

**REGISTRAR OF
COMPANIES**



**BOWATER BUILDING PRODUCTS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

Company Registration Number 05088708

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

BOWATER BUILDING PRODUCTS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

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BOWATER BUILDING PRODUCTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2012

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	Farrington Road Rossendale Road Industrial Estate Burnley Lancashire BB11 5DA
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 Rochdale Lancashire OL11 1LQ

BOWATER BUILDING PRODUCTS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements of the company for the year ended 31 December 2012

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 windows and doors

Following its acquisition by VEKA plc in June 2011 the company carried out a strategic review of its operations. As a result of this review all of the UK group's PVC profile and ancillaries business activities have been brought together under one structure operating under the VEKA, Halo and Bowater brands. Logistics and manufacturing activities have been concentrated at the main facility in Burnley, Lancashire which has undergone a very significant capital expenditure improvement project. The restructuring involved the transfer of all of the trade and business assets of the company's Halo division into VEKA plc. During this transitional period significant one off costs were incurred which has increased operating losses.

The company retains its Composite Doors division, Bowater Doors, and its contracting division, Bowater Projects which now both operate from the facility in Minworth, Birmingham. Both these divisions are clearly focused on providing premium products supported by the highest quality of customer service. Whilst market conditions remain difficult the Directors believe both divisions can operate successfully in their market sectors.

Results and dividends

The loss for the year amounted to £5,328,000. The directors have not recommended a dividend.

Financial risk management objectives and policies

The company's operations are financed by way of the group's treasury operations and it does not have 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 2012

Directors

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

D A Jones
G Fitton
C Torley

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 2012 was 62 days (2011 - 70 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

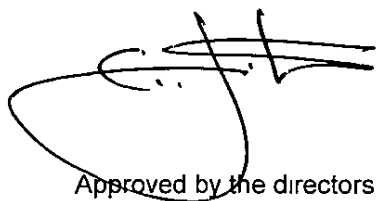
THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

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

A handwritten signature in black ink, appearing to be 'G Filton', with a large circular flourish at the bottom left.

G Filton

Director

Approved by the directors on 16 April 2013

BOWATER BUILDING PRODUCTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOWATER
BUILDING PRODUCTS LIMITED
YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements of Bowater Building Products Limited for the year ended 31 December 2012 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 2012 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.

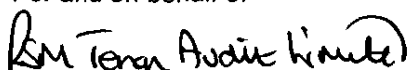
BOWATER BUILDING PRODUCTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOWATER
BUILDING PRODUCTS LIMITED *(continued)*
YEAR ENDED 31 DECEMBER 2012

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
Statutory Auditor
Cedar House
Sandbrook Business Park
Sandbrook Way
Rochdale
Lancashire
OL11 1LQ

16 April 2013

BOWATER BUILDING PRODUCTS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2012

	Note	£000	2012 £000	£000	2011 £000
Turnover	2				
Continuing operations		12,995		11,363	
Discontinued operations		<u>21,933</u>		<u>36,579</u>	
			34,928		47,942
Cost of sales	3		(34,876)		(39,615)
Gross profit			<u>52</u>		<u>8,327</u>
Net operating expenses	3		<u>(5,380)</u>		<u>(12,025)</u>
Operating loss:	5				
Continuing operations		(1,591)		(2,175)	
Discontinued operations		<u>(3,737)</u>		<u>(1,523)</u>	
			(5,328)		(3,698)
Loss on ordinary activities before taxation			<u>(5,328)</u>		<u>(3,698)</u>
Tax on loss on ordinary activities	8		—		—
Loss for the financial year			<u>(5,328)</u>		<u>(3,698)</u>

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

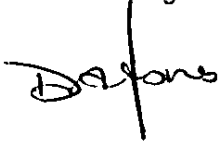
BOWATER BUILDING PRODUCTS LIMITED

Registered Number 05088708

BALANCE SHEET**31 DECEMBER 2012**

	Note	£000	2012 £000	£000	2011 £000
Fixed assets					
Tangible assets	9		221		4,204
Current assets					
Stocks	10	1,158		2,649	
Debtors	11	2,865		9,130	
Cash at bank and in hand		581		2,343	
		<u>4,604</u>		<u>14,122</u>	
Creditors: Amounts falling due within one year	12	<u>(4,583)</u>		<u>(12,286)</u>	
Net current assets			21		1,836
Total assets less current liabilities			<u>242</u>		<u>6,040</u>
Provisions for liabilities					
Other provisions	15		(458)		(928)
			<u>(216)</u>		<u>5,112</u>
Capital and reserves					
Share capital	19		—		—
Share premium account	20		13,600		13,600
Profit and loss account	21		(13,816)		(8,488)
Shareholders' funds	22		<u>(216)</u>		<u>5,112</u>

