REGISTERED NUMBER: 00147271 (England and Wales)

BPB Limited

Strategic Report, Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2017

Contents of the Financial Statements
for the year ended 31 December 2017

Company Information
for the year ended 31 December 2017

DIRECTORS:	B P A Clavel C Tardy M S Chaldecott S Héraud
SECRETARY:	A R Oxenham
REGISTERED OFFICE:	Saint-Gobain House Binley Business Park Coventry CV3 2TT
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 2017

The directors present their strategic report for the year ended 31 December 2017.

REVIEW OF BUSINESS
The company acts as an intermediate investment holding company within the construction products division of its ultimate parent, Compagnie de Saint-Gobain ("Saint-Gobain"). It employs a number of people working in divisional head office technical and administrative functions in connection with Saint-Gobain's global gypsum 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 Saint-Gobain. 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, the world leader in sustainable habitat and construction markets, designs, manufactures and distributes building and high-performance materials, providing innovative solutions to the challenges of growth, energy efficiency and environmental protection.

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

o It is a 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 efficiency products and solutions.
o With its deep understanding of building professionals' needs, acquired through daily contacts with customers, solutions can be adapted to highly specific customer requirements.
o It has an outstanding potential for innovation, supported by a 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 the group to 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.

OUR VALUES
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 BPB Limited have fully embraced and implemented these values as part of the foundation of our business.

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

Strategic Report
for the year ended 31 December 2017

RESEARCH AND DEVELOPMENT

During the year ended 31 December 2017 the company spent £1,553,000 (year ended 31 December 2016: £1,526,000) 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 gypsum business.

BY ORDER OF THE BOARD:

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A R Oxenham - Secretary

Date: 10/09/2018

Report of the Directors
for the year ended 31 December 2017

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

RESULTS
The company made a profit for the year ended 31 December 2017 of £68,282,000 (year ended 31 December 2016: £184,120,000), including dividends received from other group companies of £68,719,000 (year ended 31 December 2016: £193,297,000).

PRINCIPAL ACTIVITY
The company acts as an intermediate investment holding company within the construction products division of its ultimate parent, Compagnie de Saint-Gobain ("Saint-Gobain"). It employs a number of people working in divisional head office technical and administrative functions in connection with Saint-Gobain's global gypsum 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 £82,484,000 was paid on 23 May 2017 (year ended 31 December 2016: Two interim dividends of £110,211,000 and £100,820,500 (total of £211,031,500) were paid on 24 May 2016).

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

B P A Clavel
C Tardy
M S Chaldecott

Other changes in directors holding office are as follows:

E Du Moulin - resigned 1 February 2017
S Héraud - appointed 1 February 2017

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 2016: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES
Risks facing the Saint-Gobain group, which includes BPB Limited, are discussed in the Annual Report of Saint-Gobain. As an intermediate holding company with most of its income arising from group companies, there are no other significant risks within the company.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern: and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.
The directors are 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 2017

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.

BY ORDER OF THE BOARD:

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A R Oxenham - Secretary

Date: 10/09/2018

Independent Auditor's Report to the Members of BPB Limited

Opinion

We have audited the financial statements of BPB Limited (the 'company') for the year ended 31 December 2017 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, 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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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's Ethical Standard. We believe that the audit evidence we have obtained is sufficient and appropriate basis for our opinion.

Going concern

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

Strategic report and directors' report

The directors are responsible for the Strategic Report and the Report of the Directors. 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 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 misstatement in the strategic report and the directors' report:
- In our opinion the information given in those reports for the financial year 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 20016 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 their statement 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.

Auditor's 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 does not 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.

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.

