Company registration number 2163844

# Etex Building Performance Limited

**Report and Financial Statements**

31 December 2021

**Contents**

# Company Information

**Directors**
N A Ash (resigned 10th December 2021)
J E Maycock (resigned 10th December 2021)
J-L Bernard
N M Shaw (appointed 10th December 2021)
T Vanderborght (appointed 10th December 2021)

**Secretary**
J Maycock (resigned 10th December 2021)
NM Shaw (appointed 10th December 2021)

**Independent Auditors**
PricewaterhouseCoopers LLP

**Registered Office**
Gordano House
Marsh Lane
Easton in Gordano
Bristol
BS20 0NE

**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 2021.

## 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.

| | *2021* | *2020* |
|---|---|---|
| | *£000* | *£000* |
| Turnover | 250,345 | 216,370 |
| Operating profit | 57,294 | 52,538 |
| Profit for the financial year | 50,842 | 44,661 |
| Total Shareholders' funds | 125,086 | 95,371 |

The UK construction market has increased since the start of the COVID-19 pandemic in April 2020. The company's sales increased by 15.7% compared to the previous year to £250.3m. Gross profit has decreased from 41.7% in 2020 to 39.0% in 2021. The operating profit has increased from £52.5m in 2020 to £57.3m in 2021.

## COVID-19

The impact of COVID-19 has been evolving since early 2020 and the company has seen an improvement in performance during 2021 compared to prior year. The company has been affected by supply chain disruptions, labour shortages and increased raw material costs due to COVID-19 pandemic. The Company continues to maintain tight cost control considering our strong financial position, available financial resources, and a careful management of our cash position.

## 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. The gas contracts are not accounted for as financial instruments as the contracts are settled physically and entered into solely for consumption in own manufacturing process.

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.

On behalf of the Board

Neil Shaw

Director

Date: 21/06/2022

# Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2021.

### Results and dividends

The profit for the year after taxation amounted to £50,842,000 (2020 – profit of £44,661,000). The directors paid an interim dividend of £21,000,000 (2020: £45,000,000) and do not recommend the payment of any final dividend (2020: nil).

### 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. The Company has committed to extend the existing operation in Bristol, which will allow for increased capacity of plasterboard.

### Going concern

The Company meets its day-to-day working capital requirements through access to funds as part of the Etex NV group's cash pooling arrangement that is administered through Etex Finance S.A., a fellow group company registered in Luxembourg, which acts as an internal bank within for Etex NV subsidiaries. As part of the contractual cash pooling terms and conditions, either party can terminate the agreement at any tine by sending a registered letter with prior notice of 30 days.

The Company is wholly dependent on the Etex cash pooling arrangements for access the cash flows necessary for the day-to -day running of the Company and to support the going concern assertion.

The Company's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Company is expected to be cash generative and should be expected to be a net depositor into, rather than borrower from, the Etex cash pooling facility.

After making enquiries, the directors have a reasonable expectation that the Company has access to adequate financial and other resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the financial statements.

### Post Balance Sheet Events

The emergence of the war between Russia and Ukraine provides a period of uncertainty for material availability and cost price.

The Company is continually monitoring the stability of demand of raw material against a backdrop of high material costs, ensuring thorough price-over-cost management, adapting to potential material shortages and new price increases, and maintain the free cash flow discipline.

### Employment policies

The Company seeks to ensure that every employee is treated equally and fairly. Our policies and procedures support our disabled employees.

1. Full and fair consideration of application
2. Continuing employment and training while employed
3. Training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

### Section 172

Each director of the company has taken steps to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of members as a whole, and in doing so have regard (amongst other matters) to the factors summarised below;

a. The likely consequences of any decision in the long term. The board has made principal decisions impacting the future of the company in line with the long term strategic objectives of the ultimate parent company Etex N.V. The key strategic decisions made in the year were to invest in an expansion programme in Bristol, UK to increase manufacturing capacity.

b. The interests of the company's employees. Directors have considered employee interests when making principal decisions, for example there is regular engagement with employees with a town hall business review where health and safety, operations and HR topics are presented and the meeting finishes with a question and answer session. The Company fully recognises the responsibilities for the health and safety of all its employees, visitors, contractors and of the community by adopting the health and safety policies of the Parent Company Etex N.V.

c. The need to foster the company's business relationships with suppliers, customers and others. Key customer reviews are held on a regular basis. Supplier meetings are held during the year as part of the company's quality review process. The outcome of these meetings are presented in the Company's monthly management meeting, and to the Directors at quarterly board meetings. These reviews are documented in the minutes of those meetings.

d. The impact of the company's operations on the community and the environment.

e. The desirability of the company maintaining a reputation for high standards of business conduct.

f. The need to act fairly as between members of the company.

**SECR: Emissions and energy consumption**

Report Overview

ETEX Building Performance Limited manufactures and supplies plasterboard, accessories and passive fire protection products with three sites within the scope of this report. In addition, the company owns two subsidiary companies operating across a further two sites. The subsidiary companies produce fire protection coatings and recovered gypsum. This report constitutes the Energy and Carbon Report for Etex Building Performance Ltd and also the Group Energy and Carbon Report for the total UK entity.

The total number of UK sites covered within this report is five, comprising of three legal entities.

