Registered number: 00614807

GCP Applied Technologies (UK) Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

GCP APPLIED TECHNOLOGIES (UK) LIMITED

COMPANY INFORMATION

Directors	Christian Koetting Andrew Kelly Alexander Nielsen Rustam Wartan (appointed 9 June 2016, resigned 31 January 2019) Ameeka Kaura Upkar Ricky Singh Tatla
Registered number	00614807
Registered office	487/488 Ipswich Road Slough Berks SL1 4EP
Trading Address	487/488 Ipswich Road Slough Berks SL1 4EP
Independent auditors	PricewaterhouseCoopers LLP 40 Clarendon Road Watford Hertfordshire WD17 1JJ

GCP APPLIED TECHNOLOGIES (UK) LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their strategic report of the company for the year ended 31 December 2019. The company is incorporated in England, United Kingdom and it is a private company limited by shares company.

Business review

The decrease in turnover in the period under review from £62,956,000 to £53,367,000 principally relates to the impact of challenging market conditions and specialist contracts included in 2018 which then saw a significant reduction in 2019. The increase in gross margin from 31.89%% to 32.72% reflects increased sales prices and procurement savings and deflation.

The operating loss of £5,719,000 (2018: loss £3,148,000), the loss for the current year includes inter-company receivable impairments of £2,471,000. The net assets are £118,390,000 (£123,780,000 in 2018).

The results for the year are stated after an impairment charge in respect of goodwill of nil (2018:£4,305,000). The Stirling Lloyd impairment in 2018 reflected the historic and projected performance of the Stirling Lloyd business that was acquired and hived up to the company in 2017.

The company plans to continue to expand its product range driving sustainable growth and to continue the pursuit of better cost control. Going forward growth is supported by market recovery in certain areas of the business including Stirling Lloyd, Building Envelope and Admixture together with a group wide policy focusing on increased productivity which is then expected to bring in extra cost-savings. This is inline with group strategy which focuses on reduction of SKUs, overheads and smarter logistics.

Principal risks and uncertainties

The Board of GCP Applied Technologies (UK) Limited assume overall accountability for the evaluation and management of risks to the GCP Applied Technologies Group, of which the Company is a part.

The Group is exposed to strategic, operational and financial risk. In addition, the Group is subject to a number of significant business risks, which it takes all possible actions to mitigate.

These risks include the following:

Business strategy implementation

The Group's strategy is to increase its cash flow and profitability by implementing initiatives aimed at generating profitable branded growth, achieving cost savings and driving working capital efficiency initiatives. The Group manages and monitors, by reference to key performance indicators, resources allocated to the development of new products and to the research, development and technology process functions of its business.

Significant competition

The Group operates in highly competitive markets, and its failure to compete effectively might adversely affect the results of its operations. It compete primarily on the strength of its brands, the quality of its products, product innovation and price. The Group's ability to compete effectively requires continuous efforts in sales and marketing of its existing products, developing new products and cost rationalisation. The Group's marketing teams focus on its brands through investment in new product development, brand re-launches and frequently refreshes its consumer marketing campaigns and promotions to maintain consumer engagement.

Dependence of raw materials

The Group's ability to pass increases in raw materials and energy costs on to its customers could adversely affect the results of its operations. Many of its raw materials and energy costs are volatile and supplies are affected by government policies, the actions of its suppliers, currency movements, political upheavals and acts of God. Consequently, unexpected increases in raw materials and energy costs or a material or prolonged supply disruption facilities to develop its infrastructure and support its growth and operational flexibility. The Group also carries general insurance cover and cover in relation to product liability.

Funding defined benefit pension schemes

The Group operates a defined benefit pension arrangements in the UK that have significant obligations to current, previous and retired employees. In order to take advantage of the higher returns that equities and certain other investments have historically generated, a proportion of the pension plan funds are invested in such assets. The investment strategy carries the risk that a decline in values could increase the Group's funding deficit. The Group works with Trustees of the pension fund to agree future investment and funding strategies. GCP Applied Technologies (UK) Limited is participating employee of the scheme.

Changes to taxation and other government regulation

Changes in fiscal legislation and regulation in the various jurisdictions in which the Group operates may affect the taxes that It pays.

Brexit

The directors continue to assess the impact of the UK's decision to leave the European Union now that the transition period has come to an end. GCP will continue to review the new enviroment that it is now operating under to ensure that there is no severe disruption which could casue uncertainity in the Group's business..

Covid-19

The Covid-19 pandemic has emerged as a new risk. Since March 2020, there has been significant economic and social disruption on a global basis arising from the pandemic and there is uncertainty as to how long this could continue.

Covid-19 is not expected to have a significant impact on the entity. Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. It expects that COVID-19 might have some impact, though not significant, for example, in relation to expected future performance, or the effects on some future asset valuations.

All of our manufacturing and distribution sites are operational and working to meet customer orders in line with normal service levels.

In the immediate-term, the Company has invoked its business continuity plans, as it seeks to serve and support its customers and protect liquidity while maintaining safety and well-being of its employees. The Group is engaging with suppliers to ensure that supply can be maintained and has undertaken a review to ensure it is able to operate through plausible range of near-term economic outcomes.

In the longer-term, the outlook is less uncertain. A potential impact of the pandemic is economic recession in some parts of the global economy. While this could have negative implications for overall economic growth and commercial spend, previous experiences indicate that manufacturing companies with strong brands, efficient and agile supply chain, and engaged human capital, can minimize the negative impact, and emerge stronger.

The Company also faces significant risks and uncertainties that are common to many companies operating in global markets – including financial and treasury risks, information security and cyber risks, reputational and business continuity risks.

