



BOWATER BUILDING PRODUCTS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Company Registration Number 05088708

RSM Tenon Limited

Accountants and Business Advisers
Cedar House
Sandbrook Business Park
Sandbrook Way
Rochdale
Lancashire
OL11 1LQ

BOWATER BUILDING PRODUCTS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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BOWATER BUILDING PRODUCTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2011

The board of directors

D A Jones
G Fitton
C Torley

Business address

Water Orton Lane
Minworth
Sutton Coldfield
West Midlands
B76 9BW

Registered office

Water Orton Lane
Minworth
Sutton Coldfield
West Midlands
B76 9BW

Auditor

RSM Tenon Audit Limited
Cedar House
Sandbrook Business Park
Sandbrook Way
Rochdale
Lancashire
OL11 1LQ

Accountants

RSM Tenon Limited
Accountants and Business Advisors
Cedar House
Sandbrook Business Park
Sandbrook Way
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OL11 1LQ

BOWATER BUILDING PRODUCTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements of the company for the year ended 31 December 2011

Principal activities and business review

The principal activities of the company are the extrusion and sale of PVCu profiles and ancillaries into the UK window market, the manufacture and sale of Composite Doors and contracting for the installation of window and doors

The difficult trading conditions of recent years have continued with rising raw material costs, significant over supply undermining market prices and depressed market conditions

In June 2011 the company was acquired by VEKA plc, part of the global VEKA group. This acquisition brings together 3 strong premium brands - VEKA, Halo and Bowater - and provides a platform on which to build for the future. As part of the VEKA group the directors take a long term strategic view of the UK market and believe there is a strong demand for premium products supported by the highest quality of customer service. To this end the company continues to invest in its products and services. As part of that process the company's logistics operations have been transferred to VEKA's state of the art distribution centre.

The directors expect a gradual improvement in market conditions but believe further volatility in raw material costs will force increases in market prices. The directors are confident that the business is well placed to achieve long term success.

Results and dividends

The loss for the year amounted to £3,698,000. The directors have not recommended a dividend.

Financial risk management objectives and policies

Since the acquisition by VEKA the company's operations have been financed by way of the group's treasury operations and it no longer has any external funding.

The management's financial risk management objective is to retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due.

The directors have assessed the main risks facing the company as being

- > Raw material price,
- > Competitive pressures, and
- > Payment default by customers

The company establishes long term partnership arrangements with suppliers with whom they work to manage raw material price volatility.

The risk from competitive pressures is managed by building strong partnerships with customers and providing them with the highest standards of quality and service.

The company works closely with its customers to mitigate potential payment default and, where it is available, utilise credit insurance.

BOWATER BUILDING PRODUCTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

Directors

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

D A Jones	(Appointed 6 June 2011)
G Fitton	(Appointed 6 June 2011)
C Torley	(Appointed 6 June 2011)
C J Baranowski	(Resigned 6 June 2011)
J M Holland	(Resigned 6 June 2011)

Policy on the payment of creditors

The company's policy is to agree settlement terms with its suppliers and then to abide by those terms. This policy will continue for the forthcoming year. The average non-group creditor payment period of the company at 31 December 2011 was 70 days (2010 - 78 days)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

BOWATER BUILDING PRODUCTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the company's profit sharing schemes and are encouraged to invest in the company through participation in share option schemes.

Auditor

RSM Tenon Audit Limited were appointed as auditors during the year and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



G Fitton

Director

Approved by the directors on 19 April 2012

BOWATER BUILDING PRODUCTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOWATER
BUILDING PRODUCTS LIMITED

YEAR ENDED 31 DECEMBER 2011

We have audited the financial statements of Bowater Building Products Limited for the year ended 31 December 2011 on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

BOWATER BUILDING PRODUCTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOWATER
BUILDING PRODUCTS LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2011

Matters on which we are required to report by exception

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

Christopher Hill, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited

RSM Tenon Audit Limited
Statutory Auditor
Cedar House
Sandbrook Business Park
Sandbrook Way
Rochdale
Lancashire
OL11 1LQ

19 April 2012

BOWATER BUILDING PRODUCTS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2011**

