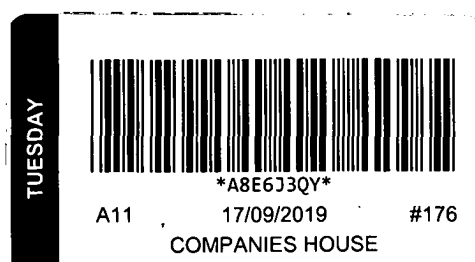


Company registration number 2163844

## **Etex Building Performance Limited**

### **Report and Financial Statements**

31 December 2018



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## Company Information

### Directors

C G Ellwood (resigned 31 May 2019)  
N A Ash  
J E Maycock  
J-L Bernard  
W Schelfhout (appointed 16<sup>th</sup> January 2019)

### Secretary

C G Ellwood  
W Schelfhout (appointed 16<sup>th</sup> January 2019)

### Independent Auditors

PricewaterhouseCoopers LLP

### Registered Office

Gordano House  
Marsh Lane  
Easton in Gordano  
Bristol  
BS20 0NF

### Bankers

Lloyds Bank PLC  
25 Gresham Street  
London  
EC2V 7HN

### Country of Incorporation and Domicile

United Kingdom

## Strategic report

The directors present their strategic report for the year ended 31 December 2018.

### Principal activities and review of the business

The principal activity of the company is the manufacture and supply of plasterboard and accessories. The company operates two manufacturing sites in Portbury, near Bristol and Ferrybridge near Leeds. The company supplies primarily builders' merchants and specialist distributors in the UK and Ireland.

	2018 £000	2017 £000
Turnover	211,352	195,193
Operating profit	40,174	36,029
Profit after tax	32,086	29,511
Shareholders' funds	102,694	110,608

The UK construction market continued to recover in 2018. The company's sales increased by 8.3% compared to the previous year reaching £211.4m. Gross margin has decreased from 40.6% in 2017 to 39.3% in 2018. The operating profit has increased from £36.0m in 2017 to £40.2 in 2018.

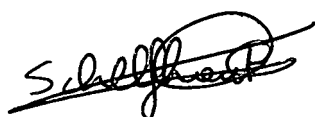
### Principal risks and uncertainties

The company's activities expose it to financial risks including foreign exchange risk and energy price and supply risk. To reduce these risks the company enters into forward foreign currency contracts and enters into forward purchase supply contracts for gas.

Loss of key customers is also a key risk to the business. The company manages this risk by developing and maintaining strong relationships with these customers.

The decision in the UK referendum to leave the EU has created uncertainty which could lead to a contraction in the construction industry in future years and impact the company's growth in the future.

On behalf of the Board



Wim Schelfhout

Director

Date: 13/03/2019

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2018.

### Results and dividends

The profit for the year after taxation amounted to £32,086,000 (2017 – profit of £29,511,000). The directors paid an interim dividend of £40,000,000 and do not recommend the payment of any final dividend (2017 – £23,000,000).

### Future developments

The company will continue to focus on growing the business by launching innovative products and systems that bring benefits to installers and end-users of buildings. Alongside this, the company focuses on maintaining manufacturing excellence.

### Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate as the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

### Directors

The directors who served the company during the year were as follows:

C G Ellwood

N Ash

J E Maycock

J-L Bernard

W Schelfhout (appointed 16<sup>th</sup> January 2019)

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

### Independent Auditors

A resolution to appoint PricewaterhouseCoopers LLP as auditors was agreed on 17 September 2018.

On behalf of the Board



Wim Schelfhout

Director

Date: 13/03/2019

## Statement of directors' responsibilities

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

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 101 "Reduced Disclosure Framework", 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 the 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 101, 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

### Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## **Independent auditors' report**

to the members of Etex Building Performance Limited

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

#### **Opinion**

In our opinion, Etex Building Performance Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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 101 "Reduced Disclosure Framework", 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 Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; 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 for 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**

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

#### **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 or, 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 2018 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 6, 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](http://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.

