

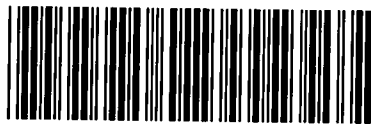
REGISTERED NUMBER: 00147271 (England and Wales)

BPB Limited

Strategic Report, Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2020

THURSDAY



AAE4C8PS

A20

30/09/2021

#141

COMPANIES HOUSE

**Contents of the Financial Statements
for the year ended 31 December 2020**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	5
Report of the Independent Auditors to the members of BPB Limited	7
Profit and Loss Account	10
Other Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14

**Company Information
for the year ended 31 December 2020**

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 2020**

The directors present their strategic report for the year ended 31 December 2020.

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 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 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.

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 purpose of "Making the world a better home".

In 2020, Saint-Gobain established its purpose, "Making the world a better home". It was the result of a process conducted with its stakeholders: nearly 15,000 in-house contributions, over 600 workshops worldwide and contributions from external stakeholders such as investors, NGOs, partners and opinion leaders.

With this purpose, Saint-Gobain is taking on its ambition to improve everyone's lives by making the planet a fairer, more harmonious and sustainable living space. Through its business model generally and with its solutions specifically, Saint-Gobain has a tangible impact on the life of each individual, their environment and their way of working, caring for themselves and getting around.

The Group's purpose is the link between the infinitely small unit of each person's living space and the infinitely large one of our shared home: the planet.

**Strategic Report
for the year ended 31 December 2020**

SECTION 172(1) STATEMENT - continued

"MAKING THE WORLD A BETTER HOME"

Our purpose sets the course for our common future. Together with and for our customers, we design, manufacture and distribute materials and solutions that have a positive impact on everyone's life and provide well-being, quality of life and performance, while caring for the planet.

Our purpose reflects who we are. Our 350 years of history, our collective strength and our leadership empower us to pursue our development, by addressing the major challenges facing humanity, namely, climate change, resource protection and the fight against inequality. We are both an international and multi-local company, fully integrated into the territories where we operate to support their vitality and help build a fairer and more sustainable, open and engaging world.

Our purpose is a call to action. Our approach is clearly focused on the future. Together with our customers, partners and all our stakeholders, it guides our action to unleash individual and collective aspirations, and enable everyone to live better in the world. It calls on us to innovate openly, with the ever-renewed ambition of better uniting humanity and nature for the common good.

Our purpose is based on values that guide us. We carry out our business in compliance with the principles of conduct and action and the humanist values that permeate our corporate culture. Listening, dialogue, care, solidarity, trust and respect for difference are central to our commitment.

This is the profound ambition of our purpose: to act every day to make the world a more beautiful and sustainable place to live.

Through its purpose, Saint-Gobain bases its development on strong values embodied in nine Principles of Conduct and Action, which constitute a true code of ethics. Formalized in 2003, translated into 33 languages, and distributed to all employees, these principles constitute an ethical reference applicable in action. They are a condition of belonging to the Group. The directors of the company 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

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 the 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.

**Strategic Report
for the year ended 31 December 2020**

SECTION 172(1) STATEMENT - continued

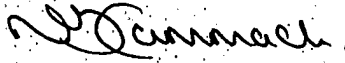
The directors also fulfil their duty by particularly looking at the following areas:

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

RESEARCH AND DEVELOPMENT

During the year ended 31 December 2020 the company spent £1,464,000 (year ended 31 December 2019: £1,757,000) 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: 29 September 2021

**Report of the Directors
for the year ended 31 December 2020**

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

RESULTS

The company made a profit for the year ended 31 December 2020 of £72,124,000 (year ended 31 December 2019: £479,258,000), including dividends received from other group companies of £74,608,000 (year ended 31 December 2019: £475,689,000).

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 £200,823,000 was paid on 26 May 2020 (year ended 31 December 2019: An interim dividend of £358,066,000 was paid on 28 February 2019 and interim dividend of £100,209,000 was paid on 27 March 2019 totalling £458,275,000).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

M S Chaldecott
N J Cammack
P E A Dupin

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 2019: £nil).

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 and cash generation from operations.

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 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. 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 at least 12 months from the date of approval of these financial statements by meeting its liabilities as they fall due for payment.

Those forecasts are dependent on the continuation of the company's involvement in the UKI group cash pooling arrangement. 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 these financial statements and therefore have prepared the financial statements on a going concern basis.

**Report of the Directors
for the year ended 31 December 2020**

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 responsible for 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, 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.

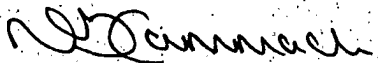
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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: 29 September 2021

Report of the Independent Auditors to the Members of BPB Limited

We have audited the financial statements of BPB Limited (the 'company') for the year ended 31 December 2020 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant 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 2020 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 Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because of the low value and minimal revenue entries.

We did not identify any additional fraud risks.

**Report of the Independent Auditors to the Members of
BPB Limited**

Fraud and breaches of laws and regulations - ability to detect - continued

Identifying and responding to risks of material misstatement due to fraud - continued

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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 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.

**Report of the Independent Auditors to the Members of
BPB Limited**

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.

Directors' responsibilities

As explained more fully in their statement set out on page 6, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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.