The Group's regulatory and legal teams monitor and ensure compliance with all relevant legislation and regulations and where appropriate work closely with external advisors and the regulators, government bodies and relevant trade associations regarding current and future legislation which would impact upon the business.

Additional risks not presently known to The Group, or that management currently deem immaterial, may also impair future business operations.

Financial risk management objectives and policies

The company uses a variety of financial instruments including cash and bank overdrafts, trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the company's operations.

The directors are of the view that the main risks arising from the company's financial instruments are currency risk and credit risk. Given the strong financial position of the company the directors do not consider interest rate risk and liquidity risk to be significant to the company at this time. The directors set and review policies for managing each of these risks and they are summarised below. These policies have remained unchanged from the previous year.

Credit Risk
The principal credit risk arises from its trade receivables. In order to manage credit risk the directors set limits for customers and conduct a regular review of outstanding trade debtors. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Currency Risk
The company is exposed to foreign exchange risk. This risk is mitigated, where possible, by undertaking transactions with overseas customers and suppliers in sterling. The company has the facility to enter into forward currency agreements if deemed necessary given the specific risks of each situation.

Financial key performance indicators

The company's directors analyse the business using three key performance indicators, which are turnover, gross margin,.and operating profit. Please refer to the business review section.

Section 172 Companies Act 2006

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, amongst other matters, to the:

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

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our shareholders, other group companies, pension scheme members and other relevant stakeholders. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

As is normal for large, private companies, we delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Monitoring of this is conducted through regular business review meetings which are attended by a sub-set of the Board of Directors. Board meetings are held periodically and activities reviewed through the consideration and discussion of information, which is sent in advance of each Board meeting and through presentations to the Board, and the consideration of the impact of the relevant decisions on stakeholders.

During the forthcoming year we plan to formally review financial and operational performance, health and safety, and legal and regulatory compliance at each Board meeting using standard reporting formats. We shall also review other areas over the course of the financial year including the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusivity; environmental matters; and governance, compliance and legal matters.

The Board are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. To ensure the Company was operating in line with good corporate practice, the Chair met with the company's legal advisors to consider the new requirements, we received information by email and an update on the scope and application of section 172 from the Company Secretary in May 2019. This focused activity allowed the Board to reflect on how the Company engages with its stakeholders and opportunities for enhancement in the future.

Employee engagement

The Company has around 150 employees and the Board is committed to promoting a diverse and inclusive workplace, reflective of the communities in which it does business. We approach diversity in the broadest sense, recognising that successful businesses flourish through embracing diversity into their business strategy and developing talent at every level in the organisation.

The Board and Senior Management are responsible for ensuring that the Company's purpose, vision and values are effectively communicated to employees and that the Company's activities reflect the culture we wish to instil in employees and drive appropriate behaviours. Examples of how this is achieved include: formal and informal meetings, a mandatory code of conduct, an annual HR survey, town hall meetings, dedicated training sessions. Employees are actively encouraged to provide feedback and report any concerns if required. There is close collaboration between employees and Directors on a regular basis and Directors are encouraged, and expected, to visit operations and to engage with the employees regularly.

Other Stakeholders

The Company's key stakeholders are its employees, customers, consumers, suppliers, shareholder, pension schemes and the local communities in which it operates. The views of and the impact of the Company's activities on those stakeholders are an important consideration for Directors when making relevant decisions. While there are cases where the board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of our stakeholders means that generally our stakeholder engagement best takes place at an operational level.

We bring the stakeholder voice into the boardroom through information provided by senior management and by direct engagement with stakeholders themselves, where appropriate. During Quarterly Business Reviews, which are attended by certain Directors, senior management provide feedback on matters including: the priorities of our customers in order to build strategic relationships with them; analysis of consumer feedback to help us establish our consumers views on our products as well as the ways in which they would like us to improve our offering; conferences and/or one-on-one meetings with our suppliers, pension trustees and investor banks and to improve our understanding of their requirements.
The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

This report was approved by the board on 27 January 2021 and signed on its behalf.

Ameeka Kaura

Ameeka Kaura
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

Certain matters required to be included in the directors report are shown in the strategic report and these include the financial risk management disclosures.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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 to 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.

Results and dividends

The loss for the year, after taxation, amounted to loss of £6,864,000 (2018 - loss 6,886,000)..

Dividends totalling £4,235,000 (2018: nil) were paid during the year under review.

Directors

The Directors of the Company who served during the year and were in office up to the date of signing were:

Christian Koetting
Andrew Kelly
Alexander Nielsen
Rustam Wartan (appointed 9 June 2016, resigned 31 January 2019)
Ameeka Kaura (appointed 16 July 2019)
Upkar Ricky Singh Tatla (reappointed 10 February 2020)

Going Concern

For the year ended 31 December 2019, the company incurred a loss of £6,864,000 (2018: loss of £6,886,000) and as at 31 December 2019, the net assets were £118,390,000 (2018: £123,780,000) (including a cash pooling balance of £2,021,000 (2018: £12,798,000)) and net current assets were £41,409,000 (2018: £43,064,000) (including net receivables due from other group undertakings of £3,181,000 (2018: £7,500,000)).The net current assets this year and prior year now include the pension asset where as in previous year's financial statements the pension asset was always included below the net current assets. The directors have obtained a letter of support from GCP Applied Technologies Inc., the ultimate parent undertaking, confirming that it will provide support to the company so as to allow it to pay its debts as they fall due for a period of at least 12 months from the date of signing these financial statements. On the basis of this letter, the directors consider it appropriate to prepare the financial statements on a going concern basis. '

Research and development

The company undertakes research and development for various products and has access to research carried out by its ultimate parent company GCP Applied Technologies Inc.. The amount expensed on research and development in 2019 is £653,000 (2018:£534,000).

