

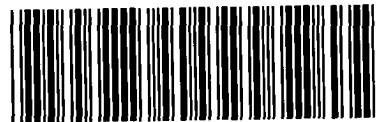
Registered number: 01318148

BRISTAN GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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COMPANIES HOUSE

BRISTAN GROUP LIMITED

COMPANY INFORMATION

DIRECTORS

J Ling
K Ellis

COMPANY SECRETARY

Pinsent Masons Secretarial Limited

REGISTERED NUMBER

01318148

REGISTERED OFFICE

1 Park Row
Leeds
West Yorkshire
LS1 5AB

TRADING ADDRESS

Birch Coppice Business Park
Dordon
Tamworth
Staffs
B78 1SG

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Herald Way
East Midlands
DE74 2UZ

BANKERS

HSBC Bank PLC
60 Queen Victoria Street
London
EC4N 4TR

SOLICITORS

Pinsent Masons LLP
3 Colmore Circus
Birmingham
B4 6BH

BRISTAN GROUP LIMITED

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BRISTAN GROUP LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017**

INTRODUCTION

The principal activity of the company during the year was the design, sourcing, marketing and sale of bathroom equipment.

BUSINESS REVIEW

The company's sales increased by 5.9% driven mainly by selling price increases introduced to recover some of the increased purchase costs resulting from the fall in value of sterling on the foreign exchange markets following the 2016 vote to leave the EU. The results in 2016 did not fully reflect the impact of the lower exchange rates on our purchases as the company had forward USD contracts in place for most of 2016 at pre Brexit exchange rates. Whilst sales grew by £4.1m our purchase costs increased by £6.1m resulting in a gross profit decline of £2.0m reducing GP% to 43.8% from 49.3% in 2016. Overhead costs were driven higher by increased employment costs and inflation and resulted in operating profit being £3.5m lower than in 2016.

The company continues to see substantial differences in various segments of the UK home improvement and refurbishment market. In 2017 there was positive sales growth in our core national merchant channel driven by strong growth in the contract specification market. The Heritage brand performed well in a competitive market and finished ahead of last year.

At the end of the year the company had net current assets of £79.2m compared to £73.6m in 2016. The improvement of £5.6m was mainly due to cash generated in the year. Intercompany debtors increasing by £8.6m as cash generated by the company is automatically transferred to our direct holding company using bank pooling accounts. Strong management of working capital reduced stock and trade debtors by £2.8m.

BRISTAN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to a number of potential risks and uncertainties which could have a material impact on the company's performance. The key risks which the company believes it is exposed to are as follows:

Loss of key customers

Whilst the company has a diverse customer base, there are a few key customers that account for a relatively high proportion of the company's turnover. The loss of one of these customers would impact the future profitability of the company, therefore, the company has mitigated this risk by establishing long term relationships with its key customers. These relationships are strengthened through a focus on providing exceptional levels of customer service, comprehensive and reliable after sales support, and attractive products that are designed to meet the needs of the end user.

Loss of key manufacturing partner

The company uses a number of key manufacturing partners and the failure of a key manufacturing partner could lead to a temporary shortage of certain products. The company mitigates this risk by carrying out supplier audits and establishing long term relationships with key manufacturing partners. The company also holds appropriate levels of safety stock and retains ownership of product tooling so product could be moved to a new manufacturing partner if required.

Market changes

The company operates in a competitive environment and is dependent on the level of building activity and the amount of repair, maintenance and improvement expenditure in the public and private sectors. If market conditions worsened then the demand for our products would reduce and have an adverse effect on our profitability. The company also has a strong net asset position that can be utilised to finance any future reorganisations.

The company is also exposed to a variety of financial risks, including the effect of changes of credit, commodity prices, currency and interest rates. As a result, the company has in place a risk management programme that monitors these risks, in order to limit their adverse effects on the financial performance of the company. As demonstrated by last year's results, the company's policy of buying forward US\$ deferred the full impact of lower exchange rates following Brexit until 2017.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board of directors. The policies set by the board are implemented by the company's finance department.

BRISTAN GROUP LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

KEY PERFORMANCE INDICATORS

The key financial and other performance indicators during the year were as follows:

	2017	2016	Change
	£'000	£'000	£'000
Turnover	74,050	69,909	4,141
Gross profit	32,460	34,498	-2,038
Operating profit	4,819	8,317	-3,498
Return on capital employed	5.3%	9.6%	-4.3% pts
Customer satisfaction	85.4%	84.6%	0.8% pts
Employee engagement	714.1	711.2	0.4%

The company's turnover increases by 5.9% in 2017.

