

Registered number: 00614807

GCP APPLIED TECHNOLOGIES (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



GCP APPLIED TECHNOLOGIES (UK) LIMITED

COMPANY INFORMATION

Directors	Nicholas Cammack Charlotte Famy David Pickles Peter Lawrence
Company secretary	Richard Keen
Registered number	00614807
Registered office	487/488 Ipswich Road Slough Berkshire SL1 4EP
Independent auditors	Azets Audit Services Limited Chartered Accountants and Statutory Audit Firm Ship Canal House 98 King Street Manchester M2 4WU

GCP APPLIED TECHNOLOGIES (UK) LIMITED

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GCP APPLIED TECHNOLOGIES (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors present their strategic report for the year ended 31 December 2022.

Business review

Turnover in the period under review remained relatively flat against prior year but the reduction in gross margin percentage from 32% to 30% reflects continued increased price pressures driven by high raw material inflation. This was partially mitigated by some sales price increases and cost efficiencies.

GCP Applied Technologies (UK) Limited ("the Company") generated an operating loss of £5,143,000 compared to operating income of £139,000 in the prior year. This was mainly the result of raw material inflation and a number of one off expenses associated with the acquisition of GCP by Saint-Gobain, which was effective from 27 September 2022.

Loss before tax is £4,539,000 compared to £489,000 in 2021, which reflects the current year operating loss with some offset from interest income.

Net assets has reduced to £99,681,000 (2021: £116,802,000) being driven by a reduction in the value of the defined benefit pension asset and amortisation of intangible assets. The balance sheet remains strong with significant liquid current assets.

The Directors expect the Company to return to profitability from 2023 and sales and margins to steadily increase in the coming years as inflationary pressures on the economy subside and the Company's growth strategy is implemented.

Principal risks and uncertainties

The Company is exposed to strategic, operational and financial risks, which are mitigated by internal procedures and controls.

Key risks include:

Business strategy implementation

The Company'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. The Company 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. There is a risk that the strategic decisions do not result in the intended growth.

Significant competition

The Company operates in highly competitive markets, and a failure to compete effectively could adversely affect its profitability. It competes primarily on the strength of its brands, the quality of its products, product innovation and price. The ability to compete effectively requires continuous efforts in sales and marketing of existing products, developing new products and cost rationalisation. The marketing teams focus on brands through investment in new product development, brand relaunches and frequently refreshing consumer marketing campaigns and promotions to maintain consumer engagement.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Dependence on raw materials

The ability to pass increases in raw materials and energy costs on to customers impacts profitability. Many raw materials and energy costs are volatile and supplies are affected by government policies, the actions of suppliers, currency movements, political upheavals and force majeure. Consequential increases in raw materials and energy costs or a prolonged disruption to the supply chain could adversely impact financial performance and operational flexibility. The Company has various insurance policies in place to cover losses resulting from particular events or scenarios.

Funding defined benefit pension schemes

The Company operates a defined benefit pension scheme in the UK through which it has 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 result in a funding deficit. The Company works with trustees of the pension fund to agree future investment and funding strategies. The scheme is now closed to new participants.

Changes to taxation and other government regulation

Changes in fiscal legislation and regulation may affect taxes and other levies.

War in Ukraine

The Company has some customers that operate either directly or indirectly in Ukraine or Russia so there may be some unfavourable impact to sales. However, this will not be material to the Company's financial performance. The conflict continues to contribute to global inflation, the impact of which is being closely monitored and managed.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Financial risk management objectives and policies

The Company uses a variety of financial instruments including cash and bank overdrafts, trade debtors and trade creditors 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, interest rate risk and liquidity risk are not considered to be significant to the Company at this time. Policies for managing each of these risks are in place and are regularly reviewed. These policies have remained unchanged from the previous year and are set out below.

Credit risk

The principal credit risk arises from trade debtors. In order to manage credit risk, management sets credit limits for customers and conducts a regular review of outstanding balances. 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 profit, and operating profit. Please refer to the business review section for commentary.