Colin Brearley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ
Date: 12/9/18

Profit and Loss Account
for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
TURNOVER	2	**33,332**	28,749
Cost of sales		**(26,629)**	(22,630)
GROSS PROFIT		**6,703**	6,119
Administrative expenses		**(4,021)**	(3,819)
OPERATING PROFIT		**2,682**	2,300
Income from shares in group undertakings		**68,719**	193,297
Interest receivable and similar income	4	**48**	134
		71,449	195,731
Interest payable and similar expenses	5	**(3,275)**	(14,291)
PROFIT BEFORE TAXATION	6	**68,174**	181,440
Tax on profit	7	**108**	2,680
PROFIT FOR THE FINANCIAL YEAR		**68,282**	184,120

The notes form part of these financial statements

**Other Comprehensive Income
for the year ended 31 December 2017**

	2017 £'000	2016 £'000
PROFIT FOR THE YEAR	**68,282**	184,120
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified to profit or loss:		
Actuarial gain / (loss) on defined benefit pension plans	**10,778**	(4,488)
Income tax relating to item of other comprehensive income	**(1,886)**	786
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	**8,892**	(3,702)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**77,174**	180,418

Balance Sheet
31 December 2017

	Notes	2017 £'000	2016 £'000
FIXED ASSETS			
Intangible assets	9	**113**	262
Tangible assets	10	**443**	473
Investments	11	**1,345,383**	1,345,383
Pension asset	19	**23,793**	17,212
		1,369,732	1,363,330
CURRENT ASSETS			
Stocks	12	**772**	921
Debtors(including £306,030,000 (2016: £493,542,000) due after more than one year)	13	**1,467,049**	773,362
		1,467,821	774,283
CREDITORS			
Amounts falling due within one year	14	**(557,914)**	(778,292)
NET CURRENT ASSETS/(LIABILITIES)		**909,907**	(4,009)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,279,639**	1,359,321
CREDITORS			
Amounts falling due after more than one year	15	**(1,414,954)**	(485,445)
PROVISIONS FOR LIABILITIES	16	**(1,659)**	(140)
PENSION LIABILITY	19	**(15,175)**	(20,589)
NET ASSETS		**847,851**	853,147
CAPITAL AND RESERVES			
Called up share capital	17	**717,875**	717,875
Retained earnings	18	**129,976**	135,272
SHAREHOLDERS' FUNDS		**847,851**	853,147

The financial statements were approved by the Board of Directors on 10/09/2018 and were signed on its behalf by:

S Héraud - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the year ended 31 December 2017

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016	717,875	165,867	883,742
Changes in equity			
Total comprehensive income:			
Profit for the year	-	184,120	184,120
Other comprehensive income	-	(3,702)	(3,702)
Total comprehensive income for the year	-	180,418	180,418
Transactions with the owners, recorded directly in equity:	-		
Dividends paid	-	(211,031)	(211,031)
Dividends forfeited	-	8	8
Share based payments - gross	-	9	9
Share based payments - tax	-	1	1
Balance at 31 December 2016	717,875	135,272	853,147
Changes in equity			
Total comprehensive income:			
Profit for the year	-	68,282	68,282
Other comprehensive income	-	8,892	8,892
Total comprehensive income for the year	-	77,174	77,174
Transactions with the owners, recorded directly in equity:	-		
Dividends paid	-	(82,484)	(82,484)
Dividends forfeited	-	16	16
Share based payments - gross	-	(8)	(8)
Share based payments - tax	-	6	6
Balance at 31 December 2017	717,875	129,976	847,851

The notes form part of these financial statements

Notes to the Financial Statements
for the year ended 31 December 2017

1. ACCOUNTING POLICIES

Basis of preparation
BPB Limited is a company incorporated in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS101).

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("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.

The company's ultimate parent undertaking, Compagnie de Saint-Gobain includes the company in its consolidated financial statements. The consolidated financial statements of Compagnie de Saint-Gobain are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Corporate Secretary at the company's address, Compagnie de Saint Gobain, Les Miroirs, 18 Avenue d'Alsace, 92096 La Defence, Cedex, Paris, France.

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

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

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

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of Assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current Assets Held for Sales and Discontinued Operations in respect of the cash flows of discontinued operations;
- 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;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

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 investment property or, 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.

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.

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.

1. **ACCOUNTING POLICIES - continued**

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.

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

Classification of financial instruments issued by the company
Following the adoption of IAS 32, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) 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.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is corresponding over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments are classified in equity as dividends and are recorded directly in equity.

Notes to the Financial Statements - continued
for the year ended 31 December 2017

1. **ACCOUNTING POLICIES - continued**

Investments in debt and equity securities
Investments in associates and subsidiaries are carried at cost less impairment. Financial instruments held for trading or designated upon initial recognition or at the IAS 39 transition date if later are stated at fair value, with any resultant gain or loss being recognised in profit or loss.