Gross profit fell by £2.0m (5.9%) as the company absorbed some of the higher purchase costs following the fall in value of sterling in 2016 and less favourable USD forward contract rates in 2017. Higher overhead costs driven by strategic investments, increased employee costs and inflation added to the fall in gross profit leading to operating profits declining by £3.5m.

Return on capital employed ('ROCE') is operating profit expressed as a percentage of net assets. The ROCE decreased to 5.3% in 2017 from 9.6% in 2016 and is a direct result of lower profits as well as minimal interest income from large group debtor balances (£69.8m). The capital employed in the business increased by £3.5m as the profit for the financial year was retained within the business.

A key non-financial measure is our customer satisfaction survey carried out by an independent company. During the year we saw this increase from 84.6% to 85.4%.

The directors believe that a significant business advantage is created by having a highly engaged workforce and as such they are committed to increasing the company's employee engagement. The company participates in the annual Sunday Times top 100 companies survey and over the last eight years the company's score has increased by 14.8%. In 2016 the company entered the Sunday Times top 100 companies for the first time, achieving 70th place and in 2017 we improved our position to 61st.

This report was approved by the board on May 25, 2018 and signed on its behalf.



K Elfis
Director

BRISTAN GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

The directors present their report and the audited financial statements for the year ended December 31, 2017.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As permitted by the Articles of Association, the directors have the benefit of indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and as at the date of authorisation of the financial statements.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,539,409 (2016 - £7,057,897).

The directors do not recommend that a dividend is paid (2016 - £nil).

DIRECTORS

The directors who served during the year and up to the date of signing of the financial statements were:

J Ling
K Ellis

POLITICAL CONTRIBUTIONS

No donations were made to political parties registered in the UK under the Political Parties, Elections and Referendums Act 2000.

BRISTAN GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

FINANCIAL RISK MANAGEMENT**Price risk**

The company is exposed to some commodity price risk as a result of its operations, with fixed price contracts in place for the purchase of significant raw materials. Given the size of the company's operations, the costs of further managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments, other than investments in dormant subsidiaries.

Currency risk

The company is exposed to currency risk from purchases made from foreign countries. The company does buy forward foreign currency to manage the foreign exchange risk on purchases from overseas suppliers, no hedge accounting is applied.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed on a periodic basis by the finance department.

Liquidity risk

The company participates in a Masco UK group cash pooling arrangement which is used to maintain the appropriate liquidity that the company requires for its day to day requirements.

Interest rate cash flow risk

The company has interest bearing assets and liabilities, which include cash balances which earn interest at floating bank rates. The interest rate risk is controlled through the group pooling arrangement described under the Liquidity risk section above.

FUTURE DEVELOPMENTS

Crucial for the strategic direction of the company, future investments will continue to focus on innovation in products and brands. This will be coupled with ongoing talent investments and, on occasion, ceasing certain activities that will distract from growth in, or dilution of, the profitability of the business.

RESEARCH AND DEVELOPMENT ACTIVITIES

The company continues to invest in the research and development of new products. This amounted to £763,381 in 2017 (2016 - £797,853). The directors regard the investment in research and development as integral to the continuing success of the company and ensuring that the company provides customers and consumers with high quality products.

EMPLOYEE INVOLVEMENT

As a company, we are always looking to improve our employee involvement and engagement. We continue to develop our SHINE awards. These are quarterly and annual reward and recognition events, where, based on our company values (Straightforward, Helpful, Innovation & continuous improvement, No limits to customer service and Empower & engage), employees can be recommended by their colleagues or customers for great performance and behaviours. The company also runs an annual bonus scheme for all employees. The bonus is payable dependent on the company and individuals achieving certain performance targets set at the beginning of each financial year.

BRISTAN GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

DISABLED EMPLOYEES

The company is committed to the principle of equal opportunity in employment. Our employment policies for recruitment, selection, training, development and promotion are designed to ensure that no application receives less favourable treatment on the grounds of age, race, nationality, religion, political beliefs, disability, sex or marital status.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should be, as far as possible, identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their division and of the company as a whole. Communication with all employees continues through internal newsletters, briefing groups and electronic communications.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

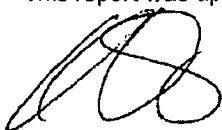
POST BALANCE SHEET EVENTS

On 2 May 2018, the directors passed a resolution to cancel the whole of the share premium account balance of £88,965,200 and approved a distribution of £50,000,000 to Masco Corporation Limited, the company's sole shareholder.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on May 25, 2018 and signed on its behalf.