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

Date: 29 September 2021

**Profit and Loss Account
for the year ended 31 December 2020**

	Notes	2020 £'000	2019 £'000
TURNOVER	2	10,540	36,869
Cost of sales		<u>(8,567)</u>	<u>(26,939)</u>
GROSS PROFIT		1,973	9,930
Administrative expenses		<u>(1,366)</u>	<u>(2,593)</u>
OPERATING PROFIT		607	7,337
Income from shares in group undertakings		74,608	475,689
Interest receivable and similar income	4	<u>445</u>	<u>707</u>
		75,660	483,733
Interest payable and similar expenses	5	<u>(4,102)</u>	<u>(3,383)</u>
PROFIT BEFORE TAXATION	6	71,558	480,350
Tax on profit	7	<u>566</u>	<u>(1,092)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>72,124</u>	<u>479,258</u>

The notes form part of these financial statements

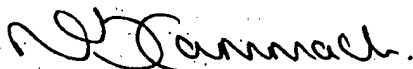
**Other Comprehensive Income
for the year ended 31 December 2020**

	2020 £'000	2019 £'000
PROFIT FOR THE YEAR	72,124	479,258
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified to profit or loss:		
Actuarial gain / (loss) on defined benefit pension plans	752	(952)
Income tax relating to item that will not be reclassified to profit or loss	(144)	167
Deferred tax rate change	<u>(279)</u>	<u>—</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>329</u>	<u>(785)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>72,453</u>	<u>478,473</u>

Balance Sheet
31 December 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	9	20	47
Tangible assets	10	500	523
Investments	11	1,345,383	1,345,383
Pension asset	19	29,997	28,018
		<u>1,375,900</u>	<u>1,373,971</u>
CURRENT ASSETS			
Stocks	12	19	81
Debtors (including £376,494,000 falling due after more than one year: 2019 £317,665,000)	13	1,510,311	1,495,375
		<u>1,510,330</u>	<u>1,495,456</u>
CREDITORS			
Amounts falling due within one year	14	(483,577)	(355,255)
NET CURRENT ASSETS		<u>1,026,753</u>	<u>1,140,201</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,402,653</u>	<u>2,514,172</u>
CREDITORS			
Amounts falling due after more than one year	15	(1,531,167)	(1,515,141)
PROVISIONS FOR LIABILITIES	16	(3,762)	(3,122)
PENSION LIABILITY	19	(9,618)	(9,426)
NET ASSETS		<u>858,106</u>	<u>986,483</u>
CAPITAL AND RESERVES			
Called up share capital	17	717,875	717,875
Retained earnings	18	140,231	268,608
SHAREHOLDERS' FUNDS		<u>858,106</u>	<u>986,483</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2021 and were signed on its behalf by:



.....
N J Cammack - Director

**Statement of Changes in Equity
for the year ended 31 December 2020**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	717,875	248,398	966,273
Changes in equity			
Total comprehensive income:			
Profit for the year	-	479,258	479,258
Other comprehensive income	-	(785)	(785)
Total comprehensive income for the year	-	478,473	478,473
<i>Transactions with the owners, recorded directly in equity;</i>			
Dividends	-	(458,275)	(458,275)
Share based payments - gross	-	10	10
Share based payments - tax	-	2	2
Balance at 31 December 2019	<u>717,875</u>	<u>268,608</u>	<u>986,483</u>
Changes in equity			
Total comprehensive income:			
Profit for the year	-	72,124	72,124
Other comprehensive income	-	329	329
Total comprehensive income	-	72,453	72,453
<i>Transactions with the owners, recorded directly in equity;</i>			
Dividends	-	(200,823)	(200,823)
Share based payments - gross	-	(5)	(5)
Share based payments - tax	-	(2)	(2)
Balance at 31 December 2020	<u>717,875</u>	<u>140,231</u>	<u>858,106</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the year ended 31 December 2020

1. ACCOUNTING POLICIES

Basis of preparation

BPB Limited is a private company, limited by shares, incorporated, domiciled and registered in England in the UK. The registered number is 00147271 and the registered address is Saint-Gobain House, East Leake, Loughborough, Leicestershire LE12 6JU.

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

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements as the results of its operations are consolidated with those of its ultimate parent undertaking, Compagnie de Saint-Gobain. 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 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 intangible assets;
- o Comparative period reconciliations for tangible assets;
- o Opening balance sheet restatements on adoption of a new accounting standard.

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.

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

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

- o Amendments to References to the Conceptual Framework in IFRS Standards;
- o Amendment to IFRS 3 Business Combinations;
- o Amendment to IAS 1 and IAS 8;
- o Amendments to IFRS7, IFRS 9 and IAS 39.

**Notes to the Financial Statements - continued
for the year ended 31 December 2020**

1. ACCOUNTING POLICIES - continued

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 and cash generation from operations.

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 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. 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 at least 12 months from the date of approval of these financial statements by meeting its liabilities as they fall due for payment.

Those forecasts are dependent on the continuation of the company's involvement in the UKI group cash pooling arrangement. 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 these 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 2020

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.

Notes to the Financial Statements - continued
for the year ended 31 December 2020

1. ACCOUNTING POLICIES - continued

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.

(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.

Révenue 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 profit and loss account.

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.

Notes to the Financial Statements - continued
for the year ended 31 December 2020

1. ACCOUNTING POLICIES - continued

Cash flow hedges - continued

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.

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 profit and loss account 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 profit and loss account. 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 2020**

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.