Their details are tabulated below:

| UK Legal Entity | Company Number | Site Address(es) |
|---|---|---|
| Etex Building Performance Limited | 01263844 | Gordano House, Marsh Lane, Easton-In-Gordano, Bristol, BS20 0NE |
| | | Bristol Plant, Redland Avenue, Easton-In-Gordano, Bristol, BS20 0FB |
| | | Ferrybridge Plant, Willow Garth Park, Kirkhaw Lane, Knottingley, West Yorkshire WF11 8UL |

# Directors' report (continued)

**SECR: Emissions and energy consumption (continued)**

| UK Legal Entity | Company Number | Site Address(es) |
|---|---|---|
| FSI Limited | 04077036 | Westminster Industrial Estate, Tamworth Road, Measham, DE12 7DS |
| Crucible Gyspum Recycling Limited | 10894944 | Unit 1 & 2 Crucible Business Park, Woodbury Lane, Worcester, WR5 2BA |

Etex Building Performance Ltd is a private limited company and reports accordingly under the SECR Regulations. The reporting scope for 2021 is slightly smaller than the previous year as two former subsidiary companies are no longer under the ownership of the company. These accounted for less than 0.1% of the emissions of the total UK entity, hence the baseline has not been adjusted for year on year comparison.

1 Introduction

Etex Building Performance Ltd is fully committed to preventing pollution and making continual improvements to minimise our effect on the environment.

This report details the environmental impact of our production, office, and transport activities in the UK in line with the Streamlined Energy and Carbon Reporting (SECR) scheme.

As well as meeting legal obligations, there are direct benefits to measuring and reporting of environmental performance including the ability to set targets and formulate action plans, lower energy costs, and have a clearer understanding of exposure to the risks of climate change.

2 Environmental Policy

As a manufacturer of gypsum products and supplier of fire protection products and building systems, Etex Building Performance seeks to be a leader in dry construction. Environmental protection is part of its zero harm goal and within the Company's core values of Passion for Excellence, Pioneer to Lead, and Connect & Care.

Etex Building Performance Ltd prevents pollution, complying with all relevant legislation and other stakeholder requirements. Where feasible, the Company integrates environmental considerations into the business processes, improving sustainability and product stewardship.

All employees and contractors are responsible for respecting this policy and their education and training is provided. The Company maintains an environmental management system (EMS) complying with EN ISO 14001 to ensure its environmental objectives are met. The Company will continuously improve its environmental performance by:

# Directors' report (continued)

**SECR: Emissions and energy consumption (continued)**

- Maximising the efficient use of energy in our business and progressively reducing the climate impact of our activities.
- Minimising the use of non-renewable resources and, when feasible and safe, replacing them with secondary raw materials or alternative fuels.
- Minimising waste, re-using and recycling materials where possible, disposing of waste responsibly.
- Conserving water and minimising the risks of accidental releases to air, water and land.
- Respecting the natural environment surrounding our sites; limiting noise and progressively improving their visual aspect.
- Minimising the environmental risks to our employees and surrounding communities.
- Requiring our suppliers to adhere to similar environmental principles through our procurement processes.
- Adhering to environmental commitments defined by Etex Group and Etex Building Performance.

Senior management set and review targets to further these objectives. Good stakeholder relations are promoted through active engagement and communication. Employees play a key role in the implementation and success of this policy and internal communication will encourage their involvement and engagement.

3 Energy Efficiency Actions and Investment

Etex Building Performance Ltd participated in Phase 2 of the Energy Saving Opportunity Scheme (ESOS), which is an energy assessment and energy saving identification scheme. The process identified a range of

energy and carbon saving opportunities across production sites and office space. An improvement plan is now in place implementing identified priority actions under a newly appointed Energy Manager.

During 2021 the company received planning permission for a £140 million investment into expanding its Bristol manufacturing site. The new facilities will employ the latest energy and low carbon technologies, expected to result in a step change improvement in performance. Designs are already advanced and ahead of minimum regulatory standards.

3.1 Etex Building Performance Ltd (Direct Sites)

During this reporting period, 01/01/21 – 31/12/21, the Company has implemented several improvements that were recommended in the ESOS report. At both the Bristol and Ferrybridge plants, the Company has completed implementation of an energy monitoring system which feeds back performance to machine operators, this enables the operator to optimise the process control in real time. The recovery of waste heat from the Bristol site compressors operated for the full 12-month period bringing additional energy savings. At Ferrybridge light sensors have been installed in low occupancy buildings.

During 2021, the Company completed successful trials on novel mixing technologies able to reduce the site's water and drying requirements. This project will now move towards full-scale implementation

# Directors' report (continued)

**SECR: Emissions and energy consumption (continued)**

before the end of 2022 on one of the Bristol production lines. Energy savings in 2022 should also be realised in board drying equipment by adapting the control of gas burners during shut-down periods.

During the next reporting period (01/01/22-31/12/22) both Bristol and Ferrybridge will further explore additional waste heat recovery opportunities. Recovering and utilising heat within the thermal process will reduce the gas consumption.

3.2 Subsidiary Companies

During 2021 FSI Ltd has upgraded the control of the main compressor serving its automated spraying line. This now delivers power only when needed with significant energy savings when idle. The company has also installed free-to-use electric car chargers for staff use, so encouraging the use of electric vehicles for commuting. FSI Ltd is exploring the installation of solar panels to generate energy and carbon savings in future. No action was taken during the reporting period at Crucible Gypsum Recycling Ltd.

Improvement resources are prioritised in proportion to energy consumption therefore the focus is primarily on the two manufacturing sites at Bristol and Ferrybridge. Energy efficiency strategies for the subsidiary company sites are reviewed periodically; in total they account for around 0.5% of the total UK entity energy consumption.

3.3 Renewable Energy Guarantees of Origin (REGOs)

Green Electricity can be bought from an Energy Supplier via renewable energy contracts. The supply comes from 100% renewable energy sources, such as wind or hydro-electric power, which produce zero carbon emissions and do not deplete finite natural resources. The origin of renewable electricity is fully certified by UK Renewable Energy Guarantees of Origin (REGOs), meaning that all purchased electricity is fully traceable to specific renewable generators.