Disclosure of information to auditors

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

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

Post balance sheet events

The COVID-19 pandemic has emerged as a new risk. Since March 2020, there has been significant economic and social disruption on a global basis rising from the pandemic and there is uncertainty as to how long this could continue.

Please review the principles and risks section of the Strategic Report for an in depth analysis of Covid-19, its nature, impact on the company and what the management are doing to manage the challenge.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board on 27 January 2021 and signed on its behalf.

Ameeka Kaura

Ameeka Kaura
Director

Independent auditors' report to the members of GCP Applied Technologies (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, GCP Applied Technologies (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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.

Independent auditors' report to the members of GCP Applied Technologies (UK) Limited (continued)

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Independent auditors' report to the members of GCP Applied Technologies (UK) Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

H Verwey

Hannes Verwey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
28 January 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Turnover	4	**53,367**	62,956
Cost of sales		**(35,906)**	(42,877)
Gross profit		**17,461**	20,079
Distribution costs		**(7,603)**	(8,088)
Administrative expenses		**(15,577)**	(15,139)
Operating loss	5	**(5,719)**	(3,148)
Income from shares in group undertakings		**-**	25,237
Amounts written off investments		**-**	(29,542)
Other interest receivable and other income	9	**508**	459
Interest payable and similar expenses	10	**(243)**	(245)
Loss before taxation		**(5,454)**	(7,239)
Tax on loss	11	**(1,410)**	353
Loss for the financial year		**(6,864)**	(6,886)
Remeasurement of net pension scheme asset	23	**6,477**	1,330
Tax on remeasurement of net pension scheme asset	11	**(1,101)**	(226)
Other comprehensive income for the year		**5,376**	1,104
Total comprehensive income/(expense) for the year		**(1,488)**	(5,782)

The notes on pages 15 to 47 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note		2019 £000		Restated - 2018 £000
Fixed assets					
Intangible assets	13		**49,419**		53,452
Tangible assets	14		**6,607**		6,137
Investments	15		**28,608**		28,608
			84,634		88,197
Current assets					
Stocks	16	**6,169**		6,638	
Debtors	17	**17,141**		39,541	
Pension asset	23	**23,350**		16,270	
Cash at bank and in hand	18	**1,068**		89	
		47,728		62,538	
Creditors: amounts falling due within one year	19	**(6,319)**		(19,474)	
Net current assets			**41,409**		43,064
Total assets less current liabilities			**126,043**		131,261
Provisions for liabilities					
Provision for liabilities	21	**(7,653)**		(7,481)	
			(7,653)		(7,481)
Net assets			**118,390**		123,780
Capital and reserves					
Called up share capital	22		**13,525**		13,525
Share premium account			**93,198**		93,198
Other reserves			**-**		(333)
Profit and loss account			**11,667**		17,390
Total equity			**118,390**		123,780

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2019

The financial statements on pages 11 to 47 were approved and authorised for issue by the board and were signed on its behalf by:

Ameeka Kaura

Ameeka Kaura
Director

Date: 27 January 2021

The notes on pages 15 to 47 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Hedging reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018	13,525	77,419	(333)	23,172	113,783
Comprehensive expense for the year					
Loss for the year	-	-	-	(6,886)	(6,886)
Remeasurement of net pension scheme asset	-	-	-	1,104	1,104
Other comprehensive income for the year	-	-	-	1,104	1,104
Total comprehensive expense for the year	-	-	-	(5,782)	(5,782)
Shares issued during the year	-	15,779	-	-	15,779
Total transactions with owners	-	15,779	-	-	15,779
At 1 January 2019	13,525	93,198	(333)	17,390	123,780
Comprehensive income for the year					
Loss for the year	-	-	-	(6,864)	(6,864)
Remeasurement of net pension scheme asset	-	-	-	5,376	5,376
Cash flow hedges – reclassification to profit and loss	-	-	333	-	333
Other comprehensive income for the year	-	-	333	5,376	5,709
Total comprehensive income for the year	-	-	333	(1,488)	(1,155)
Dividends paid on profits of fiscal year 2019	-	-	-	(4,235)	(4,235)
Total transactions with owners	-	-	-	(4,235)	(4,235)
At 31 December 2019	13,525	93,198	-	11,667	118,390

The notes on pages 15 to 47 form part of these financial statements.

1. General information

The company's principal activities are the manufacture and sale of waterproofing and fireproofing products to the construction industry and the manufacture of concrete and cement additives.

The address of its registered office is 487/488 Ipswich Road, Slough, Berks, SL1 4EP England. The registered number of the 00614807.

The company is limited by shares and is a private company incorporated in England, United Kingdom under the Companies Act, 2006.

2. Accounting policies

The financial statements of GCP Applied Technologies (UK) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The only exception is the fair value of plan assets and the present value of the defined benefit pension obligation.

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

Accounting policies have been applied consistently, other than where new policies have been adopted.

During the year the directors adopted the amendments to FRS102 as per the recent triennial review completed by the FRC.

The only potential impact on these financial statements is that fewer intangible assets are required to be recognised separately from goodwill in a business combination. The requirements are limited to those intangibles that arise from contractual or other legal rights and are separable.

The comparative figures relating to prior year acquisitions were not restated as the amendments cannot be applied retrospectively.

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39, 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

2.3 Going concern

The financial statements have been prepared on a going concern basis of accounting.