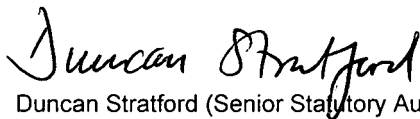
**Other required reporting**

**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.



Duncan Stratford (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol

13 September 2019

## Statement of Comprehensive Income

for the year ended 31 December 2018

	Note	2018 £000	2017 £000
<b>Turnover</b>	3	211,352	195,193
Cost of sales		(128,288)	(115,984)
<b>Gross profit</b>		83,064	79,209
Distribution costs		(31,018)	(31,048)
Administrative expenses		(11,646)	(9,521)
Other operating charges		(224)	(2,611)
Other operating income		-	-
<b>Operating profit</b>	4	40,176	36,029
Interest receivable and similar income		-	10
Interest payable & similar expenses		(206)	-
<b>Profit on ordinary activities before taxation</b>		39,969	36,039
Tax on profit	7	(7,883)	(6,527)
<b>Profit for the financial year</b>		32,086	29,511
Other Comprehensive income		-	-
<b>Total comprehensive income for the year, net of tax</b>		32,086	29,511

All amounts relate to continuing activities.

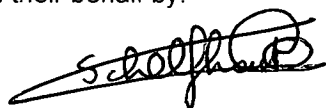
Registered No. 2163844

## Statement of Financial Position

at 31 December 2018

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Tangible assets	9	71,718	65,925
Goodwill	10	15,000	15,000
Investments	11	4,070	4,070
		<u>90,788</u>	<u>84,995</u>
<b>Current assets</b>			
Stocks	12	16,539	13,429
Debtors	13	69,038	78,427
Cash at bank and in hand		<u>16,777</u>	<u>2,178</u>
		<u>102,354</u>	<u>94,034</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(87,192)</u>	<u>(66,014)</u>
<b>Net current assets</b>		<u>15,051</u>	<u>28,020</u>
<b>Total assets minus current liabilities</b>		<u>105,950</u>	<u>113,015</u>
<b>Creditors: amounts falling due after more than one year</b>			
Deferred tax liabilities	7(b)	(1,841)	(1,391)
Provisions for liabilities	16	<u>(1,415)</u>	<u>(1,016)</u>
<b>Net assets</b>		<u>102,694</u>	<u>110,608</u>
<b>Capital and reserves</b>			
Called up share capital	15	60,000	60,000
Profit and loss account		<u>42,694</u>	<u>50,608</u>
<b>Shareholders' funds</b>		<u>102,694</u>	<u>110,608</u>

The financial statements were approved by the board of directors and authorised for signature on their behalf by:



Wim Schelfhout

Director

Date 13/09/2019

## Statement of changes in equity

at 31 December 2018

	Note	Share capital £000	Profit and loss account £000	Total equity £000
<b>As at 1 January 2017</b>		60,000	44,097	104,097
Profit for the year		-	29,511	29,511
Dividend payment		-	(23,000)	(23,000)
<b>At 31 December 2017</b>		60,000	50,608	110,608
Profit for the year		-	32,086	32,086
Dividend payment	8	-	(40,000)	(40,000)
<b>At 31 December 2018</b>		<b>60,000</b>	<b>42,694</b>	<b>102,694</b>

## Notes to the financial statements

For the year ended 31 December 2018

### 1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Etex Building Performance Limited (the "Company") for the year ended 31 December 2018 were authorised for issue by the board of directors on the date shown on the statement of financial position, which was signed on the board's behalf by Wim Schelfhout. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) under the historical cost convention and in accordance with applicable accounting standards.

Etex Building Performance Limited is incorporated and domiciled in England and Wales. The registered office is located at:

Gordano House

Marsh Lane

Easton in Gordano

Bristol BS20 0NF

The Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 2.

### 2. Accounting policies

#### *2.1 Basis of preparation*

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IFRS 7 Financial Instruments: Disclosures;

(b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;

(c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

(i) paragraph 79 (a)(iv) of IAS 1;

(ii) paragraph 73 (e) of IAS 16 Property, Plant and Equipment;

(d) the requirements of paragraphs 10 (d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;

(e) the requirements of IAS 7 Statement of Cash Flows.