		2011	2010
	Note	£000	<i>Restated</i> <i>(Note 25)</i> £000
Turnover	2	47,942	49,132
Cost of sales		(39,614)	(38,850)
Gross profit		<u>8,328</u>	<u>10,282</u>
Distribution costs		(5,712)	(5,478)
Administrative expenses excluding exceptional items		(6,564)	(5,730)
Exceptional administrative expenses	7	—	(652)
Administrative expenses		<u>(6,564)</u>	<u>(6,382)</u>
Other operating income	3	250	280
Operating loss	4	<u>(3,698)</u>	<u>(1,298)</u>
Interest payable and similar charges	8	—	(5)
Loss on ordinary activities before taxation		<u>(3,698)</u>	<u>(1,303)</u>
Tax on loss on ordinary activities	9	—	45
Loss for the financial year		<u><u>(3,698)</u></u>	<u><u>(1,258)</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 9 to 18 form part of these financial statements

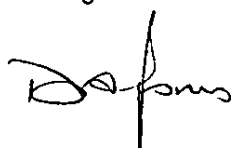
BOWATER BUILDING PRODUCTS LIMITED

Registered Number 05088708

BALANCE SHEET**31 DECEMBER 2011**

			2011	2010 Restated (Note 25)
	Note	£000	£000	£000
Fixed assets				
Tangible assets	10		4,204	6,155
Current assets				
Stocks	11	2,649		4,362
Debtors	12	9,130		8,892
Cash at bank and in hand		2,343		1,682
		<u>14,122</u>		<u>14,936</u>
Creditors: Amounts falling due within one year	13	<u>(12,286)</u>		<u>(10,964)</u>
Net current assets			1,836	3,972
Total assets less current liabilities			<u>6,040</u>	<u>10,127</u>
Provisions for liabilities				
Other provisions	16		<u>(928)</u>	<u>(1,317)</u>
			<u>5,112</u>	<u>8,810</u>
Capital and reserves				
Share capital	20		-	-
Share premium account	21		13,600	13,600
Profit and loss account	22		(8,488)	(4,790)
Shareholders' funds	23		<u>5,112</u>	<u>8,810</u>

These financial statements were approved by the directors and authorised for issue on 19 April, and are signed on their behalf by



D A Jones



G Fittor

The notes on pages 9 to 18 form part of these financial statements

BOWATER BUILDING PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Cash flow statement

The company has used the exemption under Finance Reporting Standard 1, "Cash Flow Statements", and has therefore not prepared a cashflow statement. A consolidated cash flow statement is included in the financial statements of the ultimate parent company.

Related parties transactions

The group has taken advantage of the exemption available under paragraph 3c of Financial Reporting Standard 8, allowing non-disclosure of transactions between group undertakings.

Turnover

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Leasehold Property	-	life of lease
Plant & Machinery	-	10% to 33 3% per annum straight line
Fixtures & Fittings	-	20% to 33 3% per annum straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Raw materials, consumables and goods for resale purchase are included at cost on a first in, first out basis.

Finished goods are included at cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred prior to completion and disposal.

BOWATER BUILDING PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

1. Accounting policies *(continued)*

Work in progress and contract accounting

Work in progress is valued on the basis of direct material and labour costs plus attributable overheads based on a normal level of activity

For long term contracts, profit is recognised by reference to the stage of completion of each contract where there is reasonably certainty that the contract will be profitable. Where the outcome of the contract cannot be established with reasonable certainty, no profit is recognised. Foreseeable losses are provided for in full at the point at which the loss is anticipated.

Where amounts invoiced exceed the value of work done, the excess is accounted for as payments received on account and is included within creditors. Where the value of work done exceeds the amounts invoiced, the excess is accounted for as amounts recoverable on contracts and is included within debtors.

Operating lease agreements

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a money purchase pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions.

Monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the year end.

Non-monetary assets and liabilities and transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the date of the transactions, or at an average rate for the period if the rates do not fluctuate significantly.

All exchange differences are taken to the profit and loss account.

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

1. Accounting policies *(continued)*

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument.

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2011 £000	2010 £000
United Kingdom	45,938	47,426
Overseas	2,004	1,706
	<u>47,942</u>	<u>49,132</u>

All of the company's turnover and loss before taxation arises from the manufacture, distribution, sale and installation of extruded PVCu profile, door units, double glazed windows and related products and all of the company's operating assets are used for this purpose. With the exception of £2,004,000 (2010 - £1,706,000) of turnover to the Irish Republic, the destination of all turnover is in the United Kingdom.