The directors have obtained a letter of support from GCP Applied Technologies Inc., the ultimate parent undertaking, confirming that it will provide support to the company so as to allow it to pay its debts as they fall due for a period of at least 12 months from the date of signing these financial statements. On the basis of this letter, the directors consider it appropriate to prepare the financial statements on a going concern basis. The ultimate parent company has the financial resources in order to fulfil its commitment towards the company.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional currency is GBP. The figures are rounded in thousands unless otherwise stated.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to foreign denominated intercompany balances, trade creditors, trade receivables and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'interest receivable or similar income or interest payable and similar expenses'. All other foreign exchange gains and losses are presented in profit or loss.

2. Accounting policies (continued)

2.5 Revenue

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

Sale of goods

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

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

Revenue is recognized only when (or as) an entity satisfies a Performance Obligation by transferring Control of the promised goods or services to a Customer.

• The transfer of Control can occur "over time" or "at a point in time".

• Revenue for Performance Obligations satisfied at a point in time is recognized when Control of the goods or services transfers to the Customer (e.g. upon inventory shipment based on FOB (Free on Board) Shipping Terms).

• If the Performance Obligation is satisfied over time, revenue is recognized as the Performance Obligation gets satisfied (e.g. as services get performed).

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

2.8 Investments

Investments in group undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

2. Accounting policies (continued)

2.9 Dividends

Equity dividends are recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders, or, in the case of an interim dividend when they are paid. These amounts are recognised in the Statement of Changes in Equity.

2.10 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.11 Interest expense

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2. Accounting policies (continued)

2.12 Pensions

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

In accordance with paragraph 28.22 of FRS 102 the company will recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. The GCP UK pension plan wind up rules do not explicitly state there is no refund at the end of the scheme and on the basis, the company is expected to be entitled to a refund, the scheme surplus is recognised in the company.

2. Accounting policies (continued)

2.13 Prior year adjustment

In the current year it was determined that the pension asset amount was not previously recognised under the current asset heading in the statement of financial position as required by FRS102 but rather as a separate heading under net assets before pension surplus and therefore the comparative figures have been restated for consistency. This has resulted in an understatement of current assets by £16,270 thousand that was offset by an equal overstatement of a pension surplus amount that is not allowed under that accounting standard.

The impact on the comparative net current asset was an increase to £43,063 thousand from £26,794 thousand.

The change did not have an impact on statement of changes in equity, statement of comprehensive income or opening equity.

2.14 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

2. Accounting policies (continued)

2.15 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life of 20 years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The useful economic life of the intangible assets is as follows:-

• Customer relationship	10 years
• Trade name	10 years
• Technology	11 years

The estimate of the useful life of goodwill and intangible assets arising on business combinations is based on various factors such as the expected use of the acquired businesses, the expected useful lives of the cash generating units to which the goodwill relates, and any legal, regulatory or contractual factors which may limit the useful life.

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

At each reporting date intangible and tangible fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

The amortisation costs for intangibles assets is included within administrative costs in the statement of comprehensive income.

2.16 Tangible fixed assets

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

2. Accounting policies (continued)

2.16 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	- The shorter of 2% or remaining life of lease
Plant and machinery	- 5% to 25%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.17 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.18 Stocks

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

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

2.19 Dilapidation provision

Provisions are made for the estimated costs of dilapidation repairs. The provision is calculated over the period of a tenancy based on the yearly obligation arising from the extent of the wear and tear taking place each year.

2. Accounting policies (continued)

2.20 Cash pooling

The company, along with other European members of the GCP Applied Technologies Inc. group, is party to a cash pooling arrangement with Deutsche Bank whereby each members' local bank accounts are zero balanced each day by transfer to or from GCP Applied technologies N.V. a fellow group company, in order to more efficiently manage the overall European cash resources through the treasury department of this company. See note 20.

2.21 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.22 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and investments in ordinary shares.

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

2. **Accounting policies (continued)**

I. Financial Assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognized at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measure at the present value of the future receipts discounted at a market rate of interest.

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

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

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

Financial assets are derecognised when:-

a) the contractual rights to the cash flows from the asset expire or are settled

b) substantially all the risks and rewards of the ownership of the asset are transferred to another party

c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

II. Financial Liabilities

Basic financial liabilities, including trade and other payables, loans from fellow group companies are initially recognized at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts discounted at a market of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate ,method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2. Accounting policies (continued)

III. Offsetting

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

3. Critical accounting judgments and estimation uncertainty

a) Critical judgements in applying the group's accounting policies

There are no critical judgments in applying the group's accounting policies.

b) Key accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are:

- **Impairment of inventory**

Although the company manufactures to specific customer order, certain generic raw materials and components are purchased based on expected order levels. As a result it is necessary to consider the recoverability of the cost of inventory and any associated impairment provisioning required. When calculating the inventory impairment provision, management considers the nature and condition of the inventory as well as applying assumptions about the future usage of raw materials and components.

- **Impairment of debtors**

The company makes an estimate of the recoverable value of trade receivables. When assessing impairment, management considers factors including the current credit rating of the customer, the ageing profile of the receivable and historical experience.

- **Pension and other post-employment benefits**

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables and future salary increases and pension increases are based on expected future inflation rates. Refer to note 24.

- **Impairment of Intvestments**

Annually, the Company considers whether intangible assets such as investments are impaired. Where an indication of impairment is identified the estimation of the recoverable value requires estimation of the recoverable value of the cash-generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates and growth rates in order to calculate the net present value of those cash flows.

The recoverable amount was determined using a value-in use calculation which required the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate set by Financial Planning and Analysis for the group which is inline with industry averages per country and entity.