(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

(h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which a party to the transaction is wholly owned by such a member; and

(i) the requirements of paragraphs 134 (d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets

## Notes to the financial statements

For the year ended 31 December 2018

### 2. Accounting Policies (Continued)

#### *2.2 New standards, amendments and IFRIC interpretations*

The Company has adopted IFRS 9 'Financial Instruments' on the required effective date of 1 January 2018 and did not have a significant impact on its profit, balance sheet or equity.

##### (a) Classification and measurement

The Company did not have a significant impact on its profit, balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It continues to measure at fair value all financial assets held at fair value.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company continues to measure these at amortised cost under IFRS 9 following the assessment of the contractual cash flow characteristics of its debt instruments the Company concluded that the loans and trade receivables can be classified at amortised cost measurement under IFRS 9.

##### (b) Impairment

IFRS 9 requires the Company to record expected credit losses on all its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Company has applied the simplified approach and records lifetime expected losses on all trade receivables. The application of the expected credit loss did not have a significant impact on equity due to the secured nature of its loans and receivables.

##### (c) Hedge accounting

The Company does not have any hedge relationships that qualify for hedge accounting under IFRS 9.

IFRS 15 'Revenue from Contracts with Customers' also became effective 1 January 2018. The standard does not have a material impact on the Company.

There are no other amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2018 that have had a material impact on the Company.

#### *2.3 Going concern*

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements.

## Notes to the financial statements

For the year ended 31 December 2018

### 2. Accounting Policies (Continued)

#### *2.4 Judgements and key sources of estimation uncertainty*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The judgements and key sources of estimation uncertainty which have the most significant impact on the financial statements are as follows:

- i) provision for excess and slow-moving inventory
- ii) Operating lease commitments. The Company has entered into operating leases as lessee on various assets including land and buildings, plant and equipment and cars. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet. See note 18 for details on future minimum lease obligations

#### *2.5 Significant accounting policies*

The significant accounting policies adopted by the company are as follows:

##### **Turnover**

Turnover consists of the invoiced value of plasterboard related goods sold and services provided to customers net of all sales discounts and value added tax. Revenue is recognised on delivery of goods to the customer.

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and assets under the course of construction until they are brought into use, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Short leasehold buildings –	50 years
Plant and equipment –	20 years
Motor vehicles –	4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

## Notes to the financial statements

For the year ended 31 December 2018

### 2. Accounting Policies (continued)

#### 2.4 Significant accounting policies (continued)

##### *Investments*

Shares in other companies are stated at cost less any provision for impairment in value. Management tests investments for impairments if there are indicators that investments may be impaired. The recoverable amounts are determined based on expected performance of the business in future years, considering historical profits.

##### *Stocks*

Finished Goods are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

##### *Income taxes*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised, without discounting, in respect of temporary differences between the treatment of certain items for taxation and accounting purposes. 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. The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

##### *Foreign currencies*

Amounts denominated in foreign currencies are included in the financial statements at rates ruling on the date of the transactions. At the balance sheet date, assets and liabilities are retranslated at the rates ruling at that date. Any gain or loss on translation is taken to the profit and loss account for the year.

##### *Pensions*

All employees are offered membership of the Etex UK pension scheme (The EM Pension Scheme) which is a defined contribution scheme. Contributions to the defined contributions scheme are recognised in the profit and loss account in the period in which they become payable.

##### *Provisions*

A provision is recognised when the company has a 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; and a reliable estimate can be made of the amount of the obligation.



## Notes to the financial statements

For the year ended 31 December 2018

### 2. Accounting Policies (continued)

#### 2.4 Significant accounting policies (continued)

##### *Operating leases*

Rentals paid under operating leases are charged to profit and loss account net of incentives on a straight- line basis over the lease term.

##### *Goodwill*

Goodwill is evaluated for impairment annually. Where the carrying value of an asset exceeds the recoverable amount, an impairment loss is recognised in profit and loss. The recoverable amount is defined as the higher of fair value less cost to sell and the value in use; where the value in use is the present value of future cash flows.

