

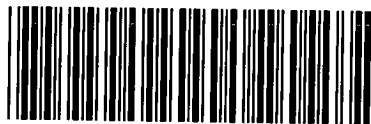
Specialist Building Distribution Limited

Strategic report, directors' report and financial statements

Registered number 02599297

For the year ended 31 December 2021

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Strategic report

The directors present their report for the year ended 31 December 2021.

Principal activities

The principal activity of the Company was the supply of plastic building products. On 31 December 2020 the trade and assets of the Company were transferred to Specialist Building Products Limited, the Company's parent company, at fair value. As a result, the Company ceased trading on 31 December 2020. The Directors do not intend to acquire a further trade.

Business review

The result for the year is shown in the income statement on page 9.

Revenue of £nil was generated in the year ended 31 December 2021 (2020: £47m) as the company ceased trading on 31 December 2020. Operating profit for the year was £nil (2020: £1.6m).

	2021 £000	2020 £000
Revenue	-	47,214
Operating profit	-	1,588
Operating profit %	-	3.4%
Shareholders' funds	-	41
Average number of employees	-	278

Key Performance Indicators ("KPIs")

The principal financial KPIs were revenue, operating profit and operating profit margin. Key operational KPIs included accident frequency rate and number of RIDDORs (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations). These are no longer monitored as the company is now non-trading.

Principal risks and uncertainties

The Company ceased trading on 31 December 2020 with the trade and assets of the Company transferred to Specialist Building Products Limited at that date. See the disclosures relating to going concern included in the Directors' report.

Strategic report (continued)

S172 statement

The directors are required to include a statement of how they have had regard to stakeholders to promote the success of the Company, in accordance with section 172 of the Companies Act 2006.

Under s172, a director must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members, as a whole, and in doing so have regard to:

- the likely consequences of any decision in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

In accordance with the QCA Code, as well as what is most likely to promote the success of the Group and Company in the long-term, the Board considers the interests of the employees and other stakeholders in its decision making and understands the importance of taking into account their views and considers the impact of the Group's activities on the community, environment and its reputation.

The Company ceased trading on 31 December 2020 with the trade and assets of the Group transferred to Specialist Building Products Limited at that date. The Directors do not intend to acquire a further trade and there was no trading activity during the year. The Company has no employees, no suppliers or customers and no major decisions were taken during the year.

On behalf of the board

A Rutter

Epwin Secretaries Limited
Company Secretary

27 September 2022

Directors' report

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

Streamlined Energy and Carbon Reporting ("SECR")

The Streamlined Energy and Carbon Regulations came into force on 1 April 2019 in order to provide a simplified energy and carbon reporting framework. All large UK companies are required to report annually on their energy consumption, associated greenhouse gas emissions, energy efficiency measures and an intensity metric.

In line with the Companies and Limited Liability Partnerships Energy and Carbon Regulations 2018, the energy use and greenhouse gas ("GHG") emissions of Specialist Building Distribution Limited are included within the consolidated annual report for Epwin Group Plc, the ultimate parent company.

Future developments

The company ceased trading on 31 December 2020 to become a non-trading holding company, there are no plans to re-establish operations or acquire further investments in subsidiary companies.

Going concern

The financial statements are prepared on a going concern basis as the directors have a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future and they have no plans to either liquidate or wind up the company. Please see the detailed disclosure on going concern in the Basis of preparation section of the notes to the accounts on page 13.

Dividends

Dividends totalling £nil (2020: £7,819,813) were paid during the year, whilst dividends totalling £nil (2020: £497,409) were received during the year.

Strategic Report

Information as required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 including how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company has been included in the Strategic Report.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware. Each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' report (*continued*)

Auditor

Following a competitive tender process RSM UK Audit LLP were appointed as auditors for the year ended 31 December 2021 and a resolution proposing their reappointment will be proposed at the forthcoming Annual General Meeting.

Qualifying third-party indemnity provisions

The Company has made qualifying third-party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Directors

The directors who held office during the year and up to the date of the financial statements are shown below:

J A Bednall
C A Empson

By order of the board

A Rutter

Epwin Secretaries Limited
Company Secretary

27 September 2022

Statement of directors' responsibilities in respect of the Strategic Report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, 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 they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 AUDITOR'S REPORT TO THE MEMBERS OF SPECIALIST BUILDING DISTRIBUTION LIMITED

Opinion

We have audited the financial statements of Specialist Building Distribution Limited (the 'company') for the year ended 31 December 2021 which comprise the Income statement, Balance sheet, Statement of changes in equity and notes to the financial statements, including 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 state of the company's affairs as at 31 December 2021 and of its result 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. 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

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. 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.