These financial statements were approved by the directors and authorised for issue on 16 April 2013, and are signed on their behalf by



D A Jones



G Fitton

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 2012

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 2012

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 2012

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:

	2012	2011
	£000	£000
United Kingdom	34,928	45,918
Overseas	-	2,024
	<u>34,928</u>	<u>47,942</u>

All of the company's turnover and loss before taxation arises from the manufacture, distribution and sale of extruded PVCu profile, door units, double glazed windows and related products and contracting for the installation of windows and doors. All of the company's operating assets are used for this purpose.

3. Analysis of cost of sales and net operating expenses

	Continuing operations £000	Discontinued operations £000	Total £000
Year ended 31 December 2012			
Cost of sales	<u>11,805</u>	<u>23,071</u>	<u>34,876</u>
Distribution costs	562	1,795	2,357
Administrative expenses	3,719	804	4,523
Other operating income (Note 4)	(1,500)	-	(1,500)
Net operating expenses	<u>2,781</u>	<u>2,599</u>	<u>5,380</u>

BOWATER BUILDING PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

3. Analysis of cost of sales and net operating expenses (continued)

	Continuing operations £000	Discontinued operations £000	Total £000
Year ended 31 December 2011			
Turnover	11,363	36,579	47,942
Cost of sales	10,945	28,670	39,615
Gross profit	<u>418</u>	<u>7,909</u>	<u>8,327</u>
Distribution costs	525	5,187	5,712
Administrative expenses	2,318	4,245	6,563
Other operating income (Note 4)	(250)	-	(250)
Net operating expenses	<u>2,593</u>	<u>9,432</u>	<u>12,025</u>
Operating loss	<u>(2,175)</u>	<u>(1,523)</u>	<u>(3,698)</u>

4. Other operating income

	2012 £000	2011 £000
Rent receivable	250	250
Recharge of costs	1,250	-
	<u>1,500</u>	<u>250</u>

5. Operating loss

Operating loss is stated after charging/(crediting)

	2012 £000	2011 £000
Depreciation of owned fixed assets	1,438	1,945
(Profit)/loss on disposal of fixed assets	(55)	150
Operating lease costs		
-Plant and machinery	543	538
-Other	602	1,349
Auditor's remuneration - audit of the financial statements	26	30
Auditor's remuneration - other fees	<u>6</u>	<u>10</u>
	2012 £000	2011 £000
Auditor's remuneration - audit of the financial statements	<u>26</u>	<u>30</u>
Auditor's remuneration - other fees		
- Taxation services	<u>6</u>	<u>10</u>

BOWATER BUILDING PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

6. Particulars of employees

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

	2012	2011
	No	No
Number of production staff	88	154
Number of administrative staff	82	100
	<u>170</u>	<u>254</u>

The aggregate payroll costs of the above were

	2012	2011
	£000	£000
Wages and salaries	6,600	7,158
Social security costs	676	772
Other pension costs	217	315
	<u>7,493</u>	<u>8,245</u>

7. Directors' remuneration

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

	2012	2011
	£000	£000
Remuneration receivable	-	154
Value of company pension contributions to money purchase schemes	-	31
Compensation for loss of directorship	-	464
	<u>-</u>	<u>649</u>

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

	2012	2011
	No	No
Money purchase schemes	-	2

BOWATER BUILDING PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

8. Taxation on ordinary activities

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 24% (2011 - 26%)

	2012 £000	2011 £000
Loss on ordinary activities before taxation	<u>(5,328)</u>	<u>(3,698)</u>
Loss on ordinary activities by rate of tax	(1,279)	(961)
Effects of		
Expenses not deductible for tax purposes	3	42
Depreciation in excess of capital allowances	330	509
Transfer of tax losses	644	-
Unrelieved tax losses	332	371
Other timing differences	<u>(30)</u>	<u>39</u>
Total current tax	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

At 31 December 2012, there are corporation tax losses of approximately £2.8m (2011 - £1.4m) which are available for set-off against future taxable profits of the same trade

