive Scheme - continued

Principal actuarial assumptions (expressed as weighted averages):

	2019 %	2018 %
Discount rate	2.00	2.80
Future salary increases	n/a	n/a
RPI inflation	2.80	3.10
CPI inflation	1.90	2.10
Future pension increases - inflation, max 5% p.a.	2.75	3.05
Life expectancy at age 65 for current pensioners (years):		
Males	23.9	23.8
Females	25.4	25.3
Life expectancy at age 65 for current members aged 45 (years):		
Males	25.2	25.1
Females	26.9	26.8

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 14 years.

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligation as at 31 December 2019 is:

	Impact on defined benefit obligation at 31 December 2019 (£'000)
Discount rate:	
+ 0.5% p.a.	(3,973)
- 0.5% p.a.	4,330
Inflation rate:	
+ 0.5% p.a.	4,767
- 0.5% p.a.	(4,421)
Assumed life expectancy at age 65:	
+ 1 year	3,376
- 1 year	(3,337)

The plan's investment strategy is to invest broadly 80% in return seeking assets and 20% in matching assets (mainly government bonds). This strategy reflects the plan's liability profile and the trustees' and company's attitude to risk.

The last scheme funding valuation of the plan was as at 5 April 2017 and revealed a funding surplus of £7.6m.

In accordance with the schedule of contributions dated 28 February 2018 the company is expected to pay contributions of £0.1m over the next accounting period.

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

BPB Unfunded Scheme

The company operates a defined benefit pension plan in the UK. The plan provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at retirement and their length of service.

There have been no curtailments, settlements or amendments to the plan over the year.

A full actuarial valuation was carried out at 31 December 2019 by a qualified independent actuary.

The information disclosed below is in respect of the whole of the plans for which the company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2019 £'000	2018 £'000
Present value of unfunded defined benefit obligations	9,426	9,032
Net obligations	9,426	9,032

Movements in present value of defined benefit obligation

	2019 £'000	2018 £'000
At 1 January	9,032	10,041
Interest cost	246	240
Net remeasurement loss/(gain) - financial	437	(813)
Net remeasurement loss/(gain) - demographic	186	(110)
Net remeasurement loss - experience	68	203
Benefits paid	(543)	(529)
At 31 December	9,426	9,032

Movements in fair value of plan assets

	2019 £'000	2018 £'000
At 1 January	-	-
Contributions by employer	543	529
Benefits paid	(543)	(529)
At 31 December	-	-

Expense recognised in the profit and loss account

	2019 £'000	2018 £'000
Net interest on defined benefit pension plan obligation	246	240

The expense is recognised in the following line items in the profit and loss account:

	2019 £'000	2018 £'000
Finance expense	246	240

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

BPB Unfunded Scheme - continued

Principal actuarial assumptions (expressed as weighted averages):

	2019 %	2018 %
Discount rate	2.00	2.80
Future salary increases	n/a	n/a
RPI inflation	2.80	3.10
Future pension increases	2.80	3.10
Life expectancy at age 65 for current pensioners (years):		
Males	24.7	24.3
Females	26.7	26.3
Life expectancy at age 65 for current members aged 45 (years):		
Males	26.1	25.8
Females	28.2	27.9

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 10 years.

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligation as at 31 December 2019 is:

Impact on defined benefit obligation at 31 December  
2019 (£'000)

Discount rate:	
+ 0.5% p.a.	(442)
- 0.5% p.a.	477
Inflation rate:	
+ 0.5% p.a.	(268)
- 0.5% p.a.	279
Assumed life expectancy at age 65:	
+ 1 year	437
- 1 year	(432)

The company is expected to pay no contributions over the next accounting period.

Defined contribution plans

The company operates a number of defined contribution pension plans.

The total cost relating to these plans in the current year was £188,000 (2018: £170,000).

Notes to the Financial Statements - continued  
for the year ended 31 December 2019

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

Share-based payments  
*Compagnie de Saint-Gobain stock option plans*

Compagnie de Saint-Gobain has stock option and performance share plans available to certain employees of BPB Limited. Under the stock option plans, the Board of Directors of Compagnie de Saint-Gobain may grant options which entitle the holder to The performance share plans are subject to service and performance conditions. The fair value is based on the Saint-Gobain share price on the grant date less the value of dividends not payable during the vesting period and a discount on restricted stock. All rights to options and performance shares are forfeited if the employee terminates employment with the group, unless expressly agreed otherwise by the Chairman of Compagnie de Saint-Gobain together with the Appointments Committee of the Board of Directors.

The stock options outstanding at 31 December 2019 were:

	€4 par value shares	Average exercise price (in euros)
Options outstanding at 31 December 2018	14,321	10.01
Options outstanding at 31 December 2019	7,550	-

The expense relating to stock options recorded in the profit and loss account amounted to £28,000 in 2019 (201: £37,000).

The average share price of Compagnie de Saint-Gobain in 2019 was €34.06 (2018: €39.31).

The options outstanding at the year end all have an exercise price of nil and a weighted average contractual life of 8 years.

20. ULTIMATE CONTROLLING PARTY

The ultimate and controlling party parent company is Compagnie de Saint-Gobain, a company incorporated in France and listed on the Paris, London, Frankfurt and other major European stock exchanges. The largest group in which the results of the company are consolidated is that headed by Compagnie de Saint-Gobain. No other group financial statements include the results of the company. Copies of the Compagnie de Saint-Gobain group financial statements are available from the Corporate Secretary at the company's registered address, Tour Saint-Gobain, 12 Place de l'Iris, 92400 Courbevoie, France.

21. EVENTS AFTER THE REPORTING PERIOD

The financial statements of the company have been prepared based on continuing activity. The activities started to be affected by Covid-19 in the first quarter of 2020 and the company expects a negative impact on its financial statements in 2020, with sales being materially lower although the company still expects to be profitable. This major crisis constitutes a post-closing event, with no impact on the value of the company's assets and liabilities in the accounts at 31 December 2019. At the date the directors approved the company's 2019 financial statements, the company's management is not aware of any material uncertainties that call into question the entity's ability to continue as a going concern.

In November 2020 the High Court ruled that historic cash equivalent transfer values for members leaving defined benefit schemes must be revisited and, where necessary, topped up in accordance with Guaranteed Minimum Pension rights. The preliminary information available from the company's professional advisers suggests that this cash outflow will not be material. This is a non-adjusting event and the impact will be included in the 2020 financial statements.