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

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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 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 and Directors' reports for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic and Directors' reports 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 or Directors' reports.

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 by the parent company, 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 Statement of directors' responsibilities set out on page 5, 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 group's and the parent 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 group or the parent 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 101 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included, but were not limited to, testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

RSM UK Audit LLP

Ian Wall (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

103 Colmore Row

Birmingham

B3 3AG

27 September 2022

Income statement
for the year ended 31 December 2021

	Note	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Revenue	3	-	47,214
Cost of sales		-	(32,614)
Gross profit		-	14,600
Administrative expenses		-	(13,313)
Other operating income	11	-	497
Operating result/profit before exceptional costs		-	1,784
Non-underlying items	6	-	(196)
Operating result/profit		-	1,588
Finance costs	10	-	(487)
Result/profit on ordinary activities before taxation	4	-	1,101
Taxation	9	-	158
Result/profit for the financial year and total comprehensive income		-	1,259

All amounts relate to continuing activities.

There are no recognised gains or losses other than the result for the current year and profit for the prior year.

The notes on pages 12 to 22 form part of these financial statements.

Balance sheet
as at 31 December 2021

	<i>Note</i>	2021 £000	2020 £000
Current assets			
Trade and other receivables	12	41	38
Income tax receivable		-	3
		<hr/>	<hr/>
		41	41
		<hr/>	<hr/>
Net current assets		41	41
		<hr/>	<hr/>
Net assets		41	41
		<hr/>	<hr/>
Equity			
Called up share capital	13	-	-
Share premium account		41	41
Retained earnings		-	-
		<hr/>	<hr/>
Total Shareholder's equity		41	41
		<hr/>	<hr/>

These financial statements were approved by the directors and authorised for issue on 27 September 2022 and are signed on their behalf by:

Christopher Empson

C A Empson

Director

Company registered number: 02599297

The notes on pages 12 to 22 form part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2021

	Called up Share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
Balance at 1 January 2020	-	41	6,561	41
Profit for the year	-	-	1,259	1,259
Total comprehensive income	-	-	1,259	1,259
Dividends paid	-	-	(7,820)	(7,820)
Total transactions with owners	-	-	(7,820)	(7,820)
Balance at 31 December 2020 and 1 January 2021	-	41	-	41
Result for the year	-	-	-	-
Total comprehensive income	-	-	-	-
Balance at 31 December 2021	-	41	-	41

The notes on pages 12 to 22 form part of these financial statements.

Notes

(forming part of the financial statements)

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The financial statements are prepared in pounds sterling, which is the functional and presentational currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

Specialist Building Distribution Limited (the "company") is a private company incorporated and domiciled in England and Wales. The Company's registered address is Unit 1b Stratford Court, Cranmore Boulevard, Solihull, B90 4QT.

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

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

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Comparative period reconciliations for intangible assets, property, plant and equipment and share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosure of transactions with a management entity that provide key management personnel services to the company.

As the consolidated financial statements of Epwin Group Plc include the equivalent disclosures, the company has also taken the exemption under FRS 101 available in respect of the following disclosures:

- IFRS 2: Share based payments in respect of group settled share based payments
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.
- IAS 36: Impairment of assets
- IFRS 15: Revenue from Contracts with Customers
- IFRS 16: Leases

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

Notes (continued)

1 ACCOUNTING POLICIES (continued)

Going concern

The financial statements of the Company are prepared on a going concern basis as the directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. The Company is a non-trading subsidiary of the Epwin Group and as such is reliant on fellow group companies for funding should it be needed. The ultimate parent company, Epwin Group Plc, has confirmed that it will continue to provide financial support to the Company for the foreseeable future and for at least the next 12 months from the date of approval of the financial statements and the Directors are satisfied that the ultimate parent company would be in a position to provide such support to the Company if needed. Consequently, the directors expect the Company to be able to meet its liabilities as they fall due, and the financial statements have therefore been prepared on a going concern basis. For further detail, please see disclosures relating to going concern in the Annual Report and Accounts for the year ended 31 December 2021 of Epwin Group Plc.