	2022 £000	2021 £000	Change £000
Turnover	49,272	49,288	(16)
Gross margin	14,631	15,594	(947)
Operating profit / (loss)	(5,143)	139	(5,282)

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;
- need to act fairly as between members of the company.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Section 172 Companies Act 2006 (continued)

In discharging its section 172 duties, the Company has regard to the factors set out above and the Directors recognise their role in promoting the success of the Company. Further, the global Code of Business Ethics, incorporating GCP's Core Values which are underpinned by the principle of integrity, establishes the approach to customers, employees, society, partners and shareholders. This is supplemented by the global Code of Conduct, which sets out high standards and expectations of everyone at GCP and supports management decision-making at all levels.

Directors of the Company are responsible for maintaining a governance framework, which is in line with the Code of Conduct. The framework has been designed to ensure the delivery of business objectives for the benefit of all members, and includes:

- Adherence to group-wide policies for key areas, including but not limited to: anti-bribery and corruption, competition law, data privacy, marketing and corporate communications, human rights, environment, HR and finance.
- A commitment to safe business practices, which includes: regular Senior Leadership Team meetings to discuss risk mitigation; regular safety briefings for staff; rigorous recording, reporting and investigation of incidents; and clear guidance from senior management on the importance of identifying and mitigating hazards and risks, which is in turn acted upon by people at all levels within the business.
- Management of business risk and performance through regular board meetings at which current and future challenges are discussed.
- A commitment to sustainable business practices.
- A commitment to diversity and inclusion based on a recognition that a range of backgrounds and viewpoints improves decision making and performance.
- A group-wide Internal Audit function, providing independent, objective assurance on behalf of the Directors that all major risks affecting the achievement of the Company's objectives are adequately understood and managed.
- Adherence to a strong internal control framework, operated by management, which is periodically tested by Internal Audit.

Management ensures that adequate resources are in place to maintain compliance with this framework, and that risks are monitored and mitigated on a continuous basis. All management also operate within a clear framework of levels of approach which is consistent across the Group – the Delegation of Authority framework.

It should be noted that as GCP has been acquired by Saint-Gobain, its policies will gradually be aligned with those of Saint-Gobain.

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



David Pickles
Director

Date: 27 September 2023

GCP APPLIED TECHNOLOGIES (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their audited report and the financial statements for the year ended 31 December 2022.

Certain information required to be disclosed in the Directors' Report has already been disclosed in the Strategic Report above and is therefore not repeated in this section.

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 judgements 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 £3,855,000 (2021 - loss £758,000).

Dividends of £NIL (2021: £NIL) were paid during the year to the Company's immediate parent, GCP Products (UK) Limited.

Directors

The Directors who served during the year and up to the date of signing this report were:

Christian Koetting (resigned 31 May 2022)
Upkar Ricky Singh Tatla (resigned 3 April 2023)
Alexander Nielsen (resigned 31 January 2022)
David Wilson (appointed 8 February 2022, resigned 3 April 2023)
David Pickles
Charlotte Famy (appointed 3 April 2023)
Nicholas Cammack (appointed 3 April 2023)
Peter Lawrence (appointed 3 April 2023)

GCP APPLIED TECHNOLOGIES (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Qualifying third party Indemnity provisions

The Company indemnifies the Directors to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third party indemnity provisions for the benefit of the Company's Directors remain in force at the date of this report.

Going concern

The business review contained within the Strategic Report provides an overview of the Company's performance and key metrics.

Due to the strong net assets position and the growth strategy in place, the Directors are satisfied that the Company will continue to operate and meet all of its financial obligations for the foreseeable future and for at least 12 months from the date of signing these financial statements.

Future developments

The Company will continue to focus on selling high margin products and growing market share.

Research and development activities

The Company undertakes research and development for various products. The amount expended on research and development in 2022 is £745,000 (2021: £702,000).

Streamlined energy and carbon reporting (SECR)

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") introduced requirements for large unquoted companies to disclose their annual energy use and greenhouse gas emissions, and related information. The Company falls within scope of the SECR reporting requirements and has provided the required information below.