For the purpose of PAS 2060:2014, REGOs count towards carbon neutrality. For the purpose of SECR, Scope 2 emissions are reported as 'location-based'; therefore, the grid factor is used for the reporting figures. However, we take the opportunity to report on renewable electricity covered by REGOs under a Scope 2 'market-based' heading. During the reporting period 100% of electricity consumed by Etex Building Performance Ltd was covered by REGO's. This brings the legal entity coverage to 97% (up from 74% in 2020), representing a market-based Scope 2 carbon saving of 9608 $tCO_2e$.

3.4 Carbon Reduction Targets and Results

In 2021 Etex Building Performance Ltd achieved further year on year carbon savings measured against a base line year of 1990, now accumulating to 41%. It also achieved the UK gypsum products sector 2025 target of 20% carbon reduction from a base line year of 2010. Further discussions on longer term targets are ongoing.

# Directors' report (continued)

**SECR: Emissions and energy consumption (continued)**

The primary and secondary intensity ratios for the company and the total UK entity all show improvements on 2020 as a result of this strong operating performance. This is only the second year of SECR reporting of these ratios and the figures are shown in the table below.

4 Energy Consumption & GHG Emissions Breakdown

GHG emissions and energy use data for period 1 January 2021 to 31 December 2021

| | | Total UK Entity | Etex BP Limited* |
|---|---|---|---|
| ***Energy Consumption*** | | | |
| | | | |
| *Natural Gas* | kWh | 532,055,162 | 530,956,806 |
| *Bulk Diesel* | kWh | 2,095,617 | 1,857,456 |
| *Company Vehicle Diesel* | kWh | 818,885 | 102,105 |
| *Company Vehicle Petrol* | kWh | 52,405 | 52,405 |
| *Propane* | kWh | 3,341,197 | 2,816,705 |
| ***Sub-total of all fuels*** | kWh | 538,363,267 | 535,785,477 |
| *Electricity Grid* | kWh | 46,513,209 | 45,248,861 |
| *Electricity covered by REGO's* | kWh | 45,248,861 | 45,248,861 |
| | | | |
| ***Carbon Emissions*** | | | |
| | | | |
| *Natural Gas* | $tCO_2e$ | 97,451 | 97,250 |
| *Bulk Diesel* | $tCO_2e$ | 538 | 477 |
| *Company Vehicle Diesel* | $tCO_2e$ | 194 | 24 |
| *Company Vehicle Petrol* | $tCO_2e$ | 12 | 12 |
| *Propane* | $tCO_2e$ | 717 | 604 |
| ***Sub-total of all fuels*** | $tCO_2e$ | 98,912 | 98,367 |
| *Electricity Grid* | $tCO_2e$ | 9,876 | 9,608 |
| *Electricity covered by REGO's* | $tCO_2e$ | 9,608 | 9,608 |
| *Market based Scope 2 Carbon Saving* | % | 97.3% | 100.0% |

*Etex Building Performance Ltd includes Bristol, Ferrybridge and Gordano House sites.
Total UK Entity includes all sites within scope as listed on page 1.

# Directors' report (continued)

**SECR: Emissions and energy consumption (continued)**

Energy Consumption & GHG Emissions of Subsidiaries

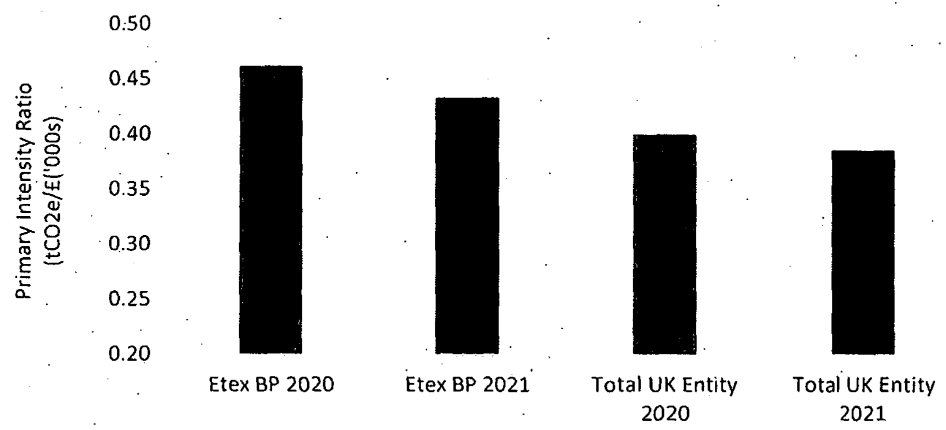
| | Crucible Gypsum Recycling Ltd | | PSI Ltd | |
|---|---|---|---|---|
| | kWh | $tCO_{2}e$ | kWh | $tCO_{2}e$ |
| Natural Gas | - | - | 1,098,356 | 201 |
| Bulk Diesel | 238,162 | 61 | - | - |
| Company Vehicle Diesel | 704,923 | 167 | 11,858 | 3 |
| Company Vehicle Petrol | - | - | - | - |
| Propane | - | - | 524,492 | 112 |
| Sub-total of all fuels (scope 1) | 943,084 | 228 | 1,634,706 | 36 |
| Electricity Grid (scope 2) | 345,742 | 73 | 918,607 | 195 |
| Total (scope 1 & scope 2) | 1,288,826 | 302 | 2,553,313 | 512 |
| Electricity covered by REGO's | - | 0 | - | 0 |