Notes to the Financial Statements - continued
for the year ended 31 December 2020

1. ACCOUNTING POLICIES - continued

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 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 2020.

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.

**Notes to the Financial Statements - continued
for the year ended 31 December 2020**

1. ACCOUNTING POLICIES - continued

Impairment - continued

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.

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.

Government grants

UK Government Coronavirus Job Retention Scheme grants are offset against the costs in the periods when the costs are incurred, as long as the income is likely to be received. The income is offset in the same lines in the profit and loss account as the associated costs, but without offset in the Employees and Directors and Profit before tax notes.

Notes to the Financial Statements - continued
for the year ended 31 December 2020

2. TURNOVER

	2020	2019
	£'000	£'000
Sale of goods	919	1,440
Technical fee for use of intellectual property	9,621	30,735
Purchasing commission	-	4,694
	<u>10,540</u>	<u>36,869</u>

By geographical market:

	2020	2019
	£'000	£'000
UK	-	8,269
Other EU countries	10,320	18,602
Rest of world	220	9,998
	<u>10,540</u>	<u>36,869</u>

3. EMPLOYEES AND DIRECTORS

	2020	2019
	£'000	£'000
Wages and salaries	3,701	4,275
Social security costs	433	488
Other pension costs	195	188
	<u>4,329</u>	<u>4,951</u>

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

	2020	2019
Administrative	<u>59</u>	<u>67</u>

	2020	2019
	£'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

	2020	2019
	£'000	£'000
Interest receivable from other group companies	46	279
Net interest on pension scheme asset	<u>399</u>	<u>428</u>
	<u>445</u>	<u>707</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2020

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£'000	£'000
Interest payable to other group companies	<u>4,102</u>	<u>3,383</u>

6. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2020	2019
	£'000	£'000
Cost of inventories recognised as expense	699	1,440
Depreciation - owned assets	58	94
Patents and licences amortisation	27	30
Auditors' remuneration	70	70
Research and development expense as incurred	1,464	1,757
Government support for Covid-19	<u>(54)</u>	<u>-</u>

During the year the company received £54,000 (2019: £nil) in support from the UK government in respect of coronavirus. This was mainly due to the job retention scheme whilst employees were unable to work.

7. TAXATION

Analysis of tax (income)/expense

	2020	2019
	£'000	£'000
Current tax:		
Current tax - current year	(763)	488
Current tax - prior years	<u>(18)</u>	<u>194</u>
Total current tax	<u>(781)</u>	<u>682</u>
Deferred tax:		
Deferred tax - current year	211	410
Deferred tax - prior years	16	-
Deferred tax - rate change	<u>(12)</u>	<u>-</u>
Total deferred tax	<u>215</u>	<u>410</u>
Total tax (income)/expense in profit and loss account	<u>(566)</u>	<u>1,092</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2020

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:

	2020 £'000	2019 £'000
Profit before income tax	<u>71,558</u>	<u>480,350</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	13,596	91,267
Effects of:		
Non taxable dividend income	(14,148)	(90,381)
Adjustments in respect of prior year	(2)	194
Expense not deductible	-	45
Current year deferred tax corporation tax rate adjustment	-	(33)
Deferred tax rate change	<u>(12)</u>	<u>-</u>
Tax (income)/expense	<u>(566)</u>	<u>1,092</u>

Tax effects relating to effects of other comprehensive income

	Gross £'000	Tax £'000	2020 Net £'000
Actuarial gain on defined benefit pension plans	752	(144)	608
Deferred tax rate change	<u>-</u>	<u>(279)</u>	<u>(279)</u>
	<u>752</u>	<u>(423)</u>	<u>329</u>
	Gross £'000	Tax £'000	2019 Net £'000
Actuarial loss on defined benefit pension plans	(952)	167	(785)
	<u>(952)</u>	<u>167</u>	<u>(785)</u>

Factors affecting future tax charges

The deferred tax asset at 31 December 2020 has been calculated at an average rate of 19% (2019: 17.5%) based on the substantially enacted rates of corporation tax at the dates the timing difference will reverse. After the balance sheet date, the UK government announced that corporation tax rates would increase to 25%. If that change had been enacted at the balance sheet date, net assets would be £1,188,000 lower.

8. DIVIDENDS

	2020 £'000	2019 £'000
Interim dividend paid on 26 May 2020	200,823	-
Interim dividend paid on 28 February 2019	-	358,066
Interim dividend paid on 28 March 2019	-	<u>100,209</u>
	<u>200,823</u>	<u>458,275</u>

An interim dividend of 13.99 pence per share was paid on 26 May 2020 (24.94 pence per share was paid on 28 February 2019 and an interim dividend of 6.98 pence per share was paid on 27 March 2019).