There was no impairment recorded for the value of investments carried in 2019 and even if the discount factor had been considered to be 1-2% higher for each CGU there still would not have been any impairment recognised in 2019.

4. Sale of goods

An analysis of turnover by class of business is as follows:

	2019 **£000**	2018 £000
UK turnover	**53,367**	62,956
	53,367	62,956

Analysis of turnover by country of destination:

	2019 **£000**	2018 £000
United Kingdom	**36,536**	47,286
Rest of Europe	**15,793**	14,668
Rest of the world	**1,038**	1,002
	53,367	62,956

5. Operating loss

	2019 £000	2018 £000
The operating loss is stated after charging/(crediting):-		
Depreciation and amortisation of owned assets	917	930
Amortisation of intangible assets	4,033	3,818
Foreign exchange loss/(gain)	79	(236)
Exceptional item - Impairment on inter-company receivable	2,471	-
Restructure costs - redundancies	8	752
(Profit) / loss on disposal of fixed assets	-	3
Operating lease rental -	-	-
land & buildings	621	621
other	257	273
Research and development	653	534

Wages and salaries*	9,513	7,557
Social security costs*	1,753	800
Other pension costs	1,445	3,308
	12,711	11,665

* All staff costs include directors' emoluments.

The company contributes into both a defined contribution and defined benefit scheme and the total being £1,445,000 (2018:£3,308,000) for the year.

The amounts expensed to the defined benefit scheme were £615,000 (2018:£2,770,000), (refer to note 24 for a full break up of pensions expense) and the defined benefit scheme came to an end on 31 December 2019; the amounts expensed into the defined contribution scheme in respect of the year were £830,000 (2018: £538,000).

The company has taken advantage of exemptions available to qualifying entities from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

6. Auditors' remuneration

	2019 £000	2018 £000
Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements	153	89

7. Employees

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

	2019	2018
	No.	No.
Clerical and administrative staff	**32**	33
Distribution staff	**12**	13
Manufacturing	**106**	107
	150	153

8. Directors' remuneration

	2019	2018
	£000	£000
Directors' emoluments	**333**	471
Company contributions to defined contribution pension schemes	**11**	18
	344	489

During the year retirement benefits were accruing to no Directors (2018 - NIL) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £192k (2018 - £207k).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid Director amounted to £97k (2018 - £61k).

Retirement benefits are accruing to 1 directors (2018:2) under a defined benefit scheme and are accruing to 2 director (2018:1) under a defined contribution scheme.

9. Other interest receivable and similar income

	2019	2018
	£000	£000
Interest receivable from group companies	**29**	14
Net interest income on post-employment benefits	**479**	445
	508	459

10. Interest payable and similar expenses

	2019 £000	2018 £000
Loans from group undertakings	**243**	245
	243	245

11. Tax on loss

	2019 £000	2018 £000
Corporation tax		
Current tax on losses for the year	**-**	(168)
Adjustments in respect of previous periods	**2,366**	-
	2,366	(168)
Total current tax	**2,366**	(168)
Deferred tax		
Origination and reversal of timing differences - current year	**(114)**	(185)
Origination and reversal of timing differences - prior year	**(842)**	-
Total deferred tax	**(956)**	(185)
Tax credit/(charge)	**1,410**	(353)

The Finance (No.2) Act 2016, which received Royal Assent on 15 September 2016, had stated that UK corporation tax rate will be further reduced to 17% effective from 1 April 2020. The reduction to the tax rate included in the Finance (No. 2) Act 2016 was enacted at the balance sheet date and the effect thereof is therefore reflected in these financial statements. Accordingly, a rate of 17% has been applied in the measurement of the Company's deferred tax assets and liabilities as at 31 December 2019. It was announced in Budget 2020 that the corporation tax rate would no longer be reduced to 17% but would instead remain at 19%. This was not enacted at the Balance sheet date.

11. Tax on loss (continued)

Factors affecting tax charge/(credit) for the year

The key factors which may effect future tax charges include the availability of accelerated tax depreciation, losses surrendered from other UK companies without charge and changes in tax legislation.

	2019 **£000**	2018 £000
Loss before tax	**(5,454)**	(7,239)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**(1,036)**	(1,375)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**518**	823
Release of the provision for dilapidation	**-**	15
Amortisation of goodwill	**404**	363
Other Adjustment	**-**	(179)
Adjustments to tax charge in respect of previous periods	**1,524**	-
Total tax charge/(credit) for the year	**1,410**	(353)

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in the other comprehensive income:-

	2019 **£000**	2018 £000
Due to re-measurement of net defined benefit pension asset	1,101	226

12. Dividends

	2019 **£000**	2018 £000
Dividend declared and paid	**4,235**	-
	4,235	-

The dividend declared relates to 2019 profits and the dividend per share is £0.3131.

13. Intangible assets

	Customer Relationship £000	Trade Name £000	Technology £000	Goodwill £000	Total £000
Cost					
At 1 January 2019	**10,793**	**1,573**	**7,366**	**42,538**	**62,270**
At 31 December 2019	**10,793**	**1,573**	**7,366**	**42,538**	**62,270**
Accumulated amortisation and impairment					
At 1 January 2019	**1,259**	**183**	**781**	**6,595**	**8,818**
Charge for the year on owned assets	**1,079**	**157**	**670**	**2,127**	**4,033**
At 31 December 2019	**2,338**	**340**	**1,451**	**8,722**	**12,851**
Net book value					
At 31 December 2019	**8,455**	**1,233**	**5,915**	**33,816**	**49,419**
At 31 December 2018	9,534	1,390	6,585	35,943	53,452

The amortisation charge is included within administration expenses in the statement of comprehensive income.