Totals & Ratios (2020/2021 Comparison)

| | | Total UK Entity | | Etex BP Ltd | |
|---|---|---|---|---|---|
| | | 2020 | 2021 | 2020 | 2021 |
| Scope 1 emissions | tCO2e | 90,431 | 98,912 | 90,168 | 98,367 |
| Scope 2 emissions (location based) | tCO2e | 9,935 | 9,876 | 9,625 | 9,608 |
| *Total gross Scope 1 & Scope 2* emissions | tCO2e | 100,366 | 108,788 | 99,792 | 107,975 |
| *Scope 2 emissions (market based)* | tCO2e | 2,531 | 0 | 2,329 | 0 |
| Total Energy Consumption | MWh | 533,123 | 584,876 | 530,658 | 581,034 |
| Turnover | £ ('000s) | 250,694 | 282,692 | 216,370 | 250,345 |
| Primary Intensity ratio (Scope 1 & scope 2) | tCO2e/ £ ('000s) | 0.400 | 0.385 | 0.462 | 0.432 |
| Production | tonnes | | | 697,455 | 758,701 |
| Secondary Intensity ratio (Scope 1 & scope 2) | kgCO2e/ tonne | | | 143.08 | 142.32 |

# Directors' report (continued)

**SECR: Emissions and energy consumption (continued)**




5 Methodology

1. This assessment has been made in line with The Environmental Reporting Guidelines: including Streamlined Energy and Carbon Reporting Guidance (2019).
2. Etex Building Performance Ltd. has opted to use the **Operational Control boundary** definition to define the carbon footprint boundary.
3. The GHG Protocol Corporate Accounting and Reporting Standard (revised edition) has been followed.
4. The conversion factors used in this report are taken from the annually released Government emission conversion factors for greenhouse gas reporting by the Department for Business, Energy & Industrial Strategy (BEIS); please see 6 below.
5. Each section details which sites are within the scope.
6. Figures are based on the reporting year 01/01/2021 to 31/12/2021.
7. Utility data for both scope 1 and 2 were obtained for each site.
8. Primary Intensity factor for the UK entity is by turnover
9. Secondary intensity factor is production (tonnes) and applies to Etex Building Performance Ltd only.

# Directors' report (continued)

**SECR: Emissions and energy consumption (continued)**

6 Carbon Factors used for Scope 1 & Scope 2 Emissions Calculations

| Fuel | Factor | Unit |
|---|---|---|
| Gas | 0.18316 | kg $CO_2$e/kWh |
| Electricity Grid | 0.21233 | kg $CO_2$e/kWh |
| Bulk Diesel (Gas Oil) | 0.25679 | kg $CO_2$e/kWh |
| Diesel (average biofuel blend) | 0.23686 | kg $CO_2$e/kWh |
| | 10.6068 | kWh/litre |
| Petrol (average biofuel blend) | 0.2298 | kg $CO_2$e/kWh |
| | 9.5453 | kWh/litre |
| Propane | 0.21449 | kg $CO_2$e/kWh |
| | 13.7036 | kWh/kg |

7 Breakdown of GHG Emissions

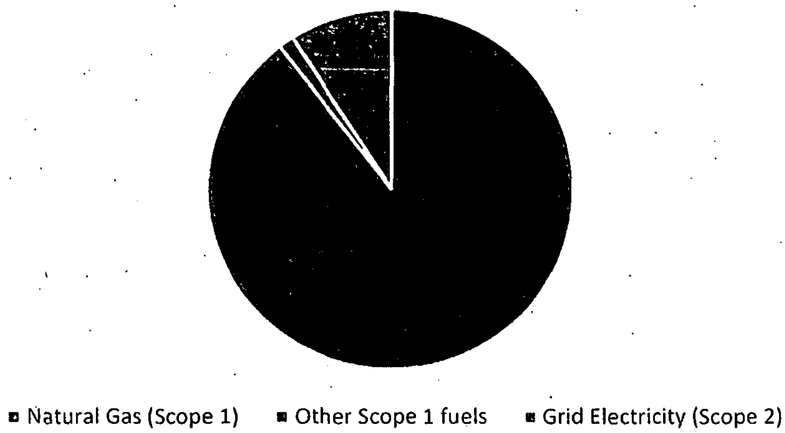



*Figure 1 - GHG Emissions breakdown across Scope 1 and 2 (Total UK Entity)*

# Directors' report (continued)

## Directors

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

N M Shaw
T Vanderborght
J-L Bernard
N Ash (resigned 10th December 2021)
J E Maycock (resigned 10th December 2021)

## 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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Board

NMShaw

Neil Shaw

Director

Date: 21/06/2022

## *Statement of directors' responsibilities in respect of the financial statements*

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, 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 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 also 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 responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**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 Perfomance limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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: Statement of Financial Position as at 31 December 2021; Statement of Comprehensive Income and 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**
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# *Independent auditors' report to the members of Etex Building Performance Limited (continued)*

**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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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 Statement of Directors' Responsibilities in respect of the financial statements, 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.

