

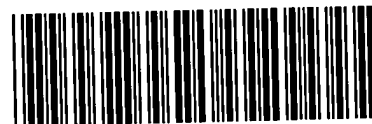
Company registration number 2163844

Etex Building Performance Limited

Report and Financial Statements

31 December 2017

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Company Information

On 3 January 2017 the company changed its name from Siniat Limited to Etex Building Performance Limited

Directors

C G Ellwood

N A Ash

J E Maycock

J-L Bernard (Appointed 31st December 2017)

J-P Hanin (Resigned 31st December 2017)

R G Buxton (Resigned 31st December 2017)

Secretary

C G Ellwood

Auditors

Ernst & Young LLP

The Paragon

Counterslip

Bristol BS1 6BX

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 2017.

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.

The company acquired the technical construction business of Promat UK Limited (a fellow Group company) on 3 January 2017. Turnover for 2017 includes £12,505,000 related to this business.

	2017 £000	2016 £000
Turnover	195,193	158,334
Operating profit	36,029	29,302
Profit after tax	29,511	23,362
Shareholders' funds	110,608	104,097

The UK construction market continued to recover in 2017. The company's sales increased by 23.0% compared to the previous year reaching £195.2m. Gross profit has increased from 38.0% in 2016 to 40.6% in 2017 mainly achieved through improved operating efficiencies. The operating profit has increased from £29.3m in 2016 to £36.0m in 2017.

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



Clive Ellwood

Director

Date: 6 July 2018

Directors' report

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

Results and dividends

The profit for the year after taxation amounted to £29,511,000 (2016 – profit of £23,362,000). The directors paid an interim dividend of £23,000,000 and do not recommend the payment of any final dividend (2016 – £20,000,000).

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.

In January 2017 the company acquired the technical construction business of Promat UK Limited (a fellow group company) for £15,000,000. In addition it paid £1,911,419 for the inventory of the business which was acquired on the same day.

In August 2017 the company incorporated a new subsidiary, Crucible Gypsum Recycling Limited, whose purpose is to collect and recycle plasterboard waste into gypsum powder for use in manufacture. At the end of the year the loan to this subsidiary stood at £354,664.

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 (Appointed 31st December 2017)

J-P Hanin (Resigned 31st December 2017)

R G Buxton (Resigned 31st December 2017)

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 auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, 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 auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Clive Ellwood

Director

Date: 6 July 2018

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Etex Building Performance Limited

We have audited the financial statements of Etex Building Performance Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Independent auditors' report (Continued)

to the members of Etex Building Performance Limited

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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 and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Ken Griffin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

Date: *11 July 2018*

Statement of Comprehensive Income

for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
Turnover	3	195,193	158,334
Cost of sales		(115,984)	(97,631)
Gross profit		79,209	60,703
Distribution costs		(31,048)	(22,377)
Administrative expenses		(9,521)	(9,215)
Other operating charges		(2,611)	-
Other operating income		-	191
Operating profit	4	36,029	29,302
Interest receivable and similar income		10	-
Interest charge		-	(11)
Profit on ordinary activities before taxation		36,039	29,291
Tax	7	(6,527)	(5,929)
Profit for the financial year		29,511	23,362
Other Comprehensive income		-	-
Total comprehensive income for the year, net of tax		29,511	23,362

All amounts relate to continuing activities.

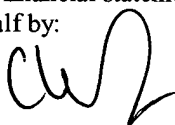
Registered No. 2163844

Statement of Financial Position

at 31 December 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Tangible assets	9	65,925	65,425
Goodwill	10	15,000	-
Investments	11	4,070	4,072
		<u>84,995</u>	<u>69,497</u>
Current assets			
Stocks	13	13,429	10,843
Debtors	14	78,427	86,942
Cash at bank and in hand		2,178	15,664
		<u>94,034</u>	<u>113,449</u>
Creditors: amounts falling due within one year	15	<u>(66,014)</u>	<u>(77,444)</u>
Net current assets		<u>28,020</u>	<u>36,005</u>
Total assets less current liabilities		<u>113,015</u>	<u>105,502</u>
Creditors: amounts falling due after more than one year			
Deferred tax liabilities	7(b)	(1,391)	(1,351)
Provisions for liabilities	17	(1,016)	(54)
Net assets		<u>110,608</u>	<u>104,097</u>
Capital and reserves			
Called up share capital	16	60,000	60,000
Profit and loss account		<u>50,608</u>	<u>44,097</u>
Shareholders' funds		<u>110,608</u>	<u>104,097</u>