3. Other operating income

	2011 £000	2010 £000
Rent receivable	<u>250</u>	<u>280</u>

BOWATER BUILDING PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

4. Operating loss

Operating loss is stated after charging

	2011	2010
	£000	£000
Depreciation of owned fixed assets	1,945	2,314
Loss on disposal of fixed assets	150	–
Operating lease costs		
-Plant and machinery	538	1,207
-Other	1,349	1,483
Auditor's remuneration - audit of the financial statements	30	39
Auditor's remuneration - other fees	10	22
	<u>2011</u>	<u>2010</u>
	<u>£000</u>	<u>£000</u>
Auditor's remuneration - audit of the financial statements	30	39
Auditor's remuneration - other fees		
- Taxation services	10	22

5. Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2011	2010
	No	No
Number of production staff	154	120
Number of administrative staff	100	157
	<u>254</u>	<u>277</u>

The aggregate payroll costs of the above were

	2011	2010
	£000	£000
Wages and salaries	7,158	7,646
Social security costs	772	858
Other pension costs	315	341
	<u>8,245</u>	<u>8,845</u>

BOWATER BUILDING PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

6. Directors' remuneration

The directors' aggregate remuneration and other payments in respect of qualifying services were

	2011	2010
	£000	£000
Remuneration receivable	154	462
Value of company pension contributions to money purchase schemes	31	74
Compensation for loss of directorship	464	—
	<u>649</u>	<u>536</u>

Remuneration of highest paid director:

	2011	2010
	£000	£000
Total remuneration (excluding pension contributions)	<u>403</u>	<u>311</u>

The number of directors accruing benefits under company pension schemes was as follows

	2011	2010
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

7. Exceptional items

	2011	2010
	£000	£000
Recognised in arriving at operating loss		
Exceptional items	<u>-</u>	<u>(652)</u>

The exceptional costs in 2010 comprised of business restructuring of £63,000 and £589,000 in respect of property closure and dilapidation provisions relating to an estimate of the company's obligations under ongoing lease commitments

8. Interest payable and similar charges

	2011	2010
	£000	£000
Interest payable on bank borrowing	<u>-</u>	<u>5</u>

9. Taxation on ordinary activities

(a) Analysis of charge in the year

	2011	2010
	£000	£000
Corporation tax	-	-
Over/under provision in prior year	<u>-</u>	<u>(45)</u>
	<u>-</u>	<u>(45)</u>

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

9. Taxation on ordinary activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 26% (2010 - 28%)

	2011 £000	2010 £000
Loss on ordinary activities before taxation	(3,698)	(1,303)
Loss on ordinary activities by rate of tax	(961)	(365)
Effects of		
Expenses not deductible for tax purposes	42	61
Capital allowances for period in excess of depreciation	(142)	427
Utilisation of tax losses	-	(66)
Unrelieved tax losses	1,022	-
Adjustments to tax charge in respect of previous periods	-	(45)
Other timing differences	39	(57)
Total current tax (note 9(a))	-	(45)

(c) Factors that may affect future tax charges

At 31 December 2011, there are corporation tax losses of approximately £3.9m (2010 - £Nil) which are available for set-off against future taxable profits of the same trade

10. Tangible fixed assets

	Leasehold Property £000	Plant & Machinery £000	Fixtures & Fittings £000	Total £000
Cost				
At 1 January 2011	1,599	17,984	1,791	21,374
Additions	-	140	4	144
Disposals	(182)	(454)	-	(636)
At 31 December 2011	1,417	17,670	1,795	20,882
Depreciation				
At 1 January 2011	878	12,645	1,696	15,219
Charge for the year	110	1,794	41	1,945
On disposals	(165)	(321)	-	(486)
Transfers	(50)	50	-	-
At 31 December 2011	773	14,168	1,737	16,678
Net book value				
At 31 December 2011	644	3,502	58	4,204
At 31 December 2010	721	5,339	95	6,155

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

11. Stocks

	2011	2010 <i>Restated</i> <i>(Note 25)</i>
	£000	£000
Raw materials	1,351	802
Work in progress	64	267
Finished goods	743	2,912
Long term contract balances	491	381
	<u>2,649</u>	<u>4,362</u>

12. Debtors

	2011	2010 <i>Restated</i> <i>(Note 25)</i>
	£000	£000
Trade debtors	6,658	6,281
Amounts recoverable on contracts	1,511	1,105
Other debtors	43	-
Prepayments and accrued income	918	1,506
	<u>9,130</u>	<u>8,892</u>

Included in trade debtors is an amount of £128,000 which is due after more than one year (2010 - £38,000)