## *Independent auditors' report to the members of Etex Building Performance Limited (continued)*

***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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK corporation tax, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to increase revenue, and management bias in accounting estimates in particular to the accounting estimation of rebates accruals. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Challenging assumptions and judgements used to determine rebate accruals
- Reviewing minutes of meetings of those charged with governance
- Identifying and testing journal entries posted with unusual account combinations, in particular any such entries posted to revenue.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

# Independent auditors' report to the members of Etex Building Performance Limited (continued)

*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 obtained 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

Duncan Stratford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
22 June 2022

# Statement of Comprehensive Income

**for the year ended 31 December 2021**

| | Note | 2021 £000 | 2020 £000 |
|---|---|---|---|
| *Turnover* | 2 | 250,345 | 216,370 |
| Cost of sales | | (152,629) | (126,220) |
| *Gross profit* | | 97,716 | 90,150 |
| Distribution costs | | (28,450) | (27,414) |
| Administrative expenses | | (12,012) | (10,161) |
| Other operating income | | 40 | - |
| Other operating expenses | | - | (37) |
| *Operating profit* | 3 | 57,294 | 52,538 |
| Gain on sale of assets | | 10,930 | 0 |
| Interest receivable and similar income | | - | 0 |
| Interest payable and similar expenses | | (1,269) | (1,294) |
| *Profit before taxation* | | 66,955 | 51,244 |
| Tax on profit | 6 | (16,113) | (6,583) |
| *Profit for the financial year* | | 50,842 | 44,661 |
| *Other Comprehensive Income/(expense)* | | - | - |
| Movement on forward currency derivative contracts subject to deferred tax | | (217) | 186 |
| Movement in deferred tax relating to forward currency derivative contracts | 6(b) | 38 | (35) |
| *Total other comprehensive (expense)/income for the financial year, net of tax* | | (179) | 151 |
| *Total comprehensive income for the financial year* | | 50,663 | 44,812 |

All amounts relate to continuing activities.

Registered No. 2163844

# Statement of Financial Position

**at 31 December 2021**

| | Note | 2021 £000 | 2020 £000 |
|---|---|---|---|
| ***Fixed assets*** | | | |
| Intangible assets | 8 | 4,116 | 1,072 |
| Goodwill | 9 | 15,000 | 15,000 |
| Tangible assets | 10 | 71,922 | 67,969 |
| Right-of-use assets | 11 | 60,457 | 23,678 |
| Investments | 12 | 15,774 | 19,845 |
| | | 167,269 | 127,564 |
| ***Current assets*** | | | |
| Stocks | 13 | 16,716 | 13,492 |
| Debtors | 14 | 93,860 | 68,576 |
| Cash at bank and in hand | | 704 | 1,344 |
| | | 111,280 | 83,412 |
| *Creditors:* amounts falling due within one year | 15 | (90,476) | (90,290) |
| ***Net current (liabilities)/assets*** | | 20,804 | (6,878) |
| ***Total assets less current liabilities*** | | 188,073 | 120,686 |
| ***Creditors: amounts falling due after more than one year*** | 16 | (58,999) | (22,848) |
| Deferred tax liabilities | 6(d) | (3,988) | (2,467) |
| Provisions for liabilities | 18 | - | - |
| ***Net assets*** | | 125,086 | 95,371 |
| ***Capital and reserves*** | | | |
| Called up share capital | 17 | 60,000 | 60,000 |
| Profit and loss account | | 65,467 | 35,804 |
| Other reserves | | (381) | (433) |
| ***Total Shareholders' funds*** | | 125,086 | 95,371 |

The financial statements on pages 18 to 36 were approved by the board of directors and authorised for signature on their behalf by:

N M Shaw

Director

Date 21/06/2022

# Statement of changes in equity

**For the year ended 31 December 2021**

| | Note | *Called up Share capital* | *Other reserves* | *Profit and loss account* | *Total equity* |
|---|---|---|---|---|---|
| | | *£000* | *£000* | *£000* | *£000* |
| ***As at 1 January 2020*** | | 60,000 | - | 35,992 | 95,992 |
| Profit for financial year and total comprehensive income | | - | - | 44,812 | 44,812 |
| Dividend payment | | - | - | (45,000) | (45,000) |
| Movement on forward currency derivative contracts subject to deferred tax | | - | (531) | - | (531) |
| Movement on deferred tax relating to forward derivative contracts | 7 | - | 98 | - | 98 |
| ***At 31 December 2020*** | | 60,000 | (433) | 35,804 | 95,371 |
| Profit for financial year and total comprehensive income | | - | - | 50,663 | 50,663 |
| Dividend payment | 7 | - | - | (21,000) | (21,000) |
| Movement on forward currency derivative contracts subject to deferred tax | | - | 60 | - | 60 |
| Movement on deferred tax relating to forward derivative contracts | | - | (8) | - | (8) |
| ***At 31 December 2021*** | | 60,000 | (381) | 65,467 | 125,086 |

# Notes to the financial statements

**For the year ended 31 December 2021**

## 1. Accounting Policies

***1.1 General Information***

Etex Building Performance Limited is a private company limited by shares, incorporated and domiciled in England and Wales. The registered office is located at:
Gordano House
Marsh Lane
Easton in Gordano
Bristol BS20 0NE

***1.2 Basis of preparation***

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 Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements as it is a wholly owned subsidiary of Etex N.V. PassPort Building, Luchthaven Brussels Nationaal, Gebouw 1K, 1930 Zaventem, Belgium which prepare consolidated financial statements.
These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and are in accordance with applicable accounting standards.
The financial statements have been prepared on a going concern basis, under the historical cost convention; and in accordance with Companies Act 2006.

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 2021**

## 1. Accounting Policies (Continued)

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

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2021 that have had a material impact on the Company.

### *1.4 Going concern*

The Company meets its day-to-day working capital requirements through access to funds as part of the Etex NV group's cash pooling arrangement that is administered through Etex Finance S.A., a fellow group company registered in Luxembourg, which acts as an internal bank within for Etex NV subsidiaries. As part of the contractual cash pooling terms and conditions, either party can terminate the agreement at any tine by sending a registered letter with prior notice of 30 days.

The Company is wholly dependent on the Etex cash pooling arrangements for access the cash flows necessary for the day-to -day running of the Company and to support the going concern assertion.