Notes to the Financial Statements - continued
for the year ended 31 December 2020

9. INTANGIBLE FIXED ASSETS

	Patents and licences £'000
COST	
At 1 January 2020 and 31 December 2020	<u>946</u>
AMORTISATION	
At 1 January 2020	899
Amortisation for year	<u>27</u>
At 31 December 2020	<u>926</u>
NET BOOK VALUE	
At 31 December 2020	<u>20</u>
At 31 December 2019	<u>47</u>

10. TANGIBLE FIXED ASSETS

	Plant & equipment £'000
COST	
At 1 January 2020	3,151
Additions	<u>35</u>
At 31 December 2020	<u>3,186</u>
DEPRECIATION	
At 1 January 2020	2,628
Charge for year	<u>58</u>
At 31 December 2020	<u>2,686</u>
NET BOOK VALUE	
At 31 December 2020	<u>500</u>
At 31 December 2019	<u>523</u>

11. INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2020 and 31 December 2020	<u>1,345,383</u>
NET BOOK VALUE	
At 31 December 2020	<u>1,345,383</u>
At 31 December 2019	<u>1,345,383</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2020

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	2020	2019
BPB Finance (No.4) Limited †	1	100.00%	100.00%
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 Finance (No.6)	1	100.00%	100.00%
BPB India Limited	1	100.00%	100.00%
Gypsum Investments Limited	1	100.00%	100.00%
Skiptex Limited	1	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%
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%
Saint-Gobain Weber Limited	1	100.00%	100.00%
Nutbrook Canal Navigation	1	100.00%	100.00%
Chambers Packaging Limited	1	100.00%	100.00%
Saint-Gobain Denmark A/S	2	37.75%	37.75%
LECA Danmark A/S	2	37.75%	37.75%
Saint-Gobain (Thailand) Company Limited (previously BPB Asia Limited 30/11/2020)	3	95.87%	95.87%
BPB (Shanghai) Management Co Limited	4	100.00%	100.00%
BPB Gypsum BV	5	100.00%	100.00%
Allied Manufacturing Industries (Private) Limited	6	100.00%	100.00%
Allied Industrial Investments (Private) Limited	7	100.00%	100.00%
Saint-Gobain Construction Products Zimbabwe (Pvt) Limited	8	100.00%	100.00%
BPB Asia Pte Ltd	9	100.00%	100.00%
Asia Gypsum Company Limited	10	100.00%	60.00%
Saint-Gobain India Private Limited	11	22.00%	22.00%
Saint-Gobain Industries India Private Limited	11	22.00%	22.00%
Inversiones BPB Chile Ltda	12	100.00%	100.00%
Inversiones Volcan SA	12	30.17%	30.17%
CIA Industrial El Volcan SA	12	30.17%	30.17%
Inversiones Volcan Internacional SPA	13	30.17%	0.00%
Placo Do Brasil Ltda	14	68.58%	22.00%
Thai Gypsum Products PLC	15	83.48%	83.48%
Saint-Gobain Sekurit (Thailand)	16	66.60%	66.60%
PT central Saint-Gobain Sekurit Indonesia	17	31.20%	31.20%
PT Saint-Gobain Sekurit Indonesia	18	63.30%	63.30%
Saint-Gobain Development Mozambique Limitada (formerly BPB Gypsum Ltda)	19	99.00%	99.00%
Gypsum Industries (Pty) Ltd	20	100.00%	100.00%
SAGEX	21	100.00%	100.00%
SG Isover South Africa (Pty) Limited	22	100.00%	100.00%
Saint-Gobain Mining (Pty) Ltd	22	100.00%	100.00%
Saint-Gobain Weber South Africa (Pty) Ltd	22	100.00%	100.00%
Selcotrade 35 (Pty) Limited	22	100.00%	100.00%

Notes to the Financial Statements - continued
for the year ended 31 December 2020

11. INVESTMENTS - continued

	Registered Office	Ownership of shares and voting rights	
	see key below	2020	2019
Spunbond Insulation (Pty) Ltd	22	100.00%	100.00%
Saint-Gobain Construction Products South Africa (PTY) Ltd	22	100.00%	100.00%
Yesos Maria Morales SA	23	100.00%	100.00%
Saint-Gobain Gypsum (Shanghai) Co. Ltd	24	99.70%	85.49%
Placo Argentina SA	25	68.58%	68.58%
Saint-Gobain Gyproc Middle East FZE	26	100.00%	100.00%
Saint-Gobain Construction Products Belgium	27	100.00%	100.00%
Saint-Gobain Gyproc Emirates Industries LLC	28	49.00%	49.00%
Saint-Gobain Al Rafah LLC	29	70.00%	70.00%
Saint-Gobain Gypsum (Chang Zhou) Co Limited	30	100.00%	100.00%
Protenna AB	31	25.00%	25.00%
Gyproc Business Park (Erith) Limited	32	51.00%	51.00%
Transportes Yeso LTDA	33	30.00%	30.00%
STAC - SWYS Tile Adhesive CY	34	100.00%	100.00%
Stanton Limited (Liquidation)	35	100.00%	100.00%
Thaigips Holdings Limited	36	100.00%	100.00%
Gypsum Metropolitan Company Limited	36	44.54%	44.54%
Saint-Gobain Sekurit India LTD	37	6.00%	6.00%
Fiberglass Colombia	38	13.60%	13.60%
Fibras Fivenglass SA	39	13.60%	13.60%
Solcrom S.A	40	13.60%	13.60%
Saint-Gobain Formula GMBH	41	6.00%	6.00%
Tecnokarton GiviBH	42	1.74%	1.74%
Tecnokarton Beteiligungs OHG (shares allotted 01/01/2019)	42	1.74%	1.74%
Tecnokarton GMBH&Co Fabrikation Technischen Kartons KG	42	1.74%	1.74%
Saint-Gobain Rigips GMBH	43	6.00%	6.00%
PG Group Holdings Proprietary Limited	44	20.00%	10.00%
PG Group (Proprietary) LTD	44	10.00%	10.00%
BPB Paperboard Limited	45	100.00%	100.00%