## Notes to the financial statements

For the year ended 31 December 2018

### 3. Turnover

The turnover is wholly attributable to the principal activity of the company and arises predominantly in the United Kingdom. The analysis of turnover by geographical destination is as follows:

	2018 £000	2017 £000
United Kingdom	202,855	187,756
Other European countries	8,497	7,437
	<u>211,352</u>	<u>195,193</u>

### 4. Operating profit

This is stated after charging/(crediting):

	2018 £000	2017 £000
Cost of stocks recognised as an expense (included in cost of sales)	78,196	75,139
Auditor's remuneration		
– fees payable to the company auditors for non-statutory services	-	-
– for the audit of the company's annual financial statements	<u>52</u>	<u>49</u>
Depreciation and impairment – tangible assets	4,231	6,755
Exchange loss/(gain)	888	(1,673)
Operating lease rentals – contract hire vehicles	471	538
– land and buildings	2,815	2,194
– computer equipment	<u>24</u>	<u>24</u>

### 5. Directors' remuneration:

	2018 £000	2017 £000
Aggregate remuneration in respect of qualifying services	<u>806</u>	<u>787</u>
Company contributions paid to defined contribution pension schemes	<u>30</u>	<u>52</u>
<b>Remuneration of highest paid director:</b>		
	£000	£000
Remuneration	<u>390</u>	<u>320</u>

There is no accrued pension benefit of the highest paid director (2017 – £nil).

## Notes to the financial statements

For the year ended 31 December 2018

### 6. Staff costs

	2018 £000	2017 £000
Wages and salaries	20,259	19,331
Social security costs	2,287	2,291
Other pension costs	1,764	1,653
	<u>24,310</u>	<u>23,275</u>

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

	No.	No.
Administration	20	18
Manufacturing and distribution	476	450
Total	<u>496</u>	<u>468</u>

### 7. Tax on profit

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2018 £000	2017 £000
<b>Current tax:</b>		
UK corporation tax on the profit for the year	7,059	6,873
Adjustments in respect of prior years	374	(386)
Total current tax	<u>7,433</u>	<u>6,487</u>

**Deferred tax:**

Origination and reversal of timing differences	552	140
Impact of change in rate	-	-
Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods	(102)	(100)
Total deferred tax (note 8c)	<u>450</u>	<u>40</u>
Tax on profit on ordinary activities	<u>7,883</u>	<u>6,527</u>

## Notes to the financial statements

For the year ended 31 December 2018

### 7. Tax on profit (continued)

(a) Factors affecting the total tax charge for the year

The tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	39,969	36,039
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	7,594	6,938
<i>Effects of:</i>		
Expenses not deductible for tax purposes	193	204
Other adjustments	(728)	(229)
Adjustments relating to prior year	374	(386)
Total tax for the year (note 7(a))	7,433	6,527

(b) Deferred tax

A deferred tax liability is recognised at 17% (2017 – 17%) in the financial statements as follows:

	2018 £000	2017 £000
Accelerated capital allowances	1,841	1,391
The movements in deferred tax are:		£000
At 1 January 2018		1,391
Amounts charged to profit and loss account		450
At 31 December 2018		1,841

(c) Factors that may affect future tax charges

The standard rate of tax fell from 20% to 19% with effect from 1 April 2017 and will reduce further to 17% with effect from 1 April 2020. The reduction to 17% was enacted during the current period. Deferred tax at 31 December 2018 has been calculated based on the rate of 17%.

### 8. Dividends

Amounts recognised as distributions to equity holders in the period:

	2018 £000	2017 £000
Declared and paid during the year:	40,000	23,000

## Notes to the financial statements

For the year ended 31 December 2018

Interim dividend 66.66p (2017 – 38.33p) per ordinary share

### 9. Tangible fixed assets

	<i>Short leasehold buildings</i> £000	<i>Plant and equipment</i> £000	<i>Total</i> £000
Cost:			
At 1 January 2018	43,532	104,520	148,052
Additions	-	10,024	10,024
At 31 December 2018	<u>43,532</u>	<u>114,544</u>	<u>158,076</u>
Accumulated depreciation:			
At 1 January 2018	17,406	64,721	82,127
Charge for the year	831	3,400	4,231
At 31 December 2018	<u>18,237</u>	<u>68,121</u>	<u>86,358</u>
Net book value:			
At 31 December 2018	<u>25,295</u>	<u>46,423</u>	<u>71,718</u>
At 1 January 2017	<u>26,126</u>	<u>39,799</u>	<u>65,925</u>

### 10. Goodwill

Cost:	£000
At 1 January 2018	15,000
Additions	-
At 31 December 2018	<u>15,000</u>

In January 2017 the company acquired the technical construction business of Promat UK Limited (a fellow group company) for £15,000,000.