K Ellis
Director

BRISTAN GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRISTAN GROUP LIMITED

Report on the audit of the financial statements**Opinion**

In our opinion, Bristan Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements for the year ended December 31, 2017 (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

BRISTAN GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRISTAN GROUP LIMITED

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit***Responsibilities of the directors for the financial statements***

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

BRISTAN GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRISTAN GROUP LIMITED

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Nicholas Stevenson (Senior statutory auditor)

for and on behalf of
PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

East Midlands
DE74 2UZ
May 25, 2018

BRISTAN GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Note	2017 £	2016 £
Turnover	4	74,050,323	69,908,884
Cost of sales		(41,589,935)	(35,410,387)
Gross profit		32,460,388	34,498,497
Distribution costs		(2,996,229)	(3,191,808)
Administrative expenses		(24,845,441)	(22,989,543)
Operating profit	5	4,818,718	8,317,146
Gains on disposal of investments		-	326,832
Interest receivable and similar income	9	162,985	145,044
Interest payable and similar charges	10	(363,009)	(393,096)
Profit before taxation		4,618,694	8,395,926
Tax on profit	11	(1,079,285)	(1,338,029)
Profit for the financial year		3,539,409	7,057,897

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 13 to 38 form part of these financial statements.

BRISTAN GROUP LIMITED
REGISTERED NUMBER: 01318148

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible fixed assets	12	9,519,537	11,050,592
Tangible assets	13	7,487,148	7,951,913
Fixed asset investments	14	604,232	604,232
		<u>17,610,917</u>	<u>19,606,737</u>
Current assets			
Stocks	15	12,362,078	14,564,409
Debtors: amounts falling due within one year	16	81,905,435	74,992,901
Cash at bank and in hand		1,271,473	2,177,248
		<u>95,538,986</u>	<u>91,734,558</u>
Creditors: amounts falling due within one year	18	(16,329,049)	(18,128,005)
Net current assets		<u>79,209,937</u>	<u>73,606,553</u>
Total assets less current liabilities		<u>96,820,854</u>	<u>93,213,290</u>
Creditors: amounts falling due after more than one year	19	(4,688,661)	(5,101,167)
Provisions for liabilities			
Other provisions	22	(1,511,842)	(1,031,181)
		<u>(1,511,842)</u>	<u>(1,031,181)</u>
Net assets		<u>90,620,351</u>	<u>87,080,942</u>
Capital and reserves			
Called up share capital	23	60,000	60,000
Share premium account	24	88,965,200	88,965,200
Retained earnings/accumulated losses	24	1,595,151	(1,944,258)
Total equity		<u>90,620,351</u>	<u>87,080,942</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on May 25, 2018.


K. Ellis

Director

The notes on pages 13 to 38 form part of these financial statements.

BRISTAN GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Called up share capital	Share premium account	Retained earnings	Total equity
	£	£	£	£
At January 1, 2016	60,000	88,965,200	(9,002,155)	80,023,045
Comprehensive income for the financial year				
Profit for the financial year	-	-	7,057,897	7,057,897
At December 31, 2016	60,000	88,965,200	(1,944,258)	87,080,942
Comprehensive income for the financial year				
Profit for the financial year	-	-	3,539,409	3,539,409
Total comprehensive income for the financial year	-	-	3,539,409	3,539,409
At December 31, 2017	60,000	88,965,200	1,595,151	90,620,351

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

1. GENERAL INFORMATION

The company is incorporated and domiciled in the UK as a private company limited by shares. Details of the principal activities are included in the Strategic report.

2. ACCOUNTING POLICIES**2.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention modified by the revaluation of financial assets and financial liabilities held at fair value and in accordance with Financial Reporting Standard 102 ('FRS 102'); the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The company is a private company limited by shares and is incorporated in England. The address of its registered office is 1 Park Row, Leeds, West Yorkshire, LS1 5AB, England.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently in both years, unless otherwise stated.

2.2 FRS 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- the requirements of Section 3 Financial statement presentation paragraph 3.17(d); and
- the requirements of Section 7 Statement of cash flows.