Derivative financial instruments and hedging
Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement 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).

The company uses foreign exchange derivatives to hedge its exposure to changes in exchange rates that may arise in its ordinary business operations.

In accordance with IAS 32 and IAS 39, all of these instruments are recognised in the balance sheet at fair value, irrespective of whether or not they are part of a hedging relationship that qualifies for hedge accounting under IAS 39.

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

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.

Notes to the Financial Statements - continued
for the year ended 31 December 2017

1. **ACCOUNTING POLICIES - continued**

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
Operating lease payments

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

Defined benefit plans

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.

Notes to the Financial Statements - continued
for the year ended 31 December 2017

1. **ACCOUNTING POLICIES - continued**
Employees benefits - continued

Defined benefits - continued

Until 14 May 2008 the company was the sponsoring employer of a group wide defined benefit pension plan. As there was no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan was recognised fully by the sponsoring employer, which is the company. Contributions were then made by individual companies in proportion to the pensionable pay of their employees. Those contributions are shown as finance income within these financial statements.

From 14 May 2008 the group pension schemes became part of the Saint-Gobain pension scheme in the United Kingdom and the company adopted the stated group policy for charging 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 2017.

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 through 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.

<u>Calculation of recoverable amount</u>

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.

<u>Reversals of impairment</u>

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.

<u>An impairment loss in respect of goodwill is not reversed.</u>

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 2017

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**

	2017	2016
	£'000	£'000
Sale of goods	1,558	554
Technical fee for use of intellectual property	27,574	24,025
Purchasing commission	4,200	4,170
	33,332	28,749

By geographical market:

	2017	2016
	£'000	£'000
UK	5,908	5,572
Other EU countries	17,210	15,226
Rest of world	10,214	7,951
	33,332	28,749

3. **EMPLOYEES AND DIRECTORS**

	2017	2016
	£'000	£'000
Wages and salaries	5,532	5,276
Social security costs	629	605
	6,161	5,881

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

	2017	2016
Administrative	77	82

	2017	2016
	£	£
Directors' remuneration	-	-

Notes to the Financial Statements - continued
for the year ended 31 December 2017

3. EMPLOYEES AND DIRECTORS - continued

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

	2017	2016
	£'000	£'000
Interest receivable from other group companies	**48**	99
Interest on pension scheme asset	**-**	33
	48	134

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£'000	£'000
Interest payable to other group companies	**3,224**	14,291
Interest on pension scheme asset	**51**	-
	3,275	14,291

6. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2017	2016
	£'000	£'000
Cost of inventories recognised as expense	**1,558**	554
Depreciation - owned assets	**90**	96
Patents and licences amortisation	**56**	98
Auditors' remuneration	**48**	54
Research and development expense as incurred	**1,553**	1,526

7. TAXATION

Analysis of tax income

	2017	2016
	£'000	£'000
Current tax:		
Tax	**(263)**	(2,622)
Current tax - prior years	**(42)**	(370)
Total current tax	**(305)**	(2,992)
Deferred tax:		
Deferred tax	**179**	270
Deferred tax - prior years	**18**	22
Deferred tax - rate change	**-**	20
Total deferred tax	**197**	312
Total tax income in profit and loss account	**(108)**	(2,680)

Notes to the Financial Statements - continued
for the year ended 31 December 2017

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:

	2017	2016
	£'000	£'000
Profit before income tax	68,174	181,440
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	13,123	36,288
Effects of:		
Non taxable dividend income	(13,228)	(38,659)
Adjustments in respect of prior year	(24)	(348)
Expense not deductible	39	57
Deferred tax rate change on opening balances	-	20
Current year deferred tax corporation tax rate adjustment	(18)	(38)
Tax income	(108)	(2,680)

Tax effects relating to effects of other comprehensive income

		2017	
	Gross	Tax	Net
	£'000	£'000	£'000
Actuarial gain / (loss) on defined benefit pension plans	10,778	(1,886)	8,892
	10,778	(1,886)	8,892

		2016	
	Gross	Tax	Net
	£'000	£'000	£'000
Actuarial (gain) / loss on defined benefit pension plans	(4,488)	786	(3,702)
	(4,488)	786	(3,702)

Factors affecting future tax charges

Reduction in the UK corporate tax rate to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

8. **DIVIDENDS**

	2017	2016
	£'000	£'000
Ordinary shares of 50p each		
Interim	82,484	211,031

An interim dividend of 5.75 pence per share was paid on 23 May 2017 (7.68 and 7.02 pence per share were paid on 24 May 2016).