† Direct holding

Registered office address key:

- 1 Saint-Gobain House East Leake, Loughborough, Leicestershire, United Kingdom, LE12 6JU
- 2 Robert Jacobsens Vej 62A 2300, Copenhagen S, Denmark
- 539/2 Gypsum Metropolitan Tower, Si Ayutthaya Road, Thanon, Phayatai Sub-district Ratchathewi District, Bangkok
- 3 Metropolis
- 4 No.968 WangQiao Road, Pudong New District, Shanghai, China
- 5 Huifakkerstraat 18, 4815 PN, Breda, Netherlands
- 6 C/o Ernst & Young, 2ème étage, Manica Chambers, Herbert Chitepo Street, Mutare, Zimbabwe
- 7 Delpport Road, Cleveland Park, Msasa, Harare, Zimbabwe
- 8 Delpport Road, Cleveland Park, Msasa, Harare, Zimbabwe
- 9 1 Coleman Street, #10-07, The Adelphi, Singapore 179803
- 10 21/F Far East Finance Centre, 16 Harcourt Road, Hong Kong
- Sigapi Aachi Building, Floor No. 7, 18/3, Rukmini Lakshmiopathy Road, Egmore, Chennai, Tamil Nadu, 600008, India
- 11
- 12 C/o Carey Y Cia Ltda, Miraflores 222, Piso 24, Santiago, Chile
- 13 To be confirmed with Company Secretary
- AV. Valentina Mello Freire Borenstein, Dona Loloya 333 Jardim Sao Francisco, 08735-270 Mogi Das Cruzes, Sao
- 14 Paulo SP, Brazil
- 15 539/2 Sri Ayudhya Road, Rajathewee District, Bangkok 10400

Notes to the Financial Statements - continued
for the year ended 31 December 2020

11. INVESTMENTS – continued

Registered office address key (continued):

- 16 64/8 Moo 4 Eastern Seaboard Industrial Estates, T.Pluakdaeng, A.Pluakdaeng, Rayong, 21140, Thailand
- Kawasan Industri MM2100, Ji Aru Blok AE8, Kel. Jatiwangi, Kec. Cikarang Barat, Kabupaten Bekasi, Jawa Barat, Indonesia
- 17
- 18 Alamanda Tower, Jl. TB. Simatupang Kav. 23-24, 20th Floor, Cilandak Barat, Jakarta, 12430, Indonesia
- 19 1st Floor, Millenium Park Building, Ave. Vladamire Lenine, 146, Maputo, Mozambique
- 20 300 Janadel Avenue, Halfway House, Midrand, 1685, South Africa
- 21 2 Eglin Road, Sunninghill, Gauteng, 2157, South Africa
- 22 300 Janadel Avenue, Halfway House, Midrand, 1685, South Africa
- 23 132 Principe De Vergara, 28002, Madrid, Spain
- 24 968 Wang Qiao Road Wang Qiao, Industrial Zone Pu-Dong New Area, Shanghai, 201201, China
- 25 556, Lavalle, Piso 3° E, Buenos Aires, Argentina
- 26 Saba 1, Suite 3302 PO Box 261107 Jumeirah Lake Towers, Dubai, United Arab Emirates
- 27 9 Sint Jansweg, Haven 1602, B-9130 Beveren-Kallo, Belgium
- 28 PO Box 38983, Abu Dhabi, United Arab Emirates
- 29 PO Box 6 Postal Code 222, Raoyah, Thumrait Sultanate of Oman, Oman
- 30 No.25, Tongjiang Road(N), Chunjiang Town, Xinbei District, Chang Zhou, Jiang Su Province, China
- 31 C/O Heibelberg Cement Sweden AB, Box 47055, 10074, Stockholm, Sweden
- 32 40-50 Windmill Street, Gravesend, Kent, DA12 1BG
- 33 Concha y Toro, N° 0602, Puente Alto, Santiago, Chile
- 34 Suite 125, 90 kingbolt Creescent Wapadrand, Pretoria 0050, South Africa
- 35 Tower Bridge House, St Katharine's Way, London, E1W 1D
- 36 539/2 Sri Ayudhya Road, Rajathewee District, Bangkok 10400
- 37 Plot No. 616 & 617, Village Kuruli, Pune-Nashik Road, Chakan, Pune, Maharashtra, 410501, India
- 38 Calle 3 3-49 Este, Mosquera, Cudinamarca, Colombia
- 39 Calle Norte, Local Fibras Fiveglass, Zona Industrial Soco, La Victoria, Venezuela
- 40 To be confirmed with Company Secretary
- 41 Kutzhuetten, 37445, Walkenried, Germany
- 42 Polcher Strasse 113, D-56727 Mayen, Germany
- 43 Schanzenstrasse 84, 40549, Dusseldorf, Germany
- 44 18 Skeen Boulevard, Bedfordview, Johannesburg, 2007, South Africa
- 45 300 Crownpoint Road, Glasgow, West Central Lowlands, G40 2UJ

12. STOCKS

	2020	2019
	£'000	£'000
Goods - gross value	<u>19</u>	<u>81</u>

Inventories to the value of £699,000 were recognised as expenses in the year (year ended 31 December 2019: £1,440,000).