The Company's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Company is expected to be cash generative and should be expected to be a net depositor into, rather than borrower from, the Etex cash pooling facility.

After making enquiries, the directors have a reasonable expectation that the Company has access to adequate financial and other resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the financial statements.

### *1.5 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

### *1.6 Significant accounting policies*

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

***Revenue Recognition***

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the Plasterboard related goods or services have transferred to the customer and the customer has control of these. The company's activities are described in detail below. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

***Sales of goods***

The company manufactures and sells a range of plasterboard and its associated products into merchant and distribution businesses (the customer). Sales are recognised when control of the products has

# Notes to the financial statements

**For the year ended 31 December 2021**

transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

The plasterboard and associated products are often sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price

specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in creditors: amounts falling due within one year) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

***Intangible assets***

Intangible assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is provided on all intangible assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

| | | |
|---|---|---|
| Software | – | 10 years |

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

***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 bought 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.

***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

# Notes to the financial statements

**For the year ended 31 December 2021**

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

## 1. Accounting Policies (continued)

***1.6 Significant accounting policies (continued)***

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 2021**

## 1. Accounting Policies (continued)

*1.6 Significant accounting policies (continued)*

### *Derivative financial instruments*

The Company uses derivative financial instruments in the form of forward currency exchange contracts to hedge its risks associated with foreign currency fluctuations arising from the Company's operations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Gains or losses on re-measurement to fair value are recognised immediately in the income statement unless the derivative qualifies for hedge accounting whereby recognition is dependent on the nature of the item being hedged.

### *Cash flow hedges that qualify for hedge accounting*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve (other reserves) within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/losses. When forward contracts are used to hedge forecast transactions, the Company designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised within equity. The change in the forward element of the contract that relate to the hedged element is recognised in OCI within equity.

### *Derivatives and hedging activities*

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are effective are recognised in equity. Where the firm commitment results in the recognition of a non-financial asset, the gains or losses previously recognised in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts recognised in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the cash flows, such as interest payments, or hedged firm commitments, affect the income statement.

Any ineffective portion is reported immediately in the income statement. When a hedging instrument is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the committed transaction ultimately is recognised in the income statement. However, if a committed transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

### *Leases*

The Company leases various buildings, plant, vehicles & equipment to support operational needs. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

# Notes to the financial statements

**For the year ended 31 December 2021**

## 1. Accounting Policies (continued)

***1.6 Significant accounting policies (continued)***

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

• Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
• Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
• Amounts expected to be payable by the company under residual value guarantees;

• The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
• Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar environment with similar terms and conditions..

Lease payments are allocated between principal and finance costs. The finance costs are charged to the statement of comprehensive income over the period of the lease to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
• The amount of the initial measurement of lease liability;
• Any lease payments made at or before the commencement date less any lease incentives received;
• Any initial direct costs; and
• Restoration costs.

***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 2021**

## 2. 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:

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| United Kingdom | 237,288 | 206,451 |
| Other European countries | 13,057 | 9,919 |
| | 250,345 | 216,370 |

## 3. Operating profit

This is stated after charging:

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| Cost of stocks recognised as an expense (included in cost of sales) | 88,240 | 73,198 |
| Auditors' remuneration | | |
| – for the audit of the company's annual financial statements | 75 | 70 |
| – non-audit fees paid to Company Auditors' | 18 | - |
| Depreciation and impairment – tangible assets | 5,277 | 5,030 |
| Exchange loss | 3,557 | 823 |

## 4. Directors' remuneration

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| Aggregate remuneration in respect of qualifying services | 439 | 180 |
| Company contributions paid to defined contribution pension schemes | 58 | 21 |

**Remuneration of highest paid director:**

| | £000 | £000 |
|---|---|---|
| Remuneration | 241 | 180 |
| Company contributions paid to defined contribution pension schemes | 34 | - |

The above details of directors' remuneration do not include the remuneration of Mr Ash, Mr Bernard and Mr Vanderborght, which are paid by the parent company (fellow subsidiary) and recharged to the company as part of a management charge. This management charge, which in 2021 amounted to €2,797,000, (2020: €3,160,624) also includes a recharge of administration costs borne by the parent.

# Notes to the financial statements

**For the year ended 31 December 2021**

company (fellow subsidiary) on behalf of the company and it is not possible to identify separately the amount of Mr Ash's, Mr Bernard's and Mr Vanderborght's remuneration.

## 5. Staff costs

| | *2021* | *2020* |
|---|---|---|
| | *£000* | *£000* |
| Wages and salaries | 19,061 | 18,725 |
| Social security costs | 2,108 | 2,180 |
| Other pension costs | 1,869 | 1,884 |
| | 23,038 | 22,789 |

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

| | *2021* | *2020* |
|---|---|---|
| | *No.* | *No.* |
| Administration | 23 | 37 |
| Manufacturing and distribution | 411 | 433 |
| Total | 434 | 470 |

## 6. Tax on profit

(a) Tax on profit

The tax charge is made up as follows:

| | *2021* | *2020* |
|---|---|---|
| | *£000* | *£000* |
| ***Current tax:*** | | |
| UK corporation tax on the profit for the year | 11,122 | 9,813 |
| Adjustments in respect of prior years | 3,418 | (3,570) |
| Total current tax | 14,540 | 6,243 |
| ***Deferred tax:*** | | |
| Origination and reversal of timing differences | 606 | 159 |
| Impact of change in rate | 812 | 0 |
| Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous years | 155 | 181 |
| Total deferred tax (note 6d) | 1,573 | 340 |
| Tax on profit | 16,113 | 6,583 |