This information is included in the consolidated financial statements of Masco Corporation as at 31 December 2017 and these financial statements may be obtained from the Secretary, Masco Corporation, 17450 College Parkway, Livonia, Michigan 48152, United States of America.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer, usually on dispatch of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Intangible assets

Goodwill

Goodwill represents the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Goodwill is amortised over 10 to 20 years, which is the period over which the directors estimate that the value of the underlying business acquired is expected to exceed the value of the underlying assets. Where negative goodwill has arisen it was credited to the Statement of comprehensive income ("Income statement") over a period of 2 years.

Other intangible assets

Other Intangibles include purchased trademarks, patents and domain names and are being amortised over 10 years. Computer software is disclosed within the other intangibles category and is accordingly included. Software is amortised over its estimated useful life, of between 3 to 6 years, on a straight line basis.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed 10 years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of tangible assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Income statement during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Depreciation is not charged on assets under construction. The estimated useful lives range as follows:

Depreciation is provided on the following basis:

Leasehold property.	- shorter of lease term and 50 years
Plant and machinery	- 3 to 20 years
Office equipment	- 3 to 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within administrative expenses in the Income statement.

2.6 Leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Rentals paid under operating leases are charged to the Income statement on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Consolidation

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is an indirect subsidiary of Masco Europe S.C.S., an intermediate parent company incorporated in Luxembourg, which prepares consolidated financial statements that are publicly available in that country.

2.8 Valuation of Investments

Fixed asset investments, comprising investments in subsidiary companies, are stated at cost less any provisions for impairment. The company consider if there have been any triggering events that would require a reassessment of the carrying value of the investments. If required, any impairment is calculated by comparing the investment's carrying value to the recoverable amount as required by FRS 102 paragraph 9.26(c) and paragraphs 11.27 to 11.32.

If the recoverable amount is significantly higher than the carrying value and there has been an historic impairment of the individual investment, the company will reverse impairments to the point where the carrying value is the same as the recoverable amount.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised in the Income statement for the period.

2.10 Trade debtors

Trade debtors are stated after provisions for returns, doubtful debts, rebates and claims.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

2. ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments

The company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments. Basic financial assets and liabilities (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at transaction price and subsequently at amortised cost.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liability simultaneously.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Income statement within cost of sales. The company does not currently apply hedge accounting for foreign exchange derivatives.

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

2. ACCOUNTING POLICIES (CONTINUED)**2.12 Foreign currency translation****Functional and presentation currency**

The company's functional and presentation currency is Pounds Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates on the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income statement within cost of sales.

2.13 Finance costs

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Share based payments

The cost of cash-settled transactions is measured at fair value using a Black-Scholes option pricing model. Fair value is established initially at the grant date and at each Statement of financial position date thereafter until the awards are settled.

During the vesting period, a liability is recognised representing:

- the product of the fair value of the award and the portion of the vesting period earned based upon an assumption of continued service; and
- the product of the intrinsic value of dividends declared by Masco Corporation converted into Pounds Sterling at the relevant spot rates when the dividends were declared and the amount of unvested awards

From the end of the vesting period until settlement, the liability represents the full fair value of the award at the Statement of financial position date. Changes in the carrying amount of the liability are recognised in the Income statement for the period.

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

2. ACCOUNTING POLICIES (CONTINUED)**2.15 Pensions****Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid, the company has no further payment obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.16 Interest income

Interest income is recognised in the Income statement using the effective interest rate method.

2.17 Borrowing costs

Borrowing costs are recognised in the Income statement in the period in which they are incurred.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income statement in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

2. ACCOUNTING POLICIES (CONTINUED)

2.19 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except to the extent that it relates to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity, respectively.

Current or deferred taxation assets and liabilities are not discounted.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of financial position date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not yet reversed by the Statement of financial position date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Statement of financial position date.

2.20 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

2. ACCOUNTING POLICIES (CONTINUED)**2.21 Group relief**

Group relief is surrendered to/received from other group companies for no consideration. In specific circumstances, individual group companies may reach agreement between themselves to surrender and/or receive group relief for consideration. Such agreements usually run for 5 years before being subject to review.

Should group relief be surrendered to/received from other group companies for consideration, the consideration paid will reflect, at a minimum, the corporation tax amounts surrendered and/or received. These amounts are reported as expenses or benefits within the tax on profit/loss on ordinary activities within the Income statement.