Notes to the Financial Statements - continued
for the year ended 31 December 2017

9. INTANGIBLE FIXED ASSETS

	Patents and licences £'000	Computer software £'000	Totals £'000
COST			
At 1 January 2017	1,528	1,327	2,855
Disposals	(582)	-	(582)
At 31 December 2017	946	1,327	2,273
AMORTISATION			
At 1 January 2017	1,266	1,327	2,593
Amortisation for year	56	-	56
Eliminated on disposal	(489)	-	(489)
At 31 December 2017	833	1,327	2,160
NET BOOK VALUE			
At 31 December 2017	113	-	113
At 31 December 2016	262	-	262

10. TANGIBLE FIXED ASSETS

	Plant & equipment £'000
COST	
At 1 January 2017	3,268
Additions	60
At 31 December 2017	3,328
DEPRECIATION	
At 1 January 2017	2,795
Charge for year	90
At 31 December 2017	2,885
NET BOOK VALUE	
At 31 December 2017	443
At 31 December 2016	473

Notes to the Financial Statements - continued
for the year ended 31 December 2017

11. INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2017 and 31 December 2017	**1,345,383**
NET BOOK VALUE	
At 31 December 2017	**1,345,383**

	Shares in group undertakings £'000
COST	
At 1 January 2016 and 31 December 2016	1,345,383
NET BOOK VALUE	
At 31 December 2016	1,345,383

Notes to the Financial Statements - continued
for the year ended 31 December 2017

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	**2017**	2016
BPB Finance (No.4) Limited	1	100.00%	100.00%
Saint-Gobain Denmark A/S	35	37.75%	37.75%
LECA Danmark A/S	35	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.1) Limited (In liquidation with effect from 1 September 2016)	19	-	100.00%
BPB Finance (No.2) Limited	1	100.00%	100.00%
BPB Investments 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	95.00%	100.00%
BPB Gyproc (Shanghai) Management Co Limited	28	100.00%	100.00%
BPB Luxembourg SA	6	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%
BPB Gypsum Zimbabwe (Private) Limited	22	100.00%	100.00%
BPB Asia Pte Ltd	16	100.00%	100.00%
Asia Gypsum Company Limited	8	60.00%	100.00%
BPB Finance (No.6)	1	100.00%	100.00%
Tecnokarton GmbH	34	29.00%	100.00%
Tecnokarton GmbH & Co Fabrikation technischen Kartons KG	34	29.00%	100.00%
BPB Gyproc Nordic.East AB	25	-	100.00%
BPB India Limited	1	100.00%	100.00%
Saint-Gobain India Private Limited	37	22.00%	100.00%
Inversiones BPB Chile Ltda	20	100.00%	100.00%
Inversiones Volcan SA	20	28.90%	100.00%
CIA Industrial El Volcan SA	20	28.90%	28.90%
Placo Do Brasil Ltda	18	68.00%	43.96%
Saint-Gobain Rigips Austria GesmbH	38	-	100.00%
SIA Latvijas Gipsis	17	-	100.00%
SIA Investiciju Sabiedriba Balt Minerals	17	-	100.00%
Sia Malpils Minerals	12	-	100.00%
Thai Gypsum Products PLC	13	83.00%	83.00%
Saint-Gobain Sekurit (Thailand)	13	66.60%	66.60%
PT Central Saint-Gobain Sekurit	13	31.20%	31.20%
PT Saint-Gobain Sekurit Indonesia	13	63.27%	63.27%
Simpamax Limited	1	100.00%	100.00%
BPB Valmarand SA	6	100.00%	100.00%
CertainTeed Gypsum Canada Inc.	9	100.00%	100.00%
New West Gypsum Recycling (BC) Inc.	15	40.00%	40.00%
Saint-Gobain Construction Products South Africa (Pty) Limited	27	100.00%	100.00%
BPB Gypsum Ltda	5	99.67%	99.67%
Donn South Africa (Pty) Ltd	27	66.67%	66.67%
Donn Products (Pty) Ltd	27	66.67%	66.67%
Liskey (Pty) Ltd	27	66.67%	66.67%
Gypsum Industries (Pty) Ltd	27	100.00%	100.00%
SAGEX	27	100.00%	-
Saint-Gobain 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%
Swys Tile Adhesive Chemicals (Pty) Ltd	27	100.00%	100.00%
Saint-Gobain Gyproc Middle East FZE	30	100.00%	100.00%
Saint-Gobain Gyproc Emirates Industries LLC	32	49.00%	100.00%