Quantification and reporting methodology

In determining the below values, where necessary the '2022 Government Greenhouse Gas (GHG) Conversion Factors for Company Reporting' have been used as available on the UK government website. The key conversion factor used is:

kWh / kgCO₂e: 0.19338 (2021: 0.21233)

GCP APPLIED TECHNOLOGIES (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Streamlined energy and carbon reporting (SECR) (continued)

	Energy consumption (kWh) 2022	Greenhouse gas emissions (kgCO ₂ e) 2022	Energy consumption (kWh) 2021	Greenhouse gas emissions (kgCO ₂ e) 2021
UK energy use				
Electricity - annual quantity of energy consumed in UK resulting from the purchase of electricity by the Company for its own use	1,335,770	258,311	1,561,246	331,499
Gas combustions - the annual quantity of energy consumed from stationary or mobile activities for which the business is responsible involving the combustion of gas	6,908	1,382	5,568	1,020
Transport - the annual quantity of energy consumed from activities for which the Company is responsible, involving the consumption of fuel for the purposes of transport	157,353	30,429	180,555	38,337
Total	1,500,031	290,122	1,747,369	370,856
Intensity ratio (per £000 turnover)	30	6	35	8

Energy efficiency action

The Company remains committed to operating the business in a sustainable manner and reducing its carbon footprint. Environmental and Sustainability Key Performance Indicators (KPIs) continue to be measured and include: energy consumption, water consumption and waste management. Targets have been set for each location to reduce energy and water consumption and to reduce the disposal of waste and increase reuse and recycling. The Company tracks and monitors the performance of each location on a monthly basis.

These KPIs form the basis of plans to implement sustainability improvements to processes and systems to meet targets that have been set for each location. This includes the need for capital to realise these plans. Various investments in sustainability projects have been completed in 2022. These include the continuation of upgrading to LED lighting at one of the key sites with an expected annual saving of 20,387kWh per annum.

The Company has continued to remain certified to the ISO14001 standard and has demonstrated continuous improvements throughout the year. The Directors acknowledge the potential business risks associated with the fight against climate change, such as possible future levies affecting the cost of materials and production or penalties for business practices that have a detrimental environmental impact. The Company is committed to minimising its impact on the environment as outlined above and believes that its products can make a positive contribution through supporting improved energy efficiency in homes and buildings.

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.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Independent auditors

The auditors, Azets Audit Services Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 September 2023 and signed on its behalf.



David Pickles
Director

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

Opinion

We have audited the financial statements of GCP Applied Technologies (UK) Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 2022 and of its loss 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.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 shareholder, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

Andrew Reddington (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

Date: 27/9/23

Chartered Accountants
Statutory Auditor

Ship Canal House
98 King Street
Manchester
M2 4WU

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Turnover	4	49,272	49,288
Cost of sales		(34,641)	(33,694)
Gross profit		14,631	15,594
Distribution costs		(8,043)	(6,225)
Administrative expenses		(11,731)	(9,230)
Operating (loss)/profit	5	(5,143)	139
Interest receivable and similar income	8	605	362
Interest payable and similar expenses	9	(1)	(12)
(Loss)/profit before tax		(4,539)	489
Tax on (loss)/profit	10	684	(1,247)
Loss for the financial year		(3,855)	(758)
Other comprehensive income for the year			
Remeasurement of net pension scheme asset		(17,688)	263
Tax on remeasurement of net pension scheme asset		4,422	(214)
Other comprehensive income for the year		(13,266)	49
Total comprehensive (expense)/income for the year		(17,121)	(709)

The notes on pages 15 to 41 form part of these financial statements.

GCP APPLIED TECHNOLOGIES (UK) LIMITED
REGISTERED NUMBER: 00614807

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	12	37,320	41,353
Tangible assets	13	5,711	6,242
Investments	14	28,426	28,426
		<u>71,457</u>	<u>76,021</u>
Current assets			
Stocks	15	7,860	6,053
Debtors	16	24,944	26,669
Pension asset	21	7,740	25,513
Cash at bank and in hand	17	-	170
		<u>40,544</u>	<u>58,405</u>
Creditors: amounts falling due within one year	18	(6,901)	(7,307)
Net current assets		<u>33,643</u>	<u>51,098</u>
Total assets less current liabilities		<u>105,100</u>	<u>127,119</u>
Provisions for liabilities			
Provisions for liabilities	19	(5,419)	(10,317)
		<u>(5,419)</u>	<u>(10,317)</u>
Net assets		<u>99,681</u>	<u>116,802</u>
Capital and reserves			
Called up share capital	20	13,525	13,525
Share premium account		93,198	93,198
Profit and loss account		(7,042)	10,079
		<u>99,681</u>	<u>116,802</u>

The financial statements on pages 12 to 41 were approved and authorised for issue by the board and were signed on its behalf on 27 September 2023.