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



Clive Ellwood

Director

Date 6 July 2018

Statement of changes in equity

at 31 December 2017

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
As at 1 January 2016	60,000	40,735	100,735
Profit for the year	-	23,362	23,362
Dividend payment	-	(20,000)	(20,000)
At 31 December 2016	60,000	44,097	104,097
Profit for the year	-	29,511	29,511
Dividend payment	-	(23,000)	(23,000)
At 31 December 2017	60,000	50,608	110,608

Notes to the financial statements

at 31 December 2017

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 2017 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 C G Ellwood. 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 is 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

at 31 December 2017

2. Accounting Policies (Continued)

2.2 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.

2.3 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

2.4 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

at 31 December 2017

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, taking into account 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.

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.

Notes to the financial statements

at 31 December 2017

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:

	2017 £000	2016 £000
United Kingdom	187,756	152,462
Other European countries	7,437	5,872
	<u>195,193</u>	<u>158,334</u>

4. Operating profit

This is stated after charging:

	2017 £000	2016 £000
Cost of stocks recognised as an expense (included in cost of sales)	75,139	52,805
Auditor's remuneration		
– fees payable to the company's auditor for non-statutory services	-	-
– for the audit of the company's annual financial statements	<u>49</u>	<u>48</u>
Depreciation and impairment – tangible assets	6,755	3,973
Exchange loss	(1,673)	(1,306)
Operating lease rentals – contract hire vehicles	538	604
– land and buildings	2,194	1,970
– computer equipment	<u>24</u>	<u>115</u>

5. Director's remuneration:

	2017 £000	2016 £000
Aggregate remuneration in respect of qualifying services	<u>787</u>	<u>727</u>
Company contributions paid to defined contribution pension schemes	<u>52</u>	<u>58</u>
Remuneration of highest paid director:		
	£000	£000
Remuneration	<u>320</u>	<u>296</u>

There is no accrued pension benefit of the highest paid director (2016 – £nil).

Notes to the financial statements

at 31 December 2017

6. Staff costs

	2017 £000	2016 £000
Wages and salaries	19,331	17,571
Social security costs	2,291	2,010
Other pension costs	1,653	1,523
	<u>23,275</u>	<u>21,104</u>

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

	No.	No.
Administration	18	23
Manufacturing and distribution	450	421
Total	<u>468</u>	<u>444</u>

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2017 £000	2016 £000
Current tax:		
UK corporation tax on the profit for the year	6,873	5,460
Adjustments in respect of prior years	(386)	177
Total current tax	<u>6,487</u>	<u>5,637</u>

Deferred tax:

Origination and reversal of timing differences	140	517
Impact of change in rate	-	(49)
Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods	(100)	(176)
Total deferred tax (note 8c)	<u>40</u>	<u>292</u>
Tax on profit on ordinary activities	<u>6,527</u>	<u>5,929</u>

Notes to the financial statements

at 31 December 2017

7. Tax (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 19.25% (2016 – 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	36,039	29,291
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 – 20%)	6,938	5,858
<i>Effects of:</i>		
Expenses not deductible for tax purposes	204	215
Other adjustments	(229)	(145)
Adjustments relating to prior year	(386)	1
Total tax for the year (note 8(a))	6,527	5,929

(b) Deferred tax

A deferred tax liability is recognised at 17% (2016 – 17%) in the financial statements as follows:

	2017 £000	2016 £000
Accelerated capital allowances	1,391	1,351

The movements in deferred tax are:	£000
At 1 January 2017	1,351
Amounts charged to profit and loss account	40
At 31 December 2017	1,391

(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 2017 has been calculated based on the rate of 17%.