13. DEBTORS

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Trade receivables - owed by subsidiary companies	257	11,790
Trade receivables - owed by other group companies	9,605	6,301
Other trade receivables	7,248	4,513
Owed by group undertakings	<u>1,116,707</u>	<u>1,155,106</u>
	<u>1,133,817</u>	<u>1,177,710</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>376,494</u>	<u>317,665</u>
Aggregate amounts	<u>1,510,311</u>	<u>1,495,375</u>

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. Amounts owed by group undertakings are financing balances with the company's subsidiaries. These balances are not interest bearing and are reviewed at each balance sheet date.

Notes to the Financial Statements - continued
for the year ended 31 December 2020

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade payables - amounts due to other group companies	534	20,659
Trade payables - amounts due to subsidiaries	372	184
Other trade payables	8,500	3,686
Non-trade payables and accrued expenses	562	587
Owed to group undertakings	470,994	328,523
Corporation tax	2,615	1,616
	<u>483,577</u>	<u>355,255</u>

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

	2020 £'000	2019 £'000
Amounts owed to group undertakings	<u>1,531,167</u>	<u>1,515,141</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.

16. PROVISIONS FOR LIABILITIES

	2020 £'000	2019 £'000
Deferred tax	<u>3,762</u>	<u>3,122</u>
		Deferred tax
		£'000
Balance at 1 January 2020		3,122
Recognised in profit and loss		215
Recognised in equity		<u>425</u>
Balance at 31 December 2020		<u>3,762</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2020

16. PROVISIONS FOR LIABILITIES - continued

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Property, plant and equipment	(51)	(51)	-	-	(51)	(51)
Employee benefits	-	-	3,813	3,173	3,813	3,173
	<u>(51)</u>	<u>(51)</u>	<u>3,813</u>	<u>3,173</u>	<u>3,762</u>	<u>3,122</u>

Movement in deferred tax during the year:

	1 January 2020	Equity	Profit and loss	31 December
	£000	£000	account	2020
			£000	£000
Property, plant and equipment	(51)	-	-	(51)
Employee benefits	3,173	425	215	3,813
	<u>3,122</u>	<u>425</u>	<u>215</u>	<u>3,762</u>

Movement in deferred tax during the prior year:

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

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class:		£'000	£'000
1,435,750,845	Ordinary	50p	<u>717,875</u>	<u>717,875</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2020

18. RESERVES

	Retained earnings £'000
At 1 January 2020	268,608
Profit for the year	72,124
Dividends	(200,823)
Actuarial adjustment net of tax	329
Share based payments - gross	(5)
Share based payments - tax	(2)
	<hr/>
At 31 December 2020	<u>140,231</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 2020

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:

	2020 £'000	2019 £'000
Construction Products	4,361	2,103
BPB Senior Executive	25,636	25,915
BPB Unfunded	(9,618)	(9,426)
	<u>20,379</u>	<u>18,592</u>
Pension asset	29,997	28,018
Pension liability	(9,618)	(9,426)
	<u>20,379</u>	<u>18,592</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.

Following the High Court judgement in the Lloyd's case, overall pension benefits now need to be equalised as at 26 October 2018 to eliminate inequalities between males and females in respect of Guaranteed Minimum Pensions ('GMPs'). Approximate allowance was made in 2019 for equalising the benefits in respect of current members and continues to be included in the 2020 liabilities. A recent supplementary hearing in the Lloyds case on 20 November 2020 ruled that historic transfer values paid from the plan will also need to be revised to allow for the impact of GMP equalisation. Liabilities have been increased using the Company's best estimate of the uplifts to equalise the GMPs in historic transfer values. This forms part of the OCI as at 31 December 2020.

In November 2020, it was confirmed that the Retail Price Index (RPI) measure of inflation will be aligned with the Consumer Price Index (including owner-occupiers' housing costs, CPIH) from 2030. This change has been allowed for within the assumptions used for these disclosures by adjusting the gap between the RPI and CPI assumptions from that used in previous years. This allowance will continue to be kept under review in future years as the impact of this change on financial market conditions evolves.

A full actuarial valuation was carried out at 5 April 2020, the preliminary results of which have been updated to 31 December 2020 by a qualified independent actuary.

Notes to the Financial Statements - continued
for the year ended 31 December 2020

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

Construction Products - continued

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.

	2020 £'000	2018 £'000
Present value of funded defined benefit obligations	1,438,526	1,299,320
Fair value of plan assets	(1,507,790)	1,329,662
Net asset	(69,264)	(30,342)
Movements in present value of defined benefit obligation		
	2020 £'000	2019 £'000
At 1 January	1,299,320	1,167,716
Current service cost (net of member contributions)	11,523	11,187
Past service cost	315	-
Interest cost	25,555	32,054
Net remeasurement loss - financial	212,786	130,912
Net remeasurement (gain)/loss - demographic	(11,391)	769
Net remeasurement gain - experience	(49,536)	-
Net remeasurement loss - GMP equalisation	331	-
Benefits paid	(50,377)	(43,318)
At 31 December	1,438,526	1,299,320
Movements in fair value on plan assets		
	2020 £'000	2019 £'000
At 1 January	1,329,662	1,171,752
Interest income on plan assets	26,455	32,502
Return on assets excluding interest income	188,804	140,284
Contributions by employer	14,838	29,856
Benefits paid	(50,377)	(43,318)
Plan administrative cost	(1,592)	(1,414)
At 31 December	1,507,790	1,329,662
Expense recognised in the profit and loss account		
	2020 £'000	2019 £'000
Current service cost (net of member contributions)	11,523	11,187
Past service cost	315	-
Net interest on defined benefit pension plan obligation	(900)	(448)
Plan administrative cost	1,592	1,414
Total	12,530	12,153