On a discretionary basis, group companies may agree to compensate for amounts in excess of the corporation tax amounts surrendered and/or received. In this instance, the excess over the corporation tax amount is shown as a separate movement within the Profit and loss account reserve on the Statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of financial position date and amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the company's key sources of estimation uncertainty:

Share-based payments

The company accounts for cash-settled share-based payments in accordance with FRS 102. The cost of cash-settled transactions is measured at fair value using a Black-Scholes option pricing model. Fair value is established based on current share price and historically observed fluctuations, risk free interest rate, dividend amounts, exchange rates and risk factors. Judgements are made based on best estimate predictions of these variables and are reviewed and updated on a regular basis.

Goodwill and intangible assets

The directors derive a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which goodwill is attributed, and any legal, regulatory or contractual provisions that can limit useful life. The directors perform an annual impairment review on the carrying value of intangible assets. The fair value assessment is based on a discounted cash flow model. The cash flows are derived from the company's five year plan forecasts. The discounted cost value is most sensitive to the discount rate used as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Warranty provisions

The warranty provision is estimated by the directors using historical data on previous claims and then extrapolated forward and adjusted for sales volume changes, inflation and other known factors such as product modifications introduced to reduce warranty failure or suppliers' contributions to cover warranty costs.

Stock provisioning

The company designs and sources bathroom equipment and is subject to changing consumer demands and fashion trends. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the tangible assets, and note 2.5 for the useful economic lives for each class of assets.

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

4. TURNOVER

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	72,922,203	68,709,979
Rest of Europe	985,615	851,541
Rest of the world	142,505	347,364
	<u>74,050,323</u>	<u>69,908,884</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Research & development charged as an expense	763,381	797,853
Depreciation of tangible fixed assets	1,152,305	1,111,184
Amortisation of intangible assets, including goodwill	1,563,234	1,621,633
Exchange differences	1,905,307	(243,849)
Other operating lease rentals	1,033,823	1,195,838
Defined contribution pension cost	519,722	491,065
Impairment of inventory	641,621	853,454
Cost of stock recognised in cost of sales	<u>40,194,600</u>	<u>35,033,325</u>

6. AUDITORS' REMUNERATION

	2017 £	2016 £
Fees payable to the company's auditors and their associates for the audit of the company's annual financial statements	73,200	79,200
	<u>73,200</u>	<u>79,200</u>
Fees payable to the company's auditors and their associates in respect of:		
Tax compliance services	9,000	9,000
	<u>9,000</u>	<u>9,000</u>

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

7. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	10,317,865	10,076,604
Social security costs	1,073,488	973,412
Other pension costs	519,722	491,065
	<u>11,911,075</u>	<u>11,541,081</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Production	6	4
Selling and distribution	257	259
Administration	61	58
	<u>324</u>	<u>321</u>

8. DIRECTORS' REMUNERATION

	2017 £	2016 £
Directors' emoluments	794,235	738,844
Company contributions to defined contribution pension schemes	6,000	5,735
	<u>800,235</u>	<u>744,579</u>

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £628,756 (2016 - 596,814).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2016 - £NIL).

The total accrued pension provision of the highest paid director at December 31, 2017 amounted to £NIL (2016 - £NIL).

The aggregate amounts accrued (excluding shares) under long term incentive schemes is £507,664 (2016 - £447,445) of which £344,039 (2016 - £399,935) is in respect of the highest paid director. The directors do not hold any share options so none were exercised.

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017	2016
	£	£
Interest receivable from group companies	162,985	145,044
	162,985	145,044

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£	£
Other loan interest payable	17,896	10,646
Loans from group undertakings	2,924	1,714
Finance leases and hire purchase contracts	342,189	380,736
	363,009	393,096

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

11. TAXATION

Tax expense included in profit

	2017 £	2016 £
Current tax		
UK corporation tax on profit for the year	1,309,091	1,161,351
Total current tax	<u>1,309,091</u>	<u>1,161,351</u>
Deferred tax		
Origination and reversal of timing differences	(122,942)	62,943
Impact of change in tax rates	-	20,369
Adjustments in respect of previous years	(106,864)	93,366
Total deferred tax	<u>(229,808)</u>	<u>176,678</u>
Tax on profit	<u>1,079,285</u>	<u>1,338,029</u>

Reconciliation of tax charge

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%). The differences are explained below:

	2017 £	2016 £
Profit before taxation	<u>4,618,694</u>	<u>8,395,926</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	889,099	1,679,185
Effects of:		
Expenses not deductible for tax purposes, including goodwill amortisation	354,946	343,177
Origination and reversal of timing differences	14,997	(13,055)
Adjustments in respect of previous years	(106,864)	93,366
Change to tax rates	-	20,369
Losses claimed as group relief for no consideration	(72,893)	(785,013)
Tax charge for the year	<u>1,079,285</u>	<u>1,338,029</u>

The corporation tax payable has been reduced through the receipt of group relief of £1,300,000 (2016 - £1,152,070) from a fellow group company for which a payment was made in 2017.