8. Dividends

Amounts recognised as distributions to equity holders in the period:

	2017 £000	2016 £000
<i>Declared and paid during the year:</i>		
Interim dividend 38.33p (2016 – 33.34p) per ordinary share	23,000	20,000

Notes to the financial statements

at 31 December 2017

9. Tangible fixed assets

	<i>Short leasehold buildings</i>	<i>Plant and equipment</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:			
At 1 January 2017	42,947	97,849	140,796
Additions	585	6,671	7,256
At 31 December 2017	<u>43,532</u>	<u>104,520</u>	<u>148,052</u>
Accumulated depreciation:			
At 1 January 2017	16,574	58,797	75,371
Charge for the year	832	3,300	4,132
Impairment	-	2,624	2,624
At 31 December 2017	<u>17,406</u>	<u>64,721</u>	<u>82,127</u>
Net book value:			
At 31 December 2017	<u>26,126</u>	<u>39,799</u>	<u>65,925</u>
At 1 January 2016	<u>26,373</u>	<u>39,052</u>	<u>65,425</u>

10. Goodwill

Cost:	<i>£000</i>
At 1 January 2017	-
Additions (note 12)	15,000
At 31 December 2017	<u>15,000</u>

11. Investments

	<i>Total £000</i>
Cost and net book value:	
At 1 January 2017	4,072
Adjustment to previous consideration paid	(2)
At 31 December 2017	<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 £354,664.

Notes to the financial statements

at 31 December 2017

12. Business Combinations

In January 2017 the company acquired the technical construction business of Promat UK Limited (a fellow group company) for £15,000,000. In addition it paid £1,911,419 for the inventory of the business which was acquired on the same day.

The fair value of the identifiable assets and liabilities of the business as at the date of acquisition were:

	<i>Book Value</i> <i>£000</i>	<i>Fair Value</i> <i>£000</i>
Stock	1,911	1,911
Goodwill arising on acquisition		15,000
		<u>16,911</u>
Discharged by:		
Cash		<u>16,911</u>

13. Stocks

	<i>2017</i> <i>£000</i>	<i>2016</i> <i>£000</i>
Raw materials	4,574	3,756
Engineering stores	1,631	1,388
Finished goods and goods for resale	7,224	5,699
	<u>13,429</u>	<u>10,843</u>

14. Debtors

	<i>2017</i> <i>£000</i>	<i>2016</i> <i>£000</i>
Amounts due within one year		
Trade debtors	6,009	3,094
Amounts owed by group undertakings	71,325	83,012
Prepayments and accrued income	1,093	836
	<u>78,427</u>	<u>86,942</u>

Notes to the financial statements

at 31 December 2017

15. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	25,319	38,840
Amounts owed to group undertakings	2,899	2,712
Accruals and deferred income	8,279	10,120
Corporation tax	2,839	3,014
Other taxes and social security costs	5,344	4,006
Other creditors	21,334	18,752
	<u>66,014</u>	<u>77,444</u>

16. Issued share capital

	No.	2017 £000	No.	2016 £000
Authorised		£'000		£'000
Ordinary shares of £1 each	180,000,000	<u>180,000</u>	180,000,000	<u>180,000</u>
Called up, allotted and fully paid		£'000		£'000
Ordinary shares of £1 each	60,000,000	<u>60,000</u>	60,000,000	<u>60,000</u>

17. Provisions for liabilities

	Onerous lease provision £000
At 1 January 2017	54
Charged to profit and loss account	1,017
Utilisation of provision	<u>(54)</u>
At 31 December 2017	<u>1,017</u>

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

Notes to the financial statements

at 31 December 2017

18. Obligations under leases

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

	2017	2016
	£000	£000
Not later than one year	2,360	2,702
After one year but not more than five years	3,403	5,050
After five years	9,947	10,242
	<u>15,710</u>	<u>17,994</u>

19. 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 £1,653,000 (2016 – £1,523,000) represents contributions payable to this scheme by the company at rates specified in the rules of the plan.

20. 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:

	Address
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.