Notes to the Financial Statements - continued
for the year ended 31 December 2017

11. **INVESTMENTS - continued**

Saint-Gobain Al Rafah LLC	33	70.00%	70.00%
Saint-Gobain Gypsum (Chang Zhou) Co Limited	2	100.00%	100.00%
Eurogyps Limited (In liquidation with effect from 1st September 2016)	1	100.00%	100.00%
Greenberg Glass Limited (In liquidation with effect from 1st September 2016)	1	100.00%	100.00%
Gypsum Investments Limited	1	100.00%	100.00%
Protenna AB	1	25.00%	25.00%
Skiptex Limited	1	100.00%	100.00%
Saint-Gobain Construction Products (Ireland) Limited	1	100.00%	100.00%
Gypsum Industries (UK) Limited (liquidated)	1	-	100.00%
Moy-Isover Limited	11	100.00%	100.00%
Saint-Gobain Mining (Ireland) Limited	11	100.00%	100.00%
Saint-Gobain Performance Plastics Ireland	26	100.00%	100.00%
Radcliffe Paper Tubes Limited	1	100.00%	100.00%
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-Isover Limited (In MVL)	19	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%
BCC Industries (UK) Limited	1	100.00%	-
Stanton Limited (In MVL)	19	100.00%	100.00%
Saint- Gobain Pipelines South Africa (Pty) Limited	27	-	100.00%
Saint-Gobain Weber Limited	1	100.00%	100.00%
Radcliffe Paper Mill Company Limited (The)	19	100.00%	100.00%
Nutbrook Canal Navigation	1	100.00%	100.00%

† Direct holding

Registered office address key:
1 -Saint-Gobain House, Binley Business Park, Coventry, CV3 2TT
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 Crownpoint 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 Borenstein, 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
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

Notes to the Financial Statements - continued
for the year ended 31 December 2017

11. **INVESTMENTS - continued**

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 Lakshmipathy Road, Egmore, Chennai, Tamil Nadu, 600008, India
38 - Unterkainisch 24, A-8990, Bad Aussee, Austria

12. **STOCKS**

	2017	2016
	£'000	£'000
Goods - gross value	**772**	921

Inventories to the value of £1,558,000 were recognised as expenses in the year (year ended 31 December 2016: £554,000).

13. **DEBTORS**

	2017	2016
	£'000	£'000
Amounts falling due within one year:		
Trade receivables- owed by subsidiary companies	**10,654**	10,444
Trade receivables- owed by other group companies	**4,080**	3,512
Other trade receivables	**2,548**	2,969
Owed by group undertakings	**1,143,737**	262,127
Deferred tax asset	**-**	768
	1,161,019	279,820
Amounts falling due after more than one year:		
Amounts owed by group undertakings	**306,030**	493,542
Aggregate amounts	**1,467,049**	773,362

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

	2017	2016
	£'000	£'000
Trade payables-amounts due to other group companies	**18,715**	17,456
Trade payables-amounts due to subsidiaries	**193**	105
Other trade payables	**1,191**	1,619
Non-trade payables and accrued expenses	**668**	633
Owed to group undertakings	**535,441**	757,344
Tax	**1,706**	1,135
	557,914	778,292

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

	2017	2016
	£'000	£'000
Amounts owed to group undertakings	1,414,954	485,445

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**

	2017	2016
	£'000	£'000
Deferred tax		
Deferred tax	1,309	-
Other provisions		
Rectification provision	350	140
Aggregate amounts	1,659	140