## Notes to the financial statements

For the year ended 31 December 2018

### 11. Investments

	<i>Total £000</i>
Cost and net book value:	
At 1 January 2018	4,070
Adjustment to previous consideration paid	-
At 31 December 2018	<u>4,070</u>

On 8 April 2016 Etex Building Performance Limited acquired 100% of the shares in Engineered Offsite Group Holdings Limited and its trading subsidiary EOS Facades Limited. The total purchase consideration including deferred payments was £4,070,000. Engineered Offsite Group Holdings Limited was subsequently dissolved on 28 February 2017 with the investment in EOS Facades Limited being directly held by the company.

On 2 August 2017 Etex Building Performance Limited incorporated Crucible Gypsum Recycling Limited through the creation of a new company limited by 100 shares for a consideration of £100. Crucible Gypsum Recycling Limited collects and recycles plasterboard waste into gypsum powder for use in manufacture. At the end of the year the loan to this subsidiary stood at £777,616 (2017:£354,664)

### 12. Stocks

	<i>2018 £000</i>	<i>2017 £000</i>
Raw materials	4,964	4,574
Engineering stores	1,760	1,631
Finished goods and goods for resale	9,815	7,224
	<u>16,539</u>	<u>13,429</u>

### 13. Debtors

	<i>2018 £000</i>	<i>2017 £000</i>
<i>Amounts due within one year</i>		
Trade debtors	12,180	6,009
Amounts owed by group undertakings	55,720	71,325
Prepayments and accrued income	1,138	1,093
	<u>69,038</u>	<u>78,427</u>

## Notes to the financial statements

For the year ended 31 December 2018

### 14. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	24,763	25,319
Amounts owed to group undertakings	2,461	2,899
Accruals and deferred income	8,392	8,279
Corporation tax	3,359	2,839
Other taxes and social security costs	5,982	5,344
Other creditors	42,235	21,334
	<u>87,192</u>	<u>66,014</u>

### 15. Issued share capital

	No.	2018 £000	No.	2017 £000
<b>Authorised</b>				
Ordinary shares of £1 each	180,000,000	<u>180,000</u>	180,000,000	<u>180,000</u>
<b>Called up, allotted and fully paid</b>				
Ordinary shares of £1 each	60,000,000	<u>60,000</u>	60,000,000	<u>60,000</u>

### 16. Provisions for liabilities

	Redundancy Provision	Onerous lease	Total Provision
	£000	£000	£000
At 1 January 2018	-	1,017	1,017
Charged to profit and loss account	1,200	(802)	398
Utilisation of provision	-	-	-
At 31 December 2018	<u>1,200</u>	<u>215</u>	<u>1,415</u>

The onerous lease provision relates to the early termination of a lease and related dilapidation costs.

## Notes to the financial statements

For the year ended 31 December 2018

### 17. Obligations under leases

Future minimum lease payments due under non-cancellable operating leases are as follows:

	2018 £000	2017 £000
Not later than one year	2,764	2,360
After one year but not more than five years	5,023	3,403
After five years	9,652	9,947
	<u>17,439</u>	<u>15,710</u>

### 18. Pensions

Employees are offered membership of the Etex UK pension scheme (The "EM Pension Scheme") which is a defined contribution scheme.

The total cost charged to income of £1,764,000 (2017 – £1,653,000) represents contributions payable to this scheme by the company at rates specified in the rules of the plan.

### 19. Ultimate parent undertaking and controlling party

Etex SA, incorporated in Belgium, is regarded by the directors as being the company's ultimate parent undertaking and controlling party.

The largest and smallest group of undertakings for which group financial statements are drawn up and of which this company is a member is that headed by:

	<b>Address</b>
Etex SA	Avenue de Tervueren 361
Incorporated in Belgium	1150 Brussels
	Belgium

Copies of the group financial statements may be obtained from the address shown above.