Foreign currencies

Transactions in foreign currencies are translated to the respective functional currency of the company at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Revenue recognition

Under IFRS 15, revenue is recognised when the company has satisfied its performance obligations to the customer and the customer has obtained control of the goods or services being transferred.

Revenue comprises the fair value of goods sold to external customers, net of value added tax, discounts, rebates, VAT and other sales taxes or duty. Revenue is recognised on the sale of goods when the significant risks and rewards of ownership of the goods have passed to the customer and the amount of revenue can be measured reliably, usually on the dispatch of goods. The transaction price is the standalone selling price specified in the relevant contract.

Classification of financial instruments issued by the company

Financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy.

Notes (continued)

1 ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets

The company's financial assets include cash and cash equivalents and trade and other receivables. All financial assets are recognised when the company becomes party to the contractual provisions of the instrument.

i) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of an item of property, plant and equipment. The estimated useful lives are as follows:

Land and buildings	Land not depreciated. Buildings and improvements in line with the lease term
Plant, equipment and motor vehicles	3 to 15 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

On 31 December 2020, the trade and assets of the company, including all property, plant and equipment, were transferred to Specialist Building Products Limited, the parent company.

Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment.

Other intangibles assets

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life. Assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Brand	10 years
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On 31 December 2020 the trade and assets of the company, including intangible assets, were transferred to Specialist Building Products Limited, the parent company.

Notes (continued)

1 ACCOUNTING POLICIES (continued)

Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment where in the opinion of the directors there has been a diminution in the value of the investment

Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

IFRS 9: Financial instruments became effective on 1 January 2018 under which trade receivables are subject to the new expected credit loss model. The company has adopted the simplified approach to measuring expecting credit losses.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Financial income and expense

Financial expenses comprise interest payable and the unwinding of the discount on provisions. Financial income comprises interest receivable on funds invested. Interest income and interest payable are recognised in the income statement as they accrue, using the effective interest method.

Notes (continued)

1 ACCOUNTING POLICIES (continued)

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the temporary difference can be utilised.

Income from government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the income statement in the period in which they become receivable. In accordance with the provisions of IAS 20, non-asset related grants are deducted from the related expense to which they relate.

During the period April 2020 to October 2020, the company as part of the Epwin Group Plc, received grants under the government's Coronavirus Job Retention Scheme. The £0.9 million was recognised as a credit against the related staff costs. The Company did not make use of the Scheme during 2021.

Other non-underlying items

Other non-underlying items are significant one-off incomes or costs that are not part of the underlying trading performance of the business.

Notes (continued)

1 ACCOUNTING POLICIES (continued)

Alternative performance measures

The company uses a range of performance measures which are non-statutory measures to monitor the performance of the business. In particular, the company uses KPIs which reflect the underlying performance on the basis that this provides a more relevant focus on the core business performance of the Group.

The company uses the following financial KPIs on a consistent basis and they are defined and reconciled as follows:

Operating profit before exceptional costs – operating profit before exceptional costs is a key measure used by management to monitor the underlying performance of the business and is defined as operating profit before amortisation of acquired other intangible assets, share-based payments and other non-underlying items.

2 CRITICAL JUDGEMENTS AND ESTIMATIONS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

The preparation of the company financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods impacted.

The Company ceased trading on 31 December 2020 and the trade and assets of the company were transferred to Specialist Building Products Limited, the company's parent company. There are no key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and no critical accounting judgements.

3 REVENUE

Revenue for the year ended 31 December 2021 was £nil (2020: £47,214,000) and operating profit for the same period was £nil (2020: £1,588,000). All revenue and operating profit arose from the main activity of the company and from continuing operations. All revenue originated from the United Kingdom.

Notes (continued)

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Amortisation of intangible assets	-	59
Depreciation of property, plant and equipment	-	95
Loss on disposal of property, plant and equipment	-	3
Depreciation of right of use assets	-	1,872
Income from government grants	-	(900)
Auditor's remuneration	-	60
	<hr/>	<hr/>

In the current year, auditor's remuneration was borne by other group companies.

5 DISPOSALS

On 31st December 2020 the company disposed of its trade and assets to its parent company, Specialist Building Products Limited for consideration of £22m.

The following table summarises the provisional fair value of the assets and liabilities disposed at the disposal date.