13. Intangible assets (continued)

The individual intangible assets which are material to the financial statements are as follows:

	Net book value		Remaining amortisation period (years)	
	Company 2019 £000	Company 2018 £000	**2019**	2018
Technology	**5,915**	6,585	**8 years 10 months**	9 years 10 months
Customer relationships	**8,455**	9,534	**7 years 10 months**	8 years 10 months
Trade name	**1,232**	1,389	**7 years 10 months**	8 years 10 months

13. Intangible assets (continued)

Intangible assets including Technology, Customer Relationships and Trade Names as stated above can be further described as follows and were all part of the Stirling LLoyd business acquired in 2017:-

Technology

The Stirling Lloyd business was the first in the UK to introduce sprayed resin membranes into the bridge construction sector. Stirling Lloyd then diversified into the rail and highway markets, among others. The Stirling Lloyd systems provide waterproofing, protection and coatings for a variety of structures including bridges, asphalt, tunnels, etc. Stirling Lloyd's products leverage poly methyl methacrylate technology, and is a combination of base technology, recipe, formulation and know how.

Customer relationships

The Stirling Lloyd business has developed relationships with a network of authorised contractors in the UK and globally that last for an extended amount of time. These contractors are engaged by the decision makers (firms, governments, etc.) for infrastructure projects where Stirling Lloyd's products are required. The contractors determine what type of product is needed for that specific project and will include Stirling Lloyds product specifics in their plan for the project.

Trade Names

The trade names and trademarks include all those items that were acquired in 2017 as part of the Stirling Lloyd hive up. Stirling Lloyd's trademarks and trade names are considered valuable since they are a differentiating factor in the market and include the following:-

- Stirling Lloyd Plc.
- Eliminator®
- Integritank®
- Decseal®
- Safetrack®
- Bridgemaster®
- Sentinel®

14. Tangible assets

	Leasehold property £000	Plant and machinery £000	Total £000
Cost or valuation			
At 1 January 2019	**398**	**7,932**	**8,330**
Additions	**38**	**1,365**	**1,403**
Disposals	**-**	**(97)**	**(97)**
At 31 December 2019	**436**	**9,200**	**9,636**
Accumulated depreciation			
At 1 January 2019	**224**	**1,969**	**2,193**
Charge for the year	**115**	**802**	**917**
Disposals	**-**	**(81)**	**(81)**
At 31 December 2019	**339**	**2,690**	**3,029**
Net book value			
At 31 December 2019	**97**	**6,510**	**6,607**
At 31 December 2018	174	5,963	6,137

The depreciation charge is included in the cost of sales and administrative and distribution costs within the statement of comprehensive income.

15. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2019	**54,445**
At 31 December 2019	**54,445**
Accumulated impairment	
At 1 January 2019	**25,837**
At 31 December 2019	**25,837**
Net book value	
At 31 December 2019	**28,608**
At 31 December 2018	28,608

15. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Holding
GCP RIW Holdings Limited	580-581 Ipswich Road, Slough Berkshire SL1 4EQ, United Kingdom	100%
RIW Holdings Limited	580-581 Ipswich Road, Slough Berkshire SL1 4EQ, United Kingdom	100%
RIW limited	580-581 Ipswich Road, Slough Berkshire SL1 4EQ, United Kingdom	100%
Stirling Lloyd Limited	5th Floor Ship Canal House, 98 King Street, Manchester, M2 4WU	100%
Stirling Lloyd Holdings Limited	5th Floor Ship Canal House, 98 King Street, Manchester, M2 4WU	100%
Stirling Lloyd Group Limited	5th Floor Ship Canal House, 98 King Street, Manchester, M2 4WU	100%
Stirling Lloyd Polychem Limited	580-581 Ipswich Road, Slough Berkshire SL1 4EQ, United Kingdom	100%
Stirling Lloyd Products International Limited	580-581 Ipswich Road, Slough Berkshire SL1 4EQ, United Kingdom	100%
DeNeef UK Limited	5th Floor Ship Canal House, 98 King Street, Manchester, M2 4WU	100%

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its ultimate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

GCP Applied Technologies (UK) Limited owns ordinary shares in its subsidiaries and each subsidiary has only one class of ordinary shares.

De Neef UK Limited and Stirling Lloyd Limited are non-trading. The trade and assets of Stirling Lloyd Limited were hived up to the company during the year ended 31 December 2017 and a final dividend representing that company's net assets was declared during the prior year under review, following which the investment carrying value was fully impaired.

GCP R.I.W Holdings Limited is non-trading and is the parent company to R.I.W Holdings Limited which is also non-trading and holds one subsidiary R.I.W Limited. R.I.W. Limited's principal activity is the sale of timber and building materials and supplies high performance structural waterproofing systems to the construction industry. RIW Limited was acquired on 18 May 2018.

Net book value

The net book value of the investments is made up as follows:-

	2019 £000
De-Need UK Limited	**182**
RIW Limited	**28,426**
	28,608

16. Stocks

	2019 £000	2018 £000
Raw materials and consumables	**1,090**	1,583
Work in progress	**402**	546
Finished goods and goods for resale	**4,677**	4,509
	6,169	6,638

The carrying value of stocks are stated net of stock obsolescence reserves totalling £187k (2018 - £105k) . Inventory obsolescence reserves totalling £89k (2018 - £25k) were recognised in profit and loss in cost of sales.