David Pickles
Director

The notes on pages 15 to 41 form part of these financial statements.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2021	13,525	93,198	10,788	117,511
Comprehensive income for the year				
Loss for the year	-	-	(758)	(758)
Remeasurement of net pension scheme asset	-	-	49	49
Other comprehensive income for the year	-	-	49	49
Total comprehensive expense for the year	-	-	(709)	(709)
At 31 December 2020 and 1 January 2021	13,525	93,198	10,079	116,802
Comprehensive expense for the year				
Loss for the year	-	-	(3,855)	(3,855)
Remeasurement of net pension scheme asset	-	-	(13,266)	(13,266)
Other comprehensive expense for the year	-	-	(13,266)	(13,266)
Total comprehensive expense for the year	-	-	(17,121)	(17,121)
At 31 December 2022	13,525	93,198	(7,042)	99,681

The notes on pages 15 to 41 form part of these financial statements.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

The Company's principal activities are the manufacture and sale of construction products including waterproofing, fireproofing, and concrete and cement additives.

The registered address is 487/488 Ipswich Road, Slough, Berkshire, SL1 4EP. The registered number of the Company is 00614807.

The Company is a private company limited by shares and is incorporated in England and Wales, United Kingdom.

2. Accounting policies

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

The following principal accounting policies have been applied consistently with prior years:

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 11.42, 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.

This information is included in the consolidated financial statements of Compagnie de Saint-Gobain S.A. as at 2022 and these financial statements may be obtained from public source.

2.3 Going concern

The Company has a strong net assets position and growth strategy in place. Additionally, cash flow forecasts indicate that the Company will continue to be cash generative over the coming 12 months and beyond even in plausible downside scenarios. Therefore the Directors are satisfied that the Company will continue to operate and meet all of its financial obligations for the foreseeable future and for at least 12 months from the date of signing these financial statements.

Therefore, these financial statements have been prepared on a going concern basis of accounting.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 are recognised within administrative expenses in profit or loss.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

Turnover 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 turnover 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.

Turnover is recognised 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. Turnover for performance obligations satisfied at a point in time is recognised when control of the goods or services transfers to the customer e.g. upon inventory shipment based on shipping terms. If the performance obligation is satisfied over time, turnover is recognised as the performance obligation gets satisfied e.g. as services are performed.

2.6 Operating leases: the Company as a 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.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.7 Investments

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

2.8 Dividends

Equity dividends are recognised as a liability in the financial statements in the period in which the dividends are approved or, in the case of an interim dividend, when they are paid. The amounts are also recorded through the profit and loss account within equity and are presented in the Statement of Changes in Equity.

2.9 Interest income

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

2.10 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.

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

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.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.11 Pensions (continued)

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 recognises 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. Under the pension plan wind up rules, the Company expects to be entitled to a refund and therefore the scheme surplus is recognised as an asset.

2.12 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.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.12 Taxation (continued)

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.

2.13 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid as part 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

Other intangible assets are initially recognised at cost. Subsequently, 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 this amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying value 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 intangible assets are included within administrative expenses in the Statement of Comprehensive Income.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.14 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.

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 improvements	- 4 - 50 years depending on the nature of the asset and remaining duration of the lease
Plant and machinery	- 3 - 10 years

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.

2.15 Impairment of tangible and intangible assets

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 an 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 cash generating unit'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 (cash generating units). 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.

2.16 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.

2.17 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 or alterations taking place each year.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.18 Cash pooling

The Company, along with other European members of the GCP Applied Technologies Inc. group ("the Group"), is party to a cash pooling arrangement with Deutsche Bank whereby each member's 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 efficiently manage the overall European cash resources.

2.19 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.

2.20 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.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured 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 Statement of Comprehensive Income. Impairment loss is the difference between carrying value and recoverable amount.

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; or 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.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.20 Financial instruments (continued)

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised 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 rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest 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 as payment is typically due within one year. Trade payables are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method.

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

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. Judgements in applying accounting policies and key sources of estimation uncertainty

Critical judgements in applying accounting policies

There are no critical judgements in applying accounting policies.

Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may differ from the actual outcome. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are addressed below.

Impairment of inventory

Although the Company manufactures to specific customer orders, 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 required impairment provision. 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 receivables and historic experience.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3. Judgements in applying accounting policies (continued)

Key accounting estimates and assumptions (continued)

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 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.