13. Creditors: Amounts falling due within one year

	2011	2010 <i>Restated</i> <i>(Note 25)</i>
	£000	£000
Trade creditors	8,803	8,905
Amounts owed to group undertakings	450	48
PAYE and social security	473	292
VAT	958	384
Accruals and deferred income	1,602	1,335
	<u>12,286</u>	<u>10,964</u>

14. Pensions

The company operates a money purchase pension scheme. Amounts due to the scheme at the year end were £3,000 (2010 - £36,000)

15. Deferred taxation

No provision has been made in the financial statements and the amounts unprovided at the end of the year are as follows

	2011	2010
	£000	£000
Accelerated capital allowances	(1,611)	(1,703)
Tax losses available	(983)	-
Other timing differences	(53)	(17)
	<u>(2,647)</u>	<u>(1,720)</u>

BOWATER BUILDING PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

15. Deferred taxation *(continued)*

The deferred tax asset has not been recognised, as the balance is not expected to crystallise, and thus benefit current tax charges, in the foreseeable future

16. Other provisions

	2011 £000
Property closure:	
Balance brought forward	1,290
Movement for year	(384)
	<u>906</u>
Warranty.	
Balance brought forward	17
Movement for year	(1)
	<u>16</u>
Restructuring.	
Balance brought forward	10
Movement for year	(4)
	<u>6</u>
 Total provisions	 <u>928</u>

Property Closure

Provision has been made for anticipated costs likely to be incurred under the terms of the various leases, until such time as the leases expire or may be assigned. These costs are expected to be incurred over periods up to the next five years.

The movement in the year is comprised of additional provisions of £100,000 and the utilisation of provisions brought forward of £484,000.

Warranty

Some of the Group's manufactured products are sold with a performance warranty for up to ten years from the date of sale or installation. Provision is made for the estimated cost of this commitment based on historic claims experience.

The movement in the year is comprised of additional provisions of £16,000 and the utilisation of provisions brought forward of £17,000.

Restructuring

Provision has been made for restructuring within the business. These costs are expected to be incurred primarily within one year.

The movement in the year is comprised of the utilisation of provisions brought forward of £4,000.

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

17. Commitments under operating leases

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings £000	Other Items £000	Land and buildings £000	Other Items £000
Operating leases which expire				
Within 1 year	-	4	-	178
Within 2 to 5 years	709	107	1,236	398
After more than 5 years	170	-	170	-
	<u>879</u>	<u>111</u>	<u>1,406</u>	<u>576</u>

18. Contingencies

As at 31 December 2011 the company together with its parent undertaking are party to cross guarantees under group banking arrangements with HSBC Bank plc. At 31 December 2011, the liabilities covered by this guarantee was £4,628,000 (2010 - £Nil)

19. Related party transactions

The group has taken advantage of the exemption available under paragraph 3c of Financial Reporting Standard 8, allowing non-disclosure of transactions between group undertakings

20. Share capital

Authorised share capital:

	2011 £000	2010 £000
4 Ordinary shares of £1 each	-	-

Allotted, called up and fully paid.

	2011 No	£000	2010 No	£000
4 Ordinary shares of £1 each	4	-	4	-

21. Share premium account

There was no movement on the share premium account during the financial year

22. Profit and loss account

	2011 £000	2010 £000
Balance brought forward	(4,790)	(3,532)
Loss for the financial year	(3,698)	(1,258)
Balance carried forward	<u>(8,488)</u>	<u>(4,790)</u>

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

23. Reconciliation of movements in shareholders' funds

	2011	2010
	£000	£000
Loss for the financial year	(3,698)	(1,258)
Opening shareholders' funds	8,810	10,068
Closing shareholders' funds	<u>5,112</u>	<u>8,810</u>

24. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £Nil (2010 - £6,000)

25. Restatement of comparatives

Following the acquisition of the company by VEKA plc, the company has adopted a Format 1 profit and loss presentation to be consistent with existing group accounting, and the prior year has been restated in this format

Further following a review of the accounting disclosures for long term contracts, amounts of £1,486,000 previously included in "Trade debtors" have been recategorised as £1,105,000 "Amounts recoverable on contracts" within debtors and £381,000 as "Long term contract balances" within stocks and amounts of £363,000 previously included in "Trade creditors" have been recategorised as "Accruals"

26. Ultimate parent company

At December 31 2010 the company's immediate and ultimate parent undertaking was Broomco (4207) Limited. On 6 June 2011, the company was acquired by VEKA plc which became its immediate parent, and its ultimate parent became VEKA AG, a company registered in Germany. Copies of the financial statements of VEKA AG are available from the company's registered office.