# Notes to the financial statements

**For the year ended 31 December 2021**

## 6. Tax on profit (continued)

(b) Tax charge included in other comprehensive income/(Expense)

| | 2021<br>£000 | 2020<br>£000 |
|---|---|---|
| ***Deferred tax:*** | | |
| On net gain/(loss) on forward currency contract derivatives | 38 | (35) |
| Total charge in the statement of comprehensive income | 38 | (35) |

(c) 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 1% (2020 – 19%). The differences are explained below:

| | 2021<br>£000 | 2020<br>£000 |
|---|---|---|
| Profit before tax | 66,955 | 51,244 |
| Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%) | 12,721 | 9,736 |
| *Effects of:* | | |
| Expenses not deductible for tax purposes | (1,894) | 280 |
| Other adjustments | 295 | (204) |
| Adjustments relating to prior year | 3,418 | (3,570) |
| Current tax for the year (note 6(a)) | 14,540 | 6,242 |

(d) Deferred tax

A deferred tax liabilities/(assets) is recognised at 25% (2020 – 19%) in the financial statements as follows:

| | 2021<br>£000 | 2020<br>£000 |
|---|---|---|
| Accelerated capital allowances | 3,988 | 2,415 |
| Other | - | (66) |
| Total deferred tax liabilities/(assets) | 3,988 | 2,349 |

# Notes to the financial statements

**For the year ended 31 December 2021**

## 6. Tax on profit (continued)

(e) Factors that may affect future tax charges

The standard rate of tax fell from 20% to 19% with effect from 1 April 2017, Budget 2016 the government announced an additional reduction to 17% for the financial year beginning 1 April 2020. Finance Bill 2020 amended the corporation tax rate to remain at 19% from 1 April 2020 until March 2022. Finance Act 2021 the government announced an increase of corporation tax from 19% to 25% effective 1 April 2023, deferred tax at 31 December 2021 has been calculated based on the rate of 25%.

## 7. Dividend Payment

Amounts recognised as distributions to equity holders in the year:

| | *2021* | *2020* |
|---|---|---|
| | *£000* | *£000* |
| *Declared and paid during the year:* | | |
| Interim dividend 35.00p (2020 – 75.00p) per ordinary share | 21,000 | 45,000 |

## 8. Intangible assets

| | *Emission rights* | *Software* | *Total* |
|---|---|---|---|
| | *£000* | *£000* | *£000* |
| Cost: | | | |
| At 1 January 2021 | 715 | 2,140 | 2,855 |
| Adjustment to opening balance | - | - | - |
| Additions | 3,937 | - | 3,937 |
| Disposals | (715) | - | (715) |
| At 31 December 2021 | 3,937 | 2,140 | 6,077 |
| Accumulated depreciation: | | | |
| At 1 January 2021 | - | 1,783 | 1,783 |
| Adjustment to opening balance | - | - | - |
| Charge for the year | - | 178 | 178 |
| At 31 December 2021 | - | 1,961 | 1,961 |
| Net book value: | | | |
| At 31 December 2021 | 3,937 | 179 | 4,116 |
| At 31 December 2020 | 715 | 357 | 1,072 |

# Notes to the financial statements

**For the year ended 31 December 2021**

## 9. Goodwill

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| Cost: | | |
| At 1 January | 15,000 | 15,000 |
| Additions | - | - |
| At 31 December | 15,000 | 15,000 |

## 10. Tangible assets

| | Short leasehold buildings | Plant and equipment | Total |
|---|---|---|---|
| | £000 | £000 | £000 |
| Cost: | | | |
| At 1 January 2021 | 49,031 | 113,714 | 162,745 |
| Additions | - | 10,241 | 10,241 |
| Disposals | - | (27) | (27) |
| At 31 December 2021 | 49,031 | 123,928 | 172,959 |
| Accumulated depreciation: | | | |
| At 1 January 2021 | 20,229 | 74,726 | 94,955 |
| Charge for the year | 1,001 | 5,277 | 6,278 |
| Disposals | - | (17) | (17) |
| Adjustment to opening balance | - | (179) | (179) |
| At 31 December 2021 | 21,230 | 79,807 | 101,037 |
| Net book value: | | | |
| At 31 December 2021 | 27,801 | 44,121 | 71,922 |
| At 31 December 2020 | 28,802 | 39,523 | 67,969 |

# Notes to the financial statements

**For the year ended 31 December 2021**

## 11. Leases

The company has lease contracts for various offices, warehouse and equipment used in operations.

The amounts recognised in the financial statements in relation to the leases are as follows:

**i. Amounts recognised in the statement of financial position**

| | *31 Dec 2021* | *31 Dec 2020* |
|---|---|---|
| | *£000* | *£000* |
| **Right-of-use assets** | | |
| Land and buildings | 59,330 | 22,256 |
| Equipment | 1,105 | 1,385 |
| Vehicles | 4 | 8 |
| Others | 18 | 29 |
| | 60,457 | 23,678 |
| **Lease Liabilities** | | |
| Current | 709 | 1,631 |
| Non- current | 58,999 | 22,848 |
| | 59,708 | 24,479 |

Additions to the right-of-use assets during the 2021 financial year were £37,255,000 (2020: nil).