Impairment of Investments

Annually, the Company considers whether investments are impaired. Where an indication of impairment is identified the recoverable value of the asset is estimated. This assessment is performed at the cash generating unit (CGU) level i.e. the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable value is calculated as the higher of fair value and value in use. Determining value in use requires a forecast of future cash flows discounted back to the present day using an appropriate discount rate. The most judgemental areas are the calculation of the discount rate, specific to the location of the CGU, future cash flows and future growth rates.

No such impairment was recorded in 2022 (2021: none). Appropriate sensitivity analysis was performed to validate the calculations, such as increasing discount rates and reducing future cash flows. Even in realistic downside scenarios no impairment was identified.

4. Turnover

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

	2022 £000	2021 £000
Sale of goods	49,272	49,288
	<u>49,272</u>	<u>49,288</u>

Analysis of turnover by country of destination:

	2022 £000	2021 £000
United Kingdom	18,812	21,614
Rest of Europe	18,774	17,007
Rest of world	11,686	10,667
	<u>49,272</u>	<u>49,288</u>

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Operating (loss)/profit

The operating profit/(loss) is stated after charging/(crediting):

	2022 £000	2021 £000
Depreciation of tangible fixed assets	1,504	1,155
Amortisation of intangible fixed assets	4,033	4,033
Foreign exchange loss/(gain)	5	149
One-off items (gain)/loss	2,232	(353)
Loss on disposal of fixed assets	168	102
Operating lease charges	841	644
Research and development	746	702
Statutory audit fees payable to the Company's auditors	47	84
	<u>10,634</u>	<u>8,750</u>

One-off items in 2022 relate to incremental costs associated with the acquisition of GCP by Saint-Gobain. The 2021 gain was primarily the derecognition of intercompany balances.

	2022 £000	2021 £000
Wages and salaries	9,061	7,344
Social security costs	985	824
Other pension costs	588	582
	<u>10,634</u>	<u>8,750</u>

Directors' emoluments are included in staff costs above for those directors who are remunerated by the Company.

The pension costs relate to contributions to a defined contribution scheme. The contributions expensed in relation to the defined benefit scheme was £NIL (2021: £NIL).

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

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Employees

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

	2022 No.	2021 No.
Clerical and administrative	42	45
Sales	25	23
Manufacturing	30	31
Research and development	10	10
Technical	16	15
Management	8	8
	131	132

7. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	401	896
Company contributions to defined contribution pension schemes	23	31
	424	927

The highest paid Director received remuneration of £294,651 (2021: 473,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £15,007 (2021: £NIL).

The value of the Company's contributions paid to a defined benefit pension scheme in respect of the highest paid Director amounted to £NIL (2021: £NIL).

8. Interest receivable and similar income

	2022 £000	2021 £000
Interest receivable from group companies	101	1
Net interest income on defined benefit pension scheme	485	361
Other interest receivable	19	-
	605	362

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Interest payable and similar expenses

	2022	2021
	£000	£000
Interest payable to group companies	1	12
	<u>1</u>	<u>12</u>

10. Tax on profit

	2022	2021
	£000	£000
Corporation tax		
Current tax on profits for the year	(92)	861
Adjustments in respect of previous periods	(81)	(1,621)
	<u>(173)</u>	<u>(760)</u>
Total current tax	<u>(173)</u>	<u>(760)</u>
Deferred tax		
Origination and reversal of timing differences - current year	(493)	(358)
Origination and reversal of timing differences - prior year	(18)	165
Effect of changes in tax rate	-	2,200
Total deferred tax	<u>(511)</u>	<u>2,007</u>
Taxation on profit	<u>(684)</u>	<u>1,247</u>

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit before tax	(4,539)	489
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(862)	93
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	20	36
Fixed asset super-deduction	(44)	(45)
R&D expenditure credit	(13)	(21)
Adjustments in respect of prior periods	(99)	(1,455)
Tax rate changes	(120)	2,200
Depreciation on ineligible assets	434	439
Total tax charge for the year	(684)	1,247

In addition to the amount charged to profit or loss, a £4,422,000 tax credit relating to the remeasurement of the net defined benefit asset has been recognised in other comprehensive income (2021: £214,000 expense).