Notes to the Financial Statements - continued
for the year ended 31 December 2020

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

Construction Products - continued

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

	2020 £'000	2019 £'000
Cost of sales	11,838	11,187
Administrative expenses	1,592	1,414
Net interest on pension scheme liabilities	(900)	(448)
	<u>12,530</u>	<u>12,153</u>

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

	2020 Fair value £'000	2019 Fair value £'000
Equities	375,561	344,786
Government debt	358,236	321,404
Corporate bonds	325,153	281,764
Property	14	37
Other	448,826	381,671
	<u>1,507,790</u>	<u>1,329,662</u>
Actual return on plan assets	<u>215,259</u>	<u>172,786</u>

Principal actuarial assumptions (expressed as weighted averages):

	2020 %	2019 %
Discount rate	1.20	2.00
Future salary increases	2.00	2.00
RPI inflation	2.75	2.80
CPI inflation	2.15	1.90
Future pension increases		
- RPI inflation, max 5% p.a.	2.70	2.75
- CPI inflation, max 2.5% p.a.	1.75	1.60
	Years	Years
Life expectancy at age 65 for current pensioners (years):		
Males	21.7	21.7
Females	24.0	23.9
Life expectancy at age 65 for current members aged 45 (years):		
Males	23.0	23.0
Females	25.4	25.4

At 31 December 2020, the weighted-average duration of the defined benefit obligation was 19 years.

Notes to the Financial Statements - continued
for the year ended 31 December 2020

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

Construction Products - continued

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligation is:

	Impact on defined benefit obligation at 31 December	
	2020 £'000	2019 £'000
Discount rate:		
+ 0.5% p.a.	(126,916)	(110,051)
- 0.5% p.a.	142,721	122,550
Inflation rate:		
+ 0.5% p.a.	80,186	84,889
- 0.5% p.a.	(77,981)	(80,259)
Assumed life expectancy at age 65:		
+ 1 year	77,031	65,913
- 1 year	(76,009)	(65,350)

The plan's investment strategy is to invest broadly 70% in return seeking assets and 30% 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 £145,200,000. 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 £13,800,000 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:

	2020 £'000	2019 £'000
Current service cost and admin cost (net of member contributions)	909	849
Net interest received on defined benefit pension plan assets	(62)	(32)
Total	<u>847</u>	<u>817</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2020

19. 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 (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.

Following the High Court judgement in the Lloyd's case, overall pension benefits now need to be equalised as at 26 October 2018 to eliminate inequalities between males and females in respect of Guaranteed Minimum Pensions ('GMPs'). Approximate allowance was made in 2019 for equalising the benefits in respect of current members and continues to be included in the 2020 liabilities. A recent supplementary hearing in the Lloyd's case on 20 November 2020 ruled that historic transfer values paid from the plan will also need to be revised to allow for the impact of GMP equalisation. Liabilities have been increased using the Company's best estimate of the uplifts to equalise the GMPs in historic transfer values. This forms part of the OCI as at 31 December 2020.

In November 2020, it was confirmed that the Retail Price Index (RPI) measure of inflation will be aligned with the Consumer Price Index (including owner-occupiers' housing costs, CPIH) from 2030. This change has been allowed for within the assumptions used for these disclosures by adjusting the gap between the RPI and CPI assumptions from that used in previous years. This allowance will continue to be kept under review in future years as the impact of this change on financial market conditions evolves.

A full actuarial valuation was carried out at 5 April 2020, the preliminary results of which have been updated to 31 December 2020 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.

	2020 £'000	2019 £'000
Present value of funded defined benefit obligations	70,795	69,988
Fair value of plan assets	(96,431)	(95,903)
Net asset	(25,636)	(25,915)

Notes to the Financial Statements - continued
for the year ended 31 December 2020

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

BPB Senior Executive Scheme - continued

Movements in present value of defined benefit obligation

	2020 £'000	2019 £'000
At 1 January	69,988	68,816
Interest cost	1,358	1,870
Net remeasurement loss - financial	5,585	3,422
Net remeasurement (gain)/loss - demographic	(868)	36
Net remeasurement gain - experience	(1,110)	-
Benefits paid	(4,158)	(4,156)
At 31 December	<u>70,795</u>	<u>69,988</u>

Movements in fair value of plan assets

	2020 £'000	2019 £'000
At 1 January	95,903	94,906
Interest income on plan assets	1,878	2,512
Return on assets excluding interest income	2,808	2,641
Contributions by employer	131	131
Benefits paid	(4,158)	(4,156)
Plan administrative cost	(131)	(131)
At 31 December	<u>96,431</u>	<u>95,903</u>

Expense recognised in the profit and loss account

	2020 £'000	2019 £'000
Net interest on defined benefit pension plan asset	(520)	(642)
Plan administrative cost	131	131
Total	<u>(389)</u>	<u>(511)</u>

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

	2020 £'000	2019 £'000
Administrative expenses	131	131
Finance income	(520)	(642)
	<u>(389)</u>	<u>(511)</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2020

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

BPB Senior Executive Scheme - continued

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

	2020 Fair value £'000	2019 Fair value £'000
Government debt	96,200	95,477
Property	1	3
Other	230	423
	<u>96,431</u>	<u>95,903</u>
Actual return on plan assets	<u>4,686</u>	<u>8,353</u>
Principal actuarial assumptions (expressed as weighted averages):		
	2020 %	2019 %
Discount rate	1.20	2.00
RPI inflation	2.75	2.80
CPI inflation	2.15	1.90
Future pension increases - inflation, max 5% p.a.	2.75	2.75
Life expectancy at age 65 for current pensioners (years):		
Males	24.0	23.9
Females	26.0	25.4
Life expectancy at age 65 for current members aged 45 (years):		
Males	25.2	25.2
Females	27.3	26.9

At 31 December 2020, the weighted-average duration of the defined benefit obligation was 13 years.