**ii. Amounts recognised in the statement of comprehensive income**

| | *2021* | *2020* |
|---|---|---|
| | *£000* | *£000* |
| **Depreciation charge of right-of-use assets** | | |
| Land and buildings | (1,770) | (1,734) |
| Equipment | (280) | (280) |
| Vehicles | (4) | (28) |
| Others | (11) | (12) |
| | (2,065) | (2,054) |
| **Lease Liabilities** | | |
| Interest expense (included in finance cost) | (1,043) | (1,003) |
| Future minimum lease payments as at 31 December 2021 are: | | |
| Not later than one year | 2,754 | 2,572 |
| Later than one year and not later than five years | 14,392 | 9,652 |
| Later than five years | 97,912 | 23,076 |
| Total gross payments | 115,058 | 35,300 |
| Impact of finance expenses | (55,350) | (10,821) |
| Carrying amount of liability | 59,708 | 24,479 |

Total cash outflow for leases in 2021 was £2,286,000(2020: £2,668,000).

# Notes to the financial statements

**For the year ended 31 December 2021**

## 12. Investments

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| Cost and net book value: | | |
| At 1 January | 19,845 | 4,070 |
| Adjustment to previous consideration paid | - | - |
| Additions | - | 15,775 |
| Disposals | (4,071) | - |
| At 31 December | 15,774 | 19,845 |

On 1st March 2021, the company sold its subsidiary EOS Framing Limited to a group company for a consideration of £15m.

The subsidiary companies at 31st December 2021, all of which are owned either directly or indirectly, are listed below:

| Company Name | % ownership of ordinary shares | Registered Office | Activity |
|---|---|---|---|
| Crucible Gypsum Recycling Limited | 100% | Gordano House Marsh Lane, Easton-In-Gordano, Bristol, BS20 0NE | Collects and recycles plasterboard waste into gypsum powder for use in plasterboard manufacture |
| FSi Limited | 100% | Westminster Industrial Estate, Tammworth Road, Measham, DE12 7DS | Manufacture of passive fire-protection products |

## 13. Stocks

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| ***Amounts due within one year*** | | |
| Raw materials | 3,740 | 2,963 |
| Engineering stores | 2,199 | 2,246 |
| Finished goods and goods for resale | 10,777 | 8,283 |
| | 16,716 | 13,492 |

The stock figure includes £1,561,000 (2020: £1,539,000) recognised as inventory provision.

# Notes to the financial statements

**For the year ended 31 December 2021**

## 14. Debtors

| | 2021 £000 | 2020 £000 |
|---|---|---|
| *Amounts due within one year* | | |
| Trade debtors | 13,167 | 10,054 |
| Amounts owed by group undertakings | 78,673 | 52,788 |
| Corporation tax | 851 | 4,607 |
| Prepayments and accrued income | 1,073 | 740 |
| Deferred tax asset | 96 | 117 |
| Derivative financial instrument | - | 270 |
| | 93,860 | 68,576 |

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

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Trade creditors | 23,256 | 18,631 |
| Amounts owed to group undertakings | 4,255 | 6,236 |
| Accruals and deferred income | 6,034 | 5,688 |
| Corporation tax | - | - |
| Other taxes and social security costs | 5,351 | 14,424 |
| Lease liabilities | 709 | 1,631 |
| Other creditors | 50,367 | 43,062 |
| Derivative financial instrument | 504 | 618 |
| | 90,476 | 90,290 |

## 16. Creditors: amounts falling due after more than one year

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Lease liabilities | 58,999 | 22,848 |

## 17. Called up share capital

| | 2021 No. | 2021 £000 | 2020 No. | 2020 £000 |
|---|---|---|---|---|
| **Authorised** | | | | |
| Ordinary shares of £1 each | 180,000,000 | 180,000 | 180,000,000 | 180,000 |
| **Called up, allotted and fully paid** | | | | |
| Ordinary shares of £1 each | 60,000,000 | 60,000 | 60,000,000 | 60,000 |

# Notes to the financial statements

**For the year ended 31 December 2021**

## 18. Provisions for liabilities

| | *Onerous lease* | *Total Provision* |
|---|---|---|
| | *£000* | *£000* |
| At 1 January 2021 | - | - |
| Release to profit and loss account | - | - |
| Utilisation of provision | - | - |
| At 31 December 2021 | - | - |

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

## 19. Obligations under leases

At 31st December 2021 the Company has rentals payable under lease arrangements as follows:

| | *2021* | *2020* |
|---|---|---|
| | *£000* | *£000* |
| Not later than one year | 2,754 | 2,572 |
| After one year but not more than five years | 14,392 | 9,652 |
| After five years | 97,912 | 23,076 |
| | 115,058 | 35,300 |

Future minimum lease payments as at 31 December 2021 are as follows:

| | *2021* | *2020* |
|---|---|---|
| | £000 | £000 |
| Not later than one year | 2,754 | 2,572 |
| Later than one year and not later than five years | 14,392 | 9,652 |
| Later than five years | 97,912 | 23,076 |
| Total gross payments | 115,057 | 35,300 |
| Impact of finance expenses | (55,350) | (10,821) |
| Carrying amount of liability | 59,708 | 24,479 |
| Of which: | | |
| Current | 709 | 1,631 |
| Non- current | 58,999 | 22,848 |
| | 59,708 | 24,479 |

# Notes to the financial statements

**For the year ended 31 December 2021**

## 20. 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 £1,869,000 (2020 – £1,884,000) represents contributions payable to this scheme by the company at rates specified in the rules of the plan.

## 21. 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<br>Incorporated in Belgium | PassPort Building, Luchthaven Brussels Nationaal, Gebouw 1K<br>1930 Zaventem<br>Belgium |

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

## 22. Post Balance Sheet Event

The emergence of the war between Russia and Ukraine provides a period of uncertainty for material availability and cost price.

The Company is continually monitoring the stability of demand of raw material against a backdrop of high material costs, ensuring thorough price-over-cost management, adapting to potential material shortages and new price increases, and maintain the free cash flow discipline.