Factors that may affect future tax charges

In the UK Budget on 3 March 2021, it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As substantive enactment was before the balance sheet date, deferred tax balances as at 31 December 2022 were measured at a rate of 25%.

11. Dividends

No dividends were declared in 2022 (2021: None).

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Intangible assets

	Customer relationships £000	Trade Name £000	Technology £000	Goodwill £000	Total £000
Cost					
At 1 January 2022	10,793	1,573	7,366	42,538	62,270
At 31 December 2022	10,793	1,573	7,366	42,538	62,270
Accumulated amortisation					
At 1 January 2022	4,496	654	2,791	12,976	20,917
Charge for the year on owned assets	1,079	157	670	2,127	4,033
At 31 December 2022	5,575	811	3,461	15,103	24,950
Net book value					
At 31 December 2022	5,218	762	3,905	27,435	37,320
At 31 December 2021	6,297	919	4,575	29,562	41,353

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Intangible assets (continued)

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

	Net book value		Remaining amortisation period (years)	
	2022 £000	2021 £000	2022	2021
Customer relationships	5,218	6,297	4.8	5.8
Trade name	762	919	4.9	5.9
Technology	3,905	4,575	5.8	6.8
Goodwill	27,435	29,562	12.9	13.9

Intangible assets all relate to the acquisition of the Stirling Lloyd business in 2017 and can be further described as follows:

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 and tunnels. 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 (such as firms and governments) 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 Lloyd's 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 acquisition and 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
- Eliminator®
- Integritank®
- Decseal®
- Safetrack®
- Bridgemaster®
- Sentinel®

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Tangible assets

	Leasehold improvements £000	Plant and machinery £000	Assets under construction £000	Total £000
Cost				
At 1 January 2022	2,311	15,454	251	18,016
Additions	-	15	1,125	1,140
Disposals	(104)	(5,224)	-	(5,328)
Transfers between classes	2,085	(1,205)	(880)	-
At 31 December 2022	<u>4,292</u>	<u>9,040</u>	<u>496</u>	<u>13,828</u>
Accumulated depreciation				
At 1 January 2022	1,739	10,035	-	11,774
Charge for the year on owned assets	319	1,185	-	1,504
Disposals	(65)	(5,096)	-	(5,161)
At 31 December 2022	<u>1,993</u>	<u>6,124</u>	<u>-</u>	<u>8,117</u>
Net book value				
At 31 December 2022	<u><u>2,299</u></u>	<u><u>2,916</u></u>	<u><u>496</u></u>	<u><u>5,711</u></u>
At 31 December 2021	<u><u>572</u></u>	<u><u>5,419</u></u>	<u><u>251</u></u>	<u><u>6,242</u></u>

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2022	53,663
At 31 December 2022	53,663
Accumulated impairment	
At 1 January 2022	25,237
At 31 December 2022	25,237
Net book value	
At 31 December 2022	28,426
At 31 December 2021	28,426

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Holding
GCP RIW Holdings Limited	487/488 Ipswich Road, Slough, Berkshire, United Kingdom, SL1 4EP	100%
RIW Holdings Limited	487/488 Ipswich Road, Slough, Berkshire, United Kingdom, SL1 4EP	100%
R.I.W. Limited	487/488 Ipswich Road, Slough, Berkshire, United Kingdom, SL1 4EP	100%
Stirling Lloyd Polychem Limited	487/488 Ipswich Road, Slough, Berkshire, United Kingdom, SL1 4EP	100%
Stirling Lloyd Products International Limited	487/488 Ipswich Road, Slough, Berkshire, United Kingdom, SL1 4EP	100%

GCP APPLIED TECHNOLOGIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. Investments (continued)

Subsidiary undertakings (continued)

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 share.

GCP RIW Holdings Limited is non-trading and is the parent company to RIW Holdings Limited, which is also non-trading and is the parent company to 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. R.I.W. Limited was acquired on 18 May 2018.

De Neef UK Limited was a subsidiary of the Company as at 31 December 2021 but was dissolved on 23 February 2022.

Net book value

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

	2022 £000
GCP RIW Holdings Limited	28,426
	<u>28,426</u>

15. Stocks

	2022 £000	2021 £000
Raw materials and consumables	1,827	1,827
Work in progress	591	403
Finished goods and goods for resale	5,442	3,823
	<u>7,860</u>	<u>6,053</u>

The carrying value of stocks are stated net of stock obsolescence reserves totalling £601,000 (2021: £268,000). Expense relating to the inventory obsolescence provision totalling £333,000 (2021: £73,000) was recognised in cost of sales. The expense relating to the sale of goods recognised in the Statement of Comprehensive Income is £27,503,000 (2021: £24,163,000).