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

11. TAXATION (CONTINUED)**Tax rate changes**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

12. INTANGIBLE ASSETS

	Other Intangible assets £	Goodwill £	Negative goodwill £	Total £
COST				
At 1 January 2017	3,483,944	64,490,536	(1,643,000)	66,331,480
Additions	32,179	-	-	32,179
Disposals	(68,366)	-	-	(68,366)
At December 31, 2017	<u>3,447,757</u>	<u>64,490,536</u>	<u>(1,643,000)</u>	<u>66,295,293</u>
AMORTISATION				
At 1 January 2017	3,129,000	53,794,888	(1,643,000)	55,280,888
Charge for the year	66,513	1,496,721	-	1,563,234
On disposals	(68,366)	-	-	(68,366)
At December 31, 2017	<u>3,127,147</u>	<u>55,291,609</u>	<u>(1,643,000)</u>	<u>56,775,756</u>
NET BOOK VALUE				
At December 31, 2017	<u>320,610</u>	<u>9,198,927</u>	<u>-</u>	<u>9,519,537</u>
At December 31, 2016	<u>354,944</u>	<u>10,695,648</u>	<u>-</u>	<u>11,050,592</u>

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

13. TANGIBLE ASSETS

	Leasehold property £	Plant and machinery £	Office equipment £	Assets under construction £	Total £
COST OR VALUATION					
At January 1, 2016	11,526,453	6,641,390	1,819,696	139,143	20,126,682
Additions	-	175,376	137,345	374,819	687,540
Disposals	-	(52,800)	(131,369)	-	(184,169)
Transfers between classes	-	214,214	157,595	(371,809)	-
At December 31, 2017	11,526,453	6,978,180	1,983,267	142,153	20,630,053
ACCUMULATED DEPRECIATION					
At January 1, 2016	6,113,094	5,019,938	1,041,737	-	12,174,769
Charge for the year	597,363	379,996	174,946	-	1,152,305
Disposals	-	(52,800)	(131,369)	-	(184,169)
At December 31, 2017	6,710,457	5,347,134	1,085,314	-	13,142,905
NET BOOK VALUE					
At December 31, 2017	4,815,996	1,631,046	897,953	142,153	7,487,148
At December 31, 2016	5,413,359	1,621,452	777,959	139,143	7,951,913

The net book value of assets held under finance leases or hire purchase contracts, included above, is as follows:

	2017 £	2016 £
Land and buildings	3,116,667	3,490,667
	<u>3,116,667</u>	<u>3,490,667</u>

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

14. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2017	604,232
At December 31, 2017	604,232
NET BOOK VALUE	
At December 31, 2017	604,232
At December 31, 2016	604,232

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
H J Ceramics Limited	Ordinary	100 %	Dormant

The directors consider the value of the investment to be supported by its underlying net assets.

The subsidiary undertaking is a dormant private limited company incorporated in the UK and has the same registered address as the company.

The directors are in the process of placing H J Ceramics into members' voluntary liquidation and formal completion is expected in 2018.

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

15. STOCKS

	2017 £	2016 £
Raw materials and consumables	50,122	49,164
Work in progress	149,307	115,853
Finished goods and goods for resale	12,162,649	14,399,392
	<u>12,362,078</u>	<u>14,564,409</u>

There is no significant difference between the replacement cost of stock and the carrying value.

16. DEBTORS: Amounts falling due within one year

	2017 £	2016 £
Trade debtors	10,115,033	10,698,162
Amounts owed by group undertakings	69,822,009	61,260,143
Prepayments and accrued income	1,451,972	1,187,147
Deferred taxation	503,847	274,041
Financial instruments (note 21)	12,574	1,573,408
	<u>81,905,435</u>	<u>74,992,901</u>

Financial assets held at amortised cost included above total £79,937,042 (2016 - £71,958,305).