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligation is:

	Impact on defined benefit obligation at 31 December	
	2020 £'000	2019 £'000
Discount rate:		
+ 0.5% p.a.	(3,863)	(3,973)
- 0.5% p.a.	4,205	4,330
Inflation rate:		
+ 0.5% p.a.	3,917	4,767
- 0.5% p.a.	(3,659)	(4,421)
Assumed life expectancy at age 65:		
+ 1 year	3,547	3,376
- 1 year	(3,494)	(3,337)

The plan's investment strategy is to invest broadly 0% in return seeking assets and 100% 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 £7,600,000.

In accordance with the schedule of contributions dated 28 February 2018 the company is expected to pay contributions of £200,000 over the next accounting period.

Notes to the Financial Statements - continued
for the year ended 31 December 2020

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 (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.

Following the High Court judgement in the Lloyd's case, overall pension benefits now need to be equalised as at 26 October 2018 to eliminate inequalities between males and females in respect of Guaranteed Minimum Pensions ('GMPs'). Approximate allowance was made in 2019 for equalising the benefits in respect of current members and continues to be included in the 2020 liabilities. A recent supplementary hearing in the Lloyd's case on 20 November 2020 ruled that historic transfer values paid from the plan will also need to be revised to allow for the impact of GMP equalisation. Liabilities have been increased using the Company's best estimate of the uplifts to equalise the GMPs in historic transfer values. This forms part of the OCT as at 31 December 2020.

In November 2020, it was confirmed that the Retail Price Index (RPI) measure of inflation will be aligned with the Consumer Price Index (including owner-occupiers' housing costs, CPIH) from 2030. This change has been allowed for within the assumptions used for these disclosures by adjusting the gap between the RPI and CPI assumptions from that used in previous years. This allowance will continue to be kept under review in future years as the impact of this change on financial market conditions evolves.

A full actuarial valuation was carried out at 5 April 2020, the preliminary results of which have been updated to 31 December 2020 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.

	2020 £'000	2019 £'000
Present value of unfunded defined benefit obligations	9,618	9,426
Net obligations	<u>9,618</u>	<u>9,426</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2020

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

BPB Unfunded Scheme - continued

Movements in present value of defined benefit obligation

	2020 £'000	2019 £'000
At 1 January	9,426	9,032
Interest cost	183	246
Net remeasurement loss - financial	703	437
Net remeasurement (gain)/loss - demographic	(209)	186
Net remeasurement loss - experience	70	68
Benefits paid	(555)	(543)
At 31 December	9,618	9,426

Movements in fair value of plan assets

	2020 £'000	2019 £'000
At 1 January	-	-
Contributions by employer	555	543
Benefits paid	(555)	(543)
At 31 December	-	-

Expense recognised in the profit and loss account

	2020 £'000	2019 £'000
Net interest on defined benefit pension plan obligation	183	246

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

	2020 £'000	2019 £'000
Finance expense	183	246

Principal actuarial assumptions (expressed as weighted averages):

	2020 %	2019 %
Discount rate	1.20	2.00
RPI inflation	2.75	2.80
Future pension increases	2.75	2.80
Life expectancy at age 65 for current pensioners (years):		
Males	24.4	24.7
Females	26.4	26.7
Life expectancy at age 65 for current members aged 45 (years):		
Males	25.8	26.1
Females	28.0	28.2

At 31 December 2020, the weighted-average duration of the defined benefit obligation was 10 years.

Notes to the Financial Statements - continued
for the year ended 31 December 2020

19. EMPLOYEE BENEFIT OBLIGATIONS - continued

BPB Unfunded Scheme - continued

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligation is:

	Impact on defined benefit obligation at 31 December	
	2020 £'000	2019 £'000
Discount rate:		
+ 0.5% p.a.	(442)	(442)
- 0.5% p.a.	477	477
Inflation rate:		
+ 0.5% p.a.	467	(268)
- 0.5% p.a.	(438)	279
Assumed life expectancy at age 65:		
+ 1 year	475	437
- 1 year	(468)	(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 £195,000 (2019: £188,000).

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 2020 were:

	€4 par value shares	Average exercise price (in euros)
Options outstanding at 31 December 2019	7,550	-
Options outstanding at 31 December 2020	6,680	-

The expense relating to stock options recorded in the profit and loss account amounted to £5,000 in 2020 (2019: £10,000).

The average share price of Compagnie de Saint-Gobain in 2020 was €32.64 (2019: €34.06).

The options outstanding at the year end all have a zero exercise price and a weighted average contractual life of 3 years.

Notes to the Financial Statements - continued
for the year ended 31 December 2020

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.