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Debtors

	2022 £000	2021 £000
Trade debtors	5,952	8,349
Amounts owed by group undertakings	18,124	16,152
Other debtors	146	192
Prepayments and accrued income	202	378
Tax recoverable	520	1,598
	<u>24,944</u>	<u>26,669</u>

Trade debtors are included net of expected credit loss provisions totalling £1,648,000 (2021: £442,000).

Included within the amounts owed by group undertakings is the cash pooling debtor balance of £17,016,000 (2021: debtor of £13,845,000). 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 NV/SA. Amounts owed to the Company under this cash pooling arrangement are immediately payable on demand and accrue interest at a rate of SONIA less 0.5%.

Except for the cash pooling arrangement, amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Included within the tax recoverable line is £nil relating to corporation tax (2021: £1,172,000) and £520,000 relating to VAT (2021: £426,000).

17. Cash at bank and in hand

	2022 £000	2021 £000
Cash at bank and in hand	-	170
	<u>-</u>	<u>170</u>

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

18. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	3,573	4,802
Amounts owed to group undertakings	366	188
Corporation tax	67	-
Other taxation and social security	303	289
Other creditors	453	5
Accruals and deferred income	2,139	2,023
	<u>6,901</u>	<u>7,307</u>

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

19. Provisions for liabilities

	Dilapidation Provision £000	Deferred Tax Provision £000	Total £000
At 1 January 2022	547	9,770	10,317
Charged/(credited) to profit or loss	35	(511)	(476)
Credited to other comprehensive income	-	(4,422)	(4,422)
At 31 December 2022	<u>582</u>	<u>4,837</u>	<u>5,419</u>

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

19. Provisions for liabilities (continued)

The dilapidation provision represents estimated dilapidation costs to be incurred on leasehold properties. Under the lease agreements, the Company is liable for the costs incurred to restore the sites to their original condition. The provision is calculated based on management's best estimates of the costs to be incurred at the end of the lease and outside experts are engaged to support this assessment as needed.

2022	2021
£000	£000

The deferred tax provision is broken up as follows:-

Owned fixed assets realised through use	3,060	3,606
Defined benefit pension scheme	1,935	6,403
Others	(158)	(239)
	<u>4,837</u>	<u>9,770</u>

20. Called up share capital

2022	2021
£000	£000

Authorised

15,000,000 (2021: 15,000,000) shares of £1.00 each

<u>15,000</u>	<u>15,000</u>
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Allotted, called up and fully paid

13,525,002 (2021: 13,525,002) shares of £1.00 each

<u>13,525</u>	<u>13,525</u>
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There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Pension commitments

The Company operates a defined benefit pension scheme - the GCP UK Pension Plan ("the plan").

Certain employees are part of the plan, which is now closed to new participants. Assets are held in a separately administered fund.

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 previously made contributions to the scheme based on a percentage of active employees' salaries. The Company no longer makes ordinary contributions to the scheme.

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 2022 showed an ongoing funding surplus at that date of £7,100,000, up from £4,500,000 as at 31 March 2019. The next formal valuation of the plan is due as at 31 March 2025. The updated valuation under FRS 102, prepared by the actuary, has been based the assumptions outlined below.

Reconciliation of present value of plan liabilities:

	2022 £000	2021 £000
Opening defined benefit obligation	(155,900)	(167,257)
Interest cost	(2,875)	(2,288)
Effect of changes in assumptions	38,234	5,206
Effect of experience adjustments	(3,247)	(98)
Benefits paid	9,237	8,537
At the end of the year	(114,551)	(155,900)

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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21. Pension commitments (continued)

Reconciliation of scheme net assets:

	2022 £000	2021 £000
At the beginning of the year	25,513	25,403
Interest income	3,360	2,649
Interest cost	(2,875)	(2,288)
Administrative costs	(570)	(514)
Gain on plan assets excluding interest income	(52,674)	(4,845)
Effect of change in assumptions	38,234	5,206
Effect of experience adjustments	(3,248)	(98)
At the end of the year	7,740	25,513