Amounts owed by group undertakings include amounts owed by the parent company totalling £69,820,652 (2016 - £61,171,213), which are unsecured and are repayable on demand. The outstanding balance is interest bearing at 1% below the relevant base rate, subject to a minimum rate of 0.25%, depending on the denomination of the amount outstanding.

Amounts owed by other group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

17. DEFERRED TAXATION

	Deferred tax £
At January 1, 2017	274,041
Movement in year	229,806
At December 31, 2017	503,847

The deferred tax asset is made up as follows:

	2017 £	2016 £
Depreciation in excess of capital allowances	504,933	322,604
Other timing differences	(1,086)	(48,563)
	503,847	274,041

There are no unused tax losses.

The net deferred asset expected to reverse in 2018 is £67,203. This primarily relates to short term timing differences on provisions.

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

18. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	6,716	7,196
Trade creditors	11,848,205	12,638,202
Amounts owed to group undertakings	634,582	2,392,380
Other taxation and social security	1,472,866	1,188,893
Obligations under finance lease and hire purchase contracts (Note 20)	457,537	418,981
Other creditors	492,733	417,243
Accruals and deferred income	1,416,410	1,065,110
	<u>16,329,049</u>	<u>18,128,005</u>

Financial liabilities held at amortised cost included above total £16,593,922 (2016 - £18,120,809).

Amounts owed to group undertakings include amounts owed to the parent company totalling £Nil (2016 - £418,110), which are unsecured and are repayable on demand. The outstanding balance is interest bearing at 1% above the relevant base rate, depending on the denomination of the amounts outstanding.

Amounts owed to other group companies are repayable on demand, unsecured and non-interest bearing.

The finance lease and hire purchase creditors are secured on leasehold property to which they relate.

Bank overdrafts are due to timing differences on banking transactions and are unsecured and non interest bearing.

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

19. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	4,390,501	4,848,033
Other creditors	298,160	253,134
	<u>4,688,661</u>	<u>5,101,167</u>

Secured loans

The finance lease and hire purchase creditors are secured on leasehold property to which they relate.

20. FINANCE LEASES AND HIRE PURCHASE

Minimum lease payments under finance leases and hire purchase fall due as follows:

	2017 £	2016 £
Within one year	761,162	761,162
Between 1-2 years	3,044,648	3,044,648
Over 5 years	2,394,352	3,155,514
Total gross payments	<u>6,200,162</u>	<u>6,961,324</u>
Less finance charges included	<u>(1,352,124)</u>	<u>(1,694,310)</u>
Total	<u>4,848,038</u>	<u>5,267,014</u>

The total finance lease creditor of £4,848,038 (2016 - £5,267,014) is secured on leasehold property. The finance lease term is 20 years from May 2006 and interest is charged at a fixed rate of 10.4% per annum.

21. FINANCIAL INSTRUMENTS

Financial assets measured at fair value through profit or loss comprise contracted forward foreign exchange contracts with a total Pounds sterling value at December 31, 2017 of £35,545,500 (2016 - £12,840,371). The commitments at December 31, 2017 were \$48,000,000 at a forward value of £35,532,927 with monthly deal dates from January 2018 to December 2018 (at December 31, 2016 the commitments were \$15,750,000 at a forward value of £11,264,760). These contracts have been fair valued at the Statement of financial position date based on available forward rates applicable to the individual currency contracts.

All of these contracts are with Masco Corporation group companies in both years.

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

22. OTHER PROVISIONS

	Warranty provision £	Lease dilapidation £	Total £
At January 1, 2017	617,641	413,540	1,031,181
Charged to profit or loss	693,529	40,844	734,373
Reclassification	292,209	-	292,209
Utilised in year	(545,921)	-	(545,921)
AT DECEMBER 31, 2017	1,057,458	454,384	1,511,842

Warranty provision

The warranty provision is to cover the costs of future claims under warranties offered by the company that generally cover the products for a period of five years in domestic use and one year in commercial use. In 2017 the warranty provision includes the reassignment of the parts provision relating to parts provided free of charge under the terms of our warranty. This provision had previously been included within the stock provision reducing stock to net realisable value. If this reassignment had been applied in 2016, then the warranty provision would have increased by £292,209 with a corresponding increase in the year end stock balance. The warranty provision expected to be utilised within one year totals £563,749 (2016 - £539,185 restated).

Lease dilapidation

The dilapidation provision is to cover future costs when the company vacates leased properties and decommissions other leased assets. The provision is expected to be utilised by 2026.