9. Tangible fixed assets

	Leasehold Property £000	Plant & Machinery £000	Fixtures & Fittings £000	Total £000
Cost				
At 1 January 2012	1,417	17,670	1,795	20,882
Additions	-	429	-	429
Disposals	(2,930)	(15,188)	(1,781)	(19,899)
Reclassifications	<u>1,513</u>	<u>(1,499)</u>	<u>(14)</u>	<u>-</u>
At 31 December 2012	<u>-</u>	<u>1,412</u>	<u>-</u>	<u>1,412</u>
Depreciation				
At 1 January 2012	773	14,168	1,737	16,678
Charge for the year	95	1,315	28	1,438
On disposals	(2,303)	(12,865)	(1,757)	(16,925)
Reclassifications	<u>1,435</u>	<u>(1,427)</u>	<u>(8)</u>	<u>-</u>
At 31 December 2012	<u>-</u>	<u>1,191</u>	<u>-</u>	<u>1,191</u>
Net book value				
At 31 December 2012	<u>-</u>	<u>221</u>	<u>-</u>	<u>221</u>
At 31 December 2011	<u>644</u>	<u>3,502</u>	<u>58</u>	<u>4,204</u>

BOWATER BUILDING PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

10. Stocks

	2012	2011
	£000	£000
Raw materials	796	1,351
Work in progress	–	64
Finished goods	1	743
Long term contract balances	361	491
	<u>1,158</u>	<u>2,649</u>

11. Debtors

	2012	2011
	£000	£000
Trade debtors	1,540	6,658
Amounts recoverable on contracts	1,167	1,511
Other debtors	–	43
Prepayments and accrued income	158	918
	<u>2,865</u>	<u>9,130</u>

Included in trade debtors is an amount of £52,000 which is due after more than one year (2011 - £128,000)

12. Creditors: Amounts falling due within one year

	2012	2011
	£000	£000
Trade creditors	1,392	8,803
Amounts owed to group undertakings	2,475	450
PAYE and social security	–	473
VAT	195	958
Other creditors	5	–
Accruals and deferred income	516	1,602
	<u>4,583</u>	<u>12,286</u>

13. Pensions

The company operates a money purchase pension scheme. Amounts due to the scheme at the year end were £Nil (2011 - £3,000)

14. Deferred taxation

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

	2012	2011
	£000	£000
Excess of taxation allowances over depreciation on fixed assets	234	2,247
Tax losses available	645	356
Other timing differences	12	47
	<u>891</u>	<u>2,650</u>

BOWATER BUILDING PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

14. 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

15. Other provisions

	2012
	£000
Property closure:	
Balance brought forward	906
Movement for year	(502)
	<u>404</u>
Warranty:	
Balance brought forward	16
Movement for year	38
	<u>54</u>
Restructuring:	
Balance brought forward	6
Movement for year	(6)
	<u>-</u>
 Total provisions	 <u>458</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 four years.

The movement in the year is comprised of the transfer of provisions to VEKA plc £36,000, the reversal of provisions brought forward of £313,000 and the utilisation of provisions brought forward of £153,000.

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 the utilisation of provisions brought forward of £16,000 together with new provisions in the year of £54,000.

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 £6,000.

BOWATER BUILDING PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

16. Commitments under operating leases

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

	2012		2011	
	Land and buildings £000	Other Items £000	Land and buildings £000	Other Items £000
Operating leases which expire				
Within 1 year	-	25	-	4
Within 2 to 5 years	605	67	709	107
After more than 5 years	170	-	170	-
	<u>775</u>	<u>92</u>	<u>879</u>	<u>111</u>

17. Contingencies

As at 31 December 2012 the company together with its parent undertaking are party to cross guarantees under group banking arrangements with HSBC Bank plc. At 31 December 2012, the liabilities covered by this guarantee were £6,765,000 (2011 £4,628,000)

18. 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

19. Share capital

Authorised share capital:

	2012	2011
	£000	£000
4 Ordinary shares of £1 each	<u>-</u>	<u>-</u>

Allotted, called up and fully paid.

	2012		2011	
	No	£000	No	£000
4 Ordinary shares of £1 each	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>

20 Share premium account

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

21. Profit and loss account

	2012	2011
	£000	£000
Balance brought forward	(8,488)	(4,790)
Loss for the financial year	(5,328)	(3,698)
Balance carried forward	<u>(13,816)</u>	<u>(8,488)</u>

BOWATER BUILDING PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

22. Reconciliation of movements in shareholders' funds

	2012	2011
	£000	£000
Loss for the financial year	(5,328)	(3,698)
Opening shareholders' funds	<u>5,112</u>	<u>8,810</u>
Closing shareholders' (deficit)/funds	<u>(216)</u>	<u>5,112</u>

23. Ultimate parent company

At December 31 2012 the company's immediate parent company was VEKA plc and it's ultimate parent was VEKA AG, a company registered in Germany. Copies of the financial statements of VEKA AG are available from the company's registered office.