	Deferred tax	Other provisions
	£'000	£'000
Balance at 1 January 2017	(768)	140
Recognised in profit and loss	197	210
Recognised in equity	1,880	-
Balance at 31 December 2017	1,309	350

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following;

	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Property, plant and equipment	(81)	(100)	-	-	(81)	(100)
Employee benefits	-	(668)	1,390	-	1,390	(668)
	(81)	(768)	1,390	-	1,309	(768)

Movement in deferred tax during the year:

	1 January 2017	Equity	Profit and loss account	31 December 2017
	£000	£000	£000	£000
Property, plant and equipment	(100)	-	19	(81)
Employee benefits	(668)	1,880	178	1,390
	(768)	1,880	197	1,309

Notes to the Financial Statements - continued
for the year ended 31 December 2017

16. PROVISIONS FOR LIABILITIES - continued

Movement in deferred tax during the prior year:

	1 January 2016 £000	Equity £000	Profit and loss account £000	31 December 2016 £000
Property, plant and equipment	(112)	-	12	(100)
Employee benefits	(181)	(787)	300	(668)
	(293)	(787)	312	(768)

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**2017 £'000**	2016 £'000
1,435,750,845	Ordinary	50p	**717,875**	717,875

18. RESERVES

	Retained earnings £'000
At 1 January 2017	**135,272**
Profit for the year	**68,282**
Dividends	**(82,484)**
Net actuarial adjustment	**8,892**
Dividends forfeited	**16**
Share based payments - gross	**(8)**
Share based payments - tax	**6**
At 31 December 2017	**129,976**

	Retained earnings £'000
At 1 January 2016	165,867
Profit for the year	184,120
Dividends	(211,031)
Net actuarial adjustment	(3,702)
Dividends forfeited	8
Share based payments - gross	9
Share based payments - tax	1
At 31 December 2016	135,272

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

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:

	2017	2016
	£'000	£'000
Construction Products	**(5,134)**	(10,443)
BPB Senior Executive	**23,793**	17,212
BPB Unfunded	**(10,041)**	(10,146)
	8,618	(3,377)
Pension asset	**23,793**	17,212
Pension liability	**(15,175)**	(20,589)
	8,618	(3,377)

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 2017 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.

	2017	2016
	£'000	£'000
Present value of funded defined benefit obligations	**1,291,084**	1,293,808
Fair value of plan assets	**(1,225,599)**	(1,161,606)
Net obligations	**65,485**	132,202

Movements in present value of defined benefit obligation

	2017	2016
	£'000	£'000
At 1 January	**1,293,808**	1,009,203
Current service cost (net of member contributions)	**16,066**	11,290
Interest cost	**33,159**	37,630
Net remeasurement loss/(gain) - financial	**32,220**	272,838
Net remeasurement gain - demographic	**(34,920)**	-
Net remeasurement gain - experience	**(5,010)**	-
Benefits paid	**(44,239)**	(37,153)
At 31 December	**1,291,084**	1,293,808

Notes to the Financial Statements - continued
for the year ended 31 December 2017

Movements in fair value on plan assets

	2017 £'000	2016 £'000
At 1 January	**1,161,606**	901,437
Interest income on plan assets	**30,070**	34,095
Return on assets excluding interest income	**51,961**	236,637
Contributions by employer	**27,836**	28,193
Benefits paid	**(44,239)**	(37,153)
Plan administrative cost	**(1,635)**	(1,603)
At 31 December	**1,225,599**	1,161,606

Expense recognised in the income statement

	2017 £'000	2016 £'000
Current service cost (net of member contributions)	**16,066**	11,290
Net interest on defined benefit pension plan obligation	**3,089**	3,535
Plan administrative cost	**1,635**	1,603
Total	**20,790**	16,428

The expense is recognised in the following line items in the income statement:

	2017 £'000	2016 £'000
Cost of sales	**16,066**	11,290
Administrative expenses	**1,635**	1,603
Net interest on pension scheme liabilities	**3,089**	3,535
	20,790	16,428