17. Debtors

	2019 £000	2018 £000
Trade debtors	**10,153**	12,947
Amounts owed by group undertakings	**4,945**	21,342
Other debtors	**639**	2,658
Prepayments and accrued income	**307**	710
Tax recoverable	**1,097**	1,884
	17,141	39,541

Trade debtors are included net of any bad debt provisions for both general and specific reserves totalling £335k (2018:£406k).

Amounts owed by group undertakings are unsecured, interest free and do not have fixed repayment terms, £2,021k (2018:£12,798k) relates to cash pooling and is repayable on demand,

18. Cash at bank and in hand

	2019 £000	2018 £000
Cash at bank and in hand	**1,068**	89
	1,068	89

19. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	**1,897**	3,293
Amounts owed to group undertakings	**1,764**	13,864
Taxation and social security	**206**	557
Accruals and deferred income	**2,452**	1,760
	6,319	19,474

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

20. Cash pooling

Included within the amounts owed by group undertakings is the cash pooling balance of £2,021,000 (2018:£12,798,000). As disclosed in note 2, the company is subject to a cash pooling arrangement with Deutsche Bank whereby its bank accounts are zero balanced each day by transfer to or from GCP Applied Technologies N.V. Amounts due to the company within this cash pooling arrangement are immediately accessible by the company on demand and are interest bearing.

21. Provision for liabilities

	Dilapidation Provision £000	Deferred Tax Provision £000	Total £000
At 1 January 2019	**596**	**6,885**	**7,481**
Charged to profit or loss	**27**	**(956)**	**(929)**
Charged to other comprehensive income	**-**	**1,101**	**1,101**
At 31 December 2019	**623**	**7,030**	**7,653**

The dilapidation provision represents estimated dilapidation costs to be incurred on leasehold properties. Under the lease agreements of these properties the company is liable for the rectification costs associated with dilapidation over the life of the lease. The provision is calculated on management's best estimates of the obligation arising from the extent of the wear and tear taking place each year.

	2019 £000	2018 £000
The deferred tax provision is broken up as follows:-		
Intangible assets on Stirling Lloyd	**2,654**	2,977
Defined benefit pension scheme	**3,969**	2,765
Other comprehensive income	**-**	822
Accelerated capital allowances	**593**	694
Others	**(186)**	(373)
	7,030	6,885

22. Called up share capital

	2019 £000	2018 £000
Authorised		
15,000,000 (2018 - 15,000,000) 15000000 shares of £1.00 each	**15,000**	15,000
Allotted, called up and fully paid		
13,525,002 (2018 - 13,525,002) shares of £1.00 each	**13,525**	13,525

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

23. Post employment benefits

The Company operates a Defined Benefit Pension Scheme - Grace UK Pension Plan.

For certain employees, the company operates a defined benefit pension scheme with assets held in a separately administered fund. The company operates this scheme as part of its participation in the Grace UK Pension Plan ("the Plan").

The scheme provides retirement benefits on the basis of members' final salary. The plan is administered by an independent trustee, who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. The company has agreed a funding plan with the trustee, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salary.

The assets of the Plan are held separately from those of the company and a qualified actuary, on the basis of triennial valuations using the projected unit method, determines contributions to the Plan. The most recent formal valuation of the Plan prepared for the Trustees as at 31 March 2019 showed a funding surplus at that date of £4.5 million. The next formal valuation of the Plan is due as at 31 March 2022. The updated valuation under FRS102, prepared by the actuary, has been based the assumptions below:

Note that some changes have been made to the approach used for setting the assumptions used to assess the defined benefit obligation at 31 December 2019. These changes were made to better align the approach with that used for the accounts of the ultimate parent company, GCP Applied Technologies. In particular, an inflation risk premium of 0.25% p.a. was introduced when deriving the Retail Prices Index (RPI) assumption, and assumed long-term improvements in longevity rates were reduced to from 1.5% p.a. to 1.25% p.a. Other assumptions were derived in a consistent manner to the prior year.

Reconciliation of present value of plan assets:

	2019 £000	2018 £000
At the beginning of the year	**16,270**	18,093
Current service cost	**(615)**	(718)
Interest income	**5,071**	4,697
Interest cost	**(4,592)**	(4,252)
Administrative costs	**(610)**	(1,220)
Contributions by employer	**472**	392
Past service cost (including curtailment) *	**877**	(2,052)
Gain/(loss) on plan assets excluding interest income	**6,281**	(7,449)
Effect of changes in assumptions	**(6,153)**	7,975
Effect of experience adjustments	**6,349**	804
Asset recognised on the balance sheet at the end of the year	**23,350**	16,270

*Please note that this curtailment gain is in respect of closing the Plan to future accrual at 31 December 2019 including breaking the link to salary increases at this date.

23. Post employment benefits (continued)

Composition of plan assets:

	2019 £000	2018 £000
Corporate Bonds	**4,667**	4,249
Fixed-Interest Gilts	**25,395**	22,732
Index-Linked Gilts	**36,840**	35,092
Diversified Growth, Absolute Return and Equities	**18,886**	17,420
Cash (Including Trustee bank account)	**4,660**	3,329
Insured Liabilities	**90,837**	96,284
Total market value of assets	**181,285**	179,106

	2019 £000	2018 £000
Fair value of plan assets	**181,285**	179,106
Present value of funded Defined Benefit Obligation (DBO)	**(157,935)**	(162,836)
	23,350	16,270

The amounts recognised in profit or loss are as follows:

	2019 £000	2018 £000
Current service cost	**(645)**	(718)
Interest income on net surplus	**479**	445
Past service cost (including curtailment) *	**877**	(2,052)
Administrative costs	**(610)**	(1,220)
Total	**101**	(3,545)
Return on plan assets less interest income	**6,281**	(7,449)
Interst income on plan assets	**5,071**	4,697
	11,352	(2,752)

The actual return on scheme assets are included gross of deferred tax.