	Year ended 31 December 2020 £000
Intangibles	421
Property, plant and equipment	372
Right of use assets	5,572
Inventory	5,079
Trade and other receivables	5,400
Deferred tax assets	108
Cash and cash equivalents	4,311
Lease liabilities	(5,500)
Trade and other payables	(7,717)
Provisions	(648)
	<hr/>
Fair value of assets disposed	7,398
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Profit on disposal of trade and assets	14,588
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Total consideration	21,986
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Notes (continued)

6 NON-UNDERLYING ITEMS

Non-underlying items include:

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Redundancy	-	196
Impairment of goodwill	-	14,588
Profit on disposal of trade and assets	-	(14,588)
	<u>-</u>	<u>196</u>

Following the disposal of the company's trade and assets it was decided to fully impair the associated goodwill.

7 STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2021 Number	2020 Number
Production and distribution	-	157
Marketing and administration	-	121
	<u>-</u>	<u>278</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Wages and salaries	-	5,660
Social security costs	-	550
Other pension costs	-	154
	<u>-</u>	<u>6,364</u>

8 REMUNERATION OF DIRECTORS

Costs of directors' remuneration are borne by other group companies. All directors of the company are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their remuneration in respect of the Company. Accordingly, no remuneration in respect of directors is disclosed. Their remuneration is disclosed in the 2021 Annual Report and Accounts for the parent company Epwin Group plc.

Notes (continued)

9 TAXATION

Analysis of charge in the year

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
<i>UK corporation tax</i>		
Current year charge	-	-
Prior year credit	-	(158)
Total current tax	-	(158)
<i>Deferred tax</i>		
Current year charge	-	1
Prior year credit	-	(1)
Total deferred tax	-	-
Tax on profit on ordinary activities	-	(158)

Reconciliation of effective tax rate

Tax on profit on ordinary activities for the year is in line with (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The prior year difference is explained below:

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
<i>Current tax reconciliation:</i>		
Profit before taxation	-	1,101
Tax using the UK corporation tax rate at 19% (2020: 19%)	-	209
<i>Effects of:</i>		
Non-taxable income	-	(87)
Expenses not deductible for corporation tax purposes	-	10
Group relief received	-	(208)
Difference in tax rates	-	(14)
Adjustment in respect of prior periods	-	(72)
Difference between depreciation and capital allowances	-	4
Total tax credit	-	(158)

Factors that may affect future tax charges

In the Budget held on 3 March 2021, the Government announced that the corporation tax rate will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021.

Notes (continued)

10 FINANCE COSTS

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Interest expense on borrowings	-	230
Interest on lease liabilities	-	257
	<hr/>	<hr/>
	-	487

The total cash outflow in respect of leases was £nil (2020: £2,128,000).

11 DIVIDENDS PAID AND RECEIVED

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
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The aggregate amount of dividends paid comprises:

Ordinary shares		
£nil per share (2020: £782 per share)	-	7,820

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Aggregate value of dividends received from subsidiaries	-	497

The dividends received from subsidiaries during 2020 were received prior to the trade and assets of the Company being transferred to Specialist Building Products Limited on 31 December 2020.

Notes (continued)

12 TRADE AND OTHER RECEIVABLES

	31 December 2021 £000	31 December 2020 £000
Amounts owed by group undertakings	41	38
	<u>41</u>	<u>38</u>

Amounts owed by group undertakings are unsecured, interest-free and repayable on demand.

13 CALLED UP SHARE CAPITAL

Authorised, allotted, called up and fully paid:

	31 December 2021		31 December 2020	
	No	£	No	£
10,000 ordinary shares of 1p each	10,000	100	10,000	100
	<u>10,000</u>	<u>100</u>	<u>10,000</u>	<u>100</u>

Ordinary shares have full rights in the company with respect to voting and dividends.

14 ULTIMATE HOLDING AND CONTROLLING COMPANY

The Company is a subsidiary undertaking of Specialist Building Products Limited which is owned by Epwin Group Plc, the ultimate parent company.

The smallest and largest group in which the results of the Company are consolidated is that headed by Epwin Group Plc incorporated in England and Wales. No other group financial statements include the results of the Company. The consolidated financial statements of Epwin Group Plc are available to the public and may be obtained from 1b Stratford Court, Cranmore Boulevard, Solihull, B90 4QT.

15 CONTINGENT LIABILITIES

The Company is party to the Group's cross guarantee banking arrangements in respect of the Group's revolving credit facility, which was £15,000,000 (2020: £17,000,000) at the balance sheet date and the Group's overdraft facility, which was unutilised at the balance sheet date.