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

	2017 Fair value £'000	2016 Fair value £'000
Equities	**308,925**	237,153
Government debt	**336,006**	454,825
Corporate bonds	**242,723**	186,821
Property	**40**	45
Other	**337,905**	282,762
	1,225,599	1,161,606
Actual return on plan assets	**82,031**	270,732

Principal actuarial assumptions (expressed as weighted averages):

	2017 %	2016 %
Discount rate	**2.45**	2.60
Future salary increases	**2.00**	2.00
RPI inflation	**3.30**	3.35
CPI inflation	**2.30**	2.35
Future pension increases		
- inflation, max 5% p.a	**3.20**	3.25

Notes to the Financial Statements - continued
for the year ended 31 December 2017

Life expectancy at age 65 for current pensioners (years):		
Males	**21.7**	22.2
Females	**23.9**	24.0
Life expectancy at age 65 for current members aged 45 (years):		
Males	**23.1**	23.9
Females	**25.4**	25.9

At 31 December 2017, 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 2017 is:

	Impact on defined benefit obligation at 31 December 2017 (£'000)
Discount rate:	
+ 0.5% p.a.	**(111,957)**
- 0.5% p.a.	**127,416**
Inflation rate:	
+ 0.5% p.a.	**74,525**
- 0.5% p.a.	**(72,127)**
Assumed life expectancy at age 65:	
+ 1 year	**62,576**
- 1 year	**(62,296)**

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 2014 and revealed a funding deficit of £197.1m. In the recovery plan dated 31 March 2015 the group has agreed to pay £1,384,000 per month 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 31 March 2015 the group is expected to pay contributions of £26.6m to the Saint-Gobain Construction Products scheme over the next accounting period.

Expense recognised in the income statement

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

	2017	2016
	£'000	£'000
Current service cost and admin cost (net of member contributions)	**1,398**	973
Net interest on defined benefit pension plan liabilities	**244**	267
Total	**1,642**	1,240

Notes to the Financial Statements - continued
for the year ended 31 December 2017
EMPLOYEE BENEFIT OBLIGATIONS - continued

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 2017 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.

	2017	2016
	£'000	£'000
Present value of funded defined benefit obligations	**75,975**	81,453
Fair value of plan assets	**(99,768)**	(98,665)
Net (asset)	**(23,793)**	(17,212)

Movements in present value of defined benefit obligation

	2017	2016
	£'000	£'000
At 1 January	**81,453**	69,052
Interest cost	**2,066**	2,545
Net remeasurement loss - financial	**1,318**	13,837
Net remeasurement (gain) - demographic	**(7,448)**	-
Net remeasurement loss - experience	**2,793**	-
Benefits paid	**(4,207)**	(3,981)
At 31 December	**75,975**	81,453

Notes to the Financial Statements - continued
for the year ended 31 December 2017

EMPLOYEE BENEFIT OBLIGATIONS - continued

BPB Senior Executive Scheme - continued

Movements in fair value of plan assets

	2017 £'000	2016 £'000
At 1 January	98,665	85,536
Interest income on plan assets	2,516	3,174
Return on assets excluding interest income	2,795	13,936
Contributions by employer	130	131
Benefits paid	(4,207)	(3,981)
Plan administrative cost	(131)	(131)
At 31 December	99,768	98,665

Expense recognised in the profit and loss account

	2017 £'000	2016 £'000
Net interest on defined benefit pension plan asset	(450)	(629)
Plan administrative cost	131	131
Total	(319)	(498)

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

	2017 £'000	2016 £'000
Administrative expenses	131	131
Finance income	(450)	(629)
	(319)	(498)

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

	2017 Fair value £'000	2016 Fair value £'000
Equities	2,561	1,445
Government debt	91,548	92,737
Corporate bonds	5,170	4,179
Property	4	4
Other	485	300
	99,768	98,665
Actual return on plan assets	5,311	17,110

Notes to the Financial Statements - continued
for the year ended 31 December 2017
EMPLOYEE BENEFIT OBLIGATIONS - continued

BPB Senior Executive Scheme - continued

Principal actuarial assumptions (expressed as weighted averages):