Composition of plan assets:

	2022 £000	2021 £000
Corporate bonds	2,700	4,638
Fixed interest gilts	14,995	30,258
Index-linked gilts	22,569	39,214
Diversified growth, absolute return and equities	13,586	20,130
Cash (including trustee bank account)	1,306	1,726
Insured liabilities	67,135	85,447
Total plan assets	122,291	181,413

	2022 £000	2021 £000
Fair value of plan assets	122,291	181,413
Present value of plan liabilities	(114,551)	(155,900)
Net pension scheme asset	7,740	25,513

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Pension commitments (continued)

The amounts recognised in the Statement of Comprehensive Income are as follows:

	2022 £000	2021 £000
Interest income on net surplus	485	361
Administrative costs	(570)	(514)
Remeasurement of net pension scheme asset	(17,688)	263
Total	(17,773)	110

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

Reconciliation of fair value of plan assets were as follows:

	2022 £000	2021 £000
Opening fair value of scheme assets	181,413	192,660
Interest income on plan assets	3,360	2,649
Return on plan assets excluding interest income	(52,674)	(4,845)
Administrative costs	(570)	(514)
Benefits paid	(9,237)	(8,537)
	122,292	181,413

The actuarial loss recognised in the Statement of Comprehensive Income was £17,688,000 (2021 - £263,000 gain.).

The Company expects to contribute £NIL to its defined benefit pension scheme - the GCP UK Pension Plan ("the plan") in 2023.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Pension commitments (continued)

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

	2022	2021
	%	%
Main financial assumptions		
Discount rate	4.85	1.90
RPI inflation	3.00	3.40
CPI inflation	2.50	2.90
Main demographic assumptions		
Mortality base table adopted	Standard SAP3 S3 "All lives" base tables for males with scaling factors of 103% for non-pensioners and 98% for pensioners. Standard SAP3 S3 "Middle" base tables for females with scaling factors of 103% for non-pensioners and 94% for pensioners Standard SAPS S2 "All lives" base tables with scaling factors of 97% for males and 91% for females	
Mortality future improvements adopted	Future Improvements in line with the "CMI_2021" projection model with smoothing parameter of 7.0, W2020 & W2021 = 0 and 'A' parameter of 0.2 and a long term improvement of 1.25% p.a. Future improvements in line with the "CMI_2020" projection model with smoothing parameter of 7.0 and 'A' parameter of 0.0 and a long term improvement of 1.25% p.a.	
Life expectancy for male currently aged 65	22.4	21.90
Life expectancy for female currently aged 65	24.6	24.40
Life expectancy at 65 for male currently aged 45	23.3	23.40
Life expectancy at 65 for female currently aged 45	25.3	26.00
Defined benefit transfer take-up	No allowance	No allowance
Cash commutation	Members are assumed to take 10% of their pension as a tax-free cash lump sum.	Members are assumed to take 10% of their pension as a tax-free cash lump sum.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

22. Commitments under operating leases

At 31 December the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £000	2021 £000
Land and buildings		
Not later than 1 year	471	432
Later than 1 year and not later than 5 years	1,693	1,757
Later than 5 years	2,360	2,755
	<u>4,524</u>	<u>4,944</u>
	2022 £000	2021 £000
Other leases		
Not later than 1 year	92	189
Later than 1 year and not later than 5 years	93	160
	<u>185</u>	<u>349</u>

23. Related party transactions

The Company is a wholly owned subsidiary of Compagnie de Saint-Gobain S.A. and is included in the consolidated financial statements of that company.

The Company has availed of the exemption provided in FRS 102 "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.

24. Post balance sheet events

Effective 1 September 2023, the trade and assets of R.I.W. Limited, a fellow member of the group headed by Compagnie de Saint-Gobain S.A., was transferred to the Company. R.I.W. Limited ceased trading from this date.

GCP APPLIED TECHNOLOGIES (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

25. Controlling party

The intermediary parent undertaking is GCP Products (UK) Limited. The ultimate parent undertaking and controlling party is *Compagnie de Saint-Gobain*, incorporated in France.

The only consolidated financial statements prepared and in which the Company's results are included are those of the ultimate parent company. Copies of these financial statements are publicly available and can be obtained at the address below:

La Defense, Courbevoie, 92037
CEDEX
France