23. CALLED UP SHARE CAPITAL

	2017 £	2016 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
60,000 Ordinary shares of £1 each (2016 - 60,000)	60,000	60,000

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

24. RESERVES**Share premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs. On 2 May 2018, the Share premium account of £88,965,200 was transferred to distributable retained earnings.

Retained earnings

This reserve records the cumulative profit or losses recorded through the Income statement less any dividends declared and paid to shareholders since inception of the company.

BRISTAN GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

25. SHARE BASED PAYMENTS**Stock appreciation rights**

Stock appreciation rights ('SARs') are notional stock awards granted to directors and selected employees which vest annually from the grant date over a 5 year period, are conditional on continued service and whose settlement value is linked to the value of Masco Corporation shares (listed on the New York Stock Exchange) at each settlement date.

SARs are settled at the recipient's discretion over a period of up to 10 years from the grant date. The exercise price is equal to the share price of Masco Corporation on the date that the awards have been granted.

The expense recognised for SARs during the year to December 31, 2017 is £55,021 (2016 - £111,577). This was in its entirety cash-settled share based.

The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, SARs during the year.

	2017	2017	2016	2016
	£	£	£	£
Outstanding as at January 1	15.81	9,117	10.11	24,046
Granted during the year	-	-	-	-
Exercised during the year	9.95	(4,558)	14.14	(14,929)
Expired during the year	-	-	-	-
Outstanding as at December 31	8.98	4,559	15.81	9,117
Exercisable as at December 31	8.98	4,559	15.81	9,117

Phantom stock awards

Phantom stock awards are notional stock awards granted to directors and selected employees which vest annually from the grant date over a 5 year period, are conditional on continued service and whose settlement value is linked to the value of Masco Corporation shares (listed on the New York Stock Exchange) at each settlement date.

Phantom stock awards are settled in full immediately on vesting and have a nil exercise price. Notional dividends accrue on the unvested portion of Phantom stock awards and are paid by the company on each annual vesting date.

The expense recognised for Phantom stock awards during the year to December 31, 2017 is £399,775 (2016 - £366,979). This was in its entirety cash-settled share-based.

The following table illustrates the movements in the number of Phantom stock awards, granted with a nil exercise price:

BRISTAN GROUP LIMITED

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26. SHARE BASED PAYMENTS (Continued)

	2017 No.	2016 No.
Outstanding as at January 1	32,084	46,763
Granted during the year	8,680	6,426
Vested during the year	(11,441)	(15,289)
Expired during the year	-	(5,816)
	<u>29,323</u>	<u>32,084</u>

Phantom stock awards and SARs

The fair value of the cash-settled options is measured at the grant date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The services received and a liability to pay for those services is recognised over the expected vesting period. Until the liability is settled it is re-measured at each reporting date with changes in fair value recognised in the Income statement.

The carrying amount of the liability relating to the cash-settled share-based awards as at December 31, 2017 is £900,032 (2016 - £762,887).

27. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £519,722 (2016 - £491,065). Contributions totalling £54,086 (2016 - £42,345) were payable to the fund at the Statement of financial position date and are included in accruals and deferred income.

28. COMMITMENTS UNDER OPERATING LEASES

At December 31, 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	898,225	977,690
Later than 1 year and not later than 5 years	2,245,923	2,396,620
Later than 5 years	1,685,077	2,190,600
	<u>4,829,225</u>	<u>5,564,910</u>

The 2017 and 2016 operating lease commitments include the land rent allocation on the company's leased property. The lease term ends in May 2026.

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29. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by FRS 102 33.1A not to disclose transactions with companies wholly owned within the Masco Corporation group.

30. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Masco Corporation Limited, a company incorporated in the United Kingdom.

The parent undertaking of the smallest group that prepares consolidated financial statements is Masco Europe S.C.S., a company incorporated in Luxembourg. Copies of the consolidated financial statements may be obtained from the Secretary at Masco Europe S.C.S., 22 rue Gabriel Lippmann, L- 5365 Munsbach, Luxembourg.

The ultimate parent undertaking and controlling party is Masco Corporation (a company incorporated in the United States of America), which heads the largest group to consolidate these financial statements. Copies of the consolidated financial statements of Masco Corporation can be obtained from the Secretary at Masco Corporation, 17450 College Parkway, Livonia, Michigan 48152, United States of America (or via its website at www.masco.com).