	2017 %	2016 %
Discount rate	**2.45**	2.60
Future salary increases	**n/a**	n/a
RPI inflation	**3.30**	3.35
CPI inflation	**2.30**	2.35
Future pension increases		
- inflation, max 5% p.a.	**3.20**	3.25
Life expectancy at age 65 for current pensioners (years):		
Males	**24.0**	25.3
Females	**25.4**	27.6
Life expectancy at age 65 for current members aged 45 (years):		
Males	**25.3**	27.1
Females	**26.9**	29.5

At 31 December 2017, 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 2017 is:

	Impact on defined benefit obligation at 31 December 2017 (£'000)
Discount rate:	
+ 0.5% p.a.	**(4,515)**
- 0.5% p.a.	**4,951**
Inflation rate:	
+ 0.5% p.a.	**4,095**
- 0.5% p.a.	**(4,287)**
Assumed life expectancy at age 65:	
+ 1 year	**3,484**
- 1 year	**(3,457)**

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 2014 and revealed a funding surplus of £0.9m.

In accordance with the schedule of contributions dated 31 March 2015 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 2017

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 2017 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.

	2017	2016
	£'000	£'000
Present value of unfunded defined benefit obligations	**10,041**	10,146
Net obligations	**10,041**	10,146

Movements in present value of defined benefit obligation

	2017	2016
	£'000	£'000
At 1 January	**10,146**	8,864
Interest cost	**257**	328
Net remeasurement (gain) / loss - financial	**123**	1,527
Net remeasurement (gain) / loss - experience	**23**	(77)
Benefits paid	**(508)**	(496)
At 31 December	**10,041**	10,146

Movements in fair value of plan assets

	2017	2016
	£'000	£'000
At 1 January	**-**	-
Contributions by employer	**508**	496
Benefits paid	**(508)**	(496)
At 31 December	**-**	-

Expense recognised in the profit and loss account

	2017	2016
	£'000	£'000
Net interest on defined benefit pension plan obligation	**257**	328

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

	2017	2016
	£'000	£'000
Finance expense	**257**	328

Notes to the Financial Statements - continued
for the year ended 31 December 2017
EMPLOYEE BENEFIT OBLIGATIONS - continued

BPB Unfunded Scheme - continued

Principal actuarial assumptions (expressed as weighted averages):

	2017 %	2016 %
Discount rate	**2.45**	2.60
Future salary increases	**n/a**	n/a
RPI inflation	**3.30**	3.35
Future pension increases	**3.30**	3.35
Life expectancy at age 65 for current pensioners (years):		
Males	**24.9**	24.8
Females	**26.8**	26.7
Life expectancy at age 65 for current members aged 45 (years):		
Males	**26.4**	26.4
Females	**28.4**	28.3

At 31 December 2017, the weighted-average duration of the defined benefit obligation was 11 years.

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligation as at 31 December 2017 is:

	Impact on defined benefit obligation at 31 December 2017 (£'000)
Discount rate:	
+ 0.5% p.a.	**(526)**
- 0.5% p.a.	**571**
Inflation rate:	
+ 0.5% p.a.	**564**
- 0.5% p.a.	**(524)**
Assumed life expectancy at age 65:	
+ 1 year	**451**
- 1 year	**(447)**

The company is expected to pay contributions of £0.5m 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 £159,000 (2016: £110,000).

Notes to the Financial Statements - continued
for the year ended 31 December 2017

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 obtain Saint-Gobain shares either at nil cost or at a price based on the average share price for the 20 trading days preceding the grant date. Options are equity settled and vest over a period of three or four years with full vesting occurring at the end of the vesting period. Options must be exercised within ten years from the date of the grant.

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, calculated in a similar manner as for the Group Savings Plan.

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 2017 were:

	€4 par value shares	Average exercise price (in euros)
Options outstanding at 31 December 2016	**26,034**	40.05
Options outstanding at 31 December 2017	**15,070**	14.26

The expense relating to stock options recorded in the profit and loss account amounted to £47,000 in 2017 (2016: £55,000).

The average share price of Compagnie de Saint-Gobain in 2017 was €47.76 (2016: €37.92).

The options outstanding at the year end have an exercise price in the range of €0 to €49.76 and a weighted average contractual life of 4 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, Compagnie de Saint Gobain, Les Miroirs, 18 Avenue d'Alsace, 92096 La Defence, Cedex, Paris, France.