*Please note that this curtailment gain is in respect of closing the Plan to future accrual at 31 December 2019 including breaking the link to salary increases at this date.

23. Post employment benefits (continued)

Reconciliation of present value of plan liabilities were as follows:

	2019 **£000**	2018 £000
Opening defined benefit obligation	**(162,836)**	(175,949)
Current service cost	**(615)**	(718)
Interest cost	**(4,592)**	(4,252)
Contributions by scheme participants	**(123)**	(126)
Past service costs	**877**	(2,052)
Effects of changes in assumptions	**(6,153)**	7,975
Effect of experience adjustments	**6,349**	804
Insurance premium	**-**	8
Benefits paid	**9,158**	11,474
Closing defined benefit obligation	**(157,935)**	(162,836)

Reconciliation of fair value of plan assets were as follows:

	2019 **£000**	2018 £000
Opening fair value of scheme assets	**179,106**	194,042
Interest income on plan assets	**5,071**	4,697
Return / (loss) on plan assets excluding interest income	**6,281**	(7,449)
Contributions by employer	**472**	392
Contributions by scheme participants	**123**	126
Insurance premium	**-**	(8)
Administrative costs	**(610)**	(1,220)
Benefits paid	**(9,158)**	(11,474)
	181,285	179,106

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £5,376k (2018 - £1,104k).

The Company expects to contribute £NIL to its Defined Benefit Pension Scheme - Grace UK Pension Plan in 2020.

There is no impact from plan introductions, changes, curtailments and settlements during the current or prior year.

23. Post employment benefits (continued)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2019	2018
	%	%
Discount rate	**2.00**	2.90
Rate of increase in salaries	**2.90**	3.40
Mortality unadjusted	**SAPS S2 "All lives" base tables with scaling factors of 97%/91% for males/ females, CMI 2018 Core projections with a long-term rate of 1.25%**	S2PA tables with the following ratings: 92% for females, 98% for males. CMI 2015 projections based on year of birth with 1.5% minimum improvement per annum
Inflation (CPI)	**1.90**	2.40
Inflation (RPI)	**2.90**	3.40
Preretirement pension increase rate:		
Statutory revaluation capped at 5.0%	**1.90**	2.40
Statutory revaluation capped at 2.5%	**1.90**	2.40
Pension earned since 2006	**2.10**	2.15
Pension earned 1997-2006	**2.80**	3.20

24. Commitments under operating leases

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

	2019 £000	2018 £000
Land & Buildings		
Not later than 1 year	**534**	576
Later than 1 year and not later than 5 years	**578**	899
Later than 5 years	**35**	105
	1,147	1,580

	2019 £000	2018 £000
Other leases		
Not later than 1 year	**185**	258
Later than 1 year and not later than 5 years	**182**	337
	367	595

25. Related party transactions

The company is a wholly owned subsidiary of GCP Applied Technologies Inc. and is included in the consolidated financial statements of that company.

The company has availed of the exemption provided in FRS102, "Related Party Disclosures", for subsidiary undertakings whose voting rights are wholly controlled within the group, from the requirement to give details of transactions with entities that are part of the group or investees of the group qualifying as related parties. The financial statements reflect the effects of this group membership.

26. Cash flow statement

The company is a wholly-owned subsidiary of GCP Applied Technologies Inc. and the cash flows of the company are included in the consolidated cash flow statement of that company. The company has accordingly taken the exemption available under FRS 102 (paragraph 1.11 and 1.12), from publishing a cash flow statement.

27. Post balance sheet events

The Covid-19 pandemic has emerged as a new risk,. Since March 2020, there has been significant economic and social disruption on a global basis arising from the pandemic and there is uncertainty as to how long this could continue.

Covid-19 is not expected to have a significant impact on the entity. Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. It expects that COVID-19 might have some impact, though not significant, for example, in relation to expected future performance, or the effects on some future asset valuations.

All of our manufacturing and distribution sites are operational and working to meet customer orders in line with normal service levels.

In the immediate-term, the Company has invoked its business continuity plans, as it seeks to serve and support its customers and protect liquidity while maintaining safety and well-being of its employees. The Group is engaging with suppliers to ensure that supply can be maintained and has undertaken a review to ensure it is able to operate through plausible range of near-term economic outcomes.

In the longer-term, the outlook is less uncertain. A potential impact of the pandemic is economic recession in some parts of the global economy. While this could have negative implications for overall economic growth and commercial spend, previous experiences indicate that manufacturing companies with strong brands, efficient and agile supply chain, and engaged human capital, can minimize the negative impact, and emerge stronger.

The Company also faces significant risks and uncertainties that are common to many companies operating in global markets – including financial and treasury risks, information security and cyber risks, reputational and business continuity risks.

The Group's regulatory and legal teams monitor and ensure compliance with all relevant legislation and regulations and where appropriate work closely with external advisors and the regulators, government bodies and relevant trade associations regarding current and future legislation which would impact upon the business.

Additional risks not presently known to The Group, or that management currently deem immaterial, may also impair future business operations.

28. Controlling party

The intermediary parent undertaking is GCP Products (UK) Limited. The ultimate parent undertaking and controlling party is GCP Applied Technologies Inc., incorporated in the United States of America.

The only consolidated financial statements prepared and of which the company is a member is that of the ultimate holding company. Copies of the ultimate holding company's financial statement are publicly available and can be obtained at the address below:-

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United States of America
62 Whittemore Avenue
Cambridge, MA 02140
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