

Company Registration No. 05088708 (England and Wales)

BOWATER BUILDING PRODUCTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015



BOWATER BUILDING PRODUCTS LIMITED

COMPANY INFORMATION

Directors	Mr G Fitton Mr D Jones
Secretary	Mr G Fitton
Company number	05088708
Registered office	Farrington Road Rossendale Road Industrial Estate Burnley Lancashire England BB11 5DA
Auditors	RSM UK Audit LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF
Business address	Curdworth House Kingsbury Road Curdworth Sutton Coldfield West Midlands B76 9EE
Bankers	HSBC Bank PLC 2-4 St Ann's Square Manchester M2 7HD
Solicitors	Brabners Chaffe Street Brook House 77 Fountain Street Manchester M2 2EE

BOWATER BUILDING PRODUCTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report and financial statements for the year ended 31 December 2015.

Fair review of the business

On 31 December 2014 the trade and assets relating to Bowater Doors were transferred to the legal entity Bowater Doors Limited, a subsidiary company, in order to give it a separate identity in the market. Following this the company operated one business in the UK - Bowater Projects (contracting).

Bowater Projects is a well established player in the commercial sector focused on the installation of windows and doors. It has a number of very strong business relationships based on its excellent record on contract delivery.

The UK commercial window market was muted in 2015 but is expected to recover in 2016. Cost volatility and resource shortages created challenges during the year. The directors believe the company's reputation and relationship with clients together with a commitment to the highest level of client service means the company is in a strong position to continue to operate successfully in the UK market.

Matters of strategic importance

The company continues to focus on providing high value added products and a first class service to its customer base.

Principal risks and uncertainties

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 standard 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

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Key performance indicators

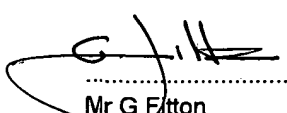
The company operates a range of KPIs covering all the aspects of its operations including customer satisfaction, product quality and financial performance.

The directors monitor performance through the use of detailed annual budgets and forecasts that cover all the trading divisions in the company and monitoring of actual performance against these budgets.

	<u>2015</u>	<u>2014</u>
	£000	£000
Turnover - continuing operations	6,002	8,448
Operating profit - continuing operations	1	9
Net current assets	48	47
Average income per employee	286	325

The directors are satisfied with the performance of the business in light of market conditions during the year.

On behalf of the board



.....
Mr G Fitton

Director

31 May 2016

BOWATER BUILDING PRODUCTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Principal activities

The principal activities of the company is contracting for the installation of windows and doors. This activity is carried out by the trading division - Bowater Projects.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr G Fitton

Mr D Jones

Mr C Torley

(Resigned 29 January 2016)

Results and dividends

The results for the year are set out on page 6.

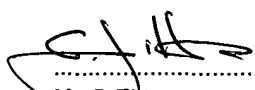
Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

On behalf of the board


.....
Mr G Fitton

Director

31 May 2016

BOWATER BUILDING PRODUCTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for preparing the Strategic Report and 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 these financial statements, the directors are required to:

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

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

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

We have audited the financial statements on pages 6 to 21. 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), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 more fully explained in the Directors' Responsibilities Statement set out on page 4, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

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 2015 and of its profit 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

RSM UK Audit LLP

Eric Solomons (Senior Statutory Auditor)

for and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

1 June 2016

BOWATER BUILDING PRODUCTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

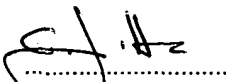
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Continuing operations £000	Discontinued operations £000	31 December 2015 £000	Continuing operations £000	Discontinued operations £	31 December 2014 £
Turnover	3	6,002	-	6,002	8,448	3,447	11,895
Cost of sales		(5,009)	-	(5,009)	(7,308)	(2,659)	(9,967)
Gross profit		<u>993</u>	<u>-</u>	<u>993</u>	<u>1,140</u>	<u>788</u>	<u>1,928</u>
Distribution costs		-	-	-	-	(324)	(324)
Administrative expenses		(992)	-	(992)	(1,131)	(1,037)	(2,168)
Other operating income		-	-	-	-	550	550
Operating profit/(loss)	4	<u>1</u>	<u>-</u>	<u>1</u>	<u>9</u>	<u>(23)</u>	<u>(14)</u>
Taxation	7	-	-	-	-	-	-
Profit/(loss) for the financial year	15	<u>1</u>	<u>-</u>	<u>1</u>	<u>9</u>	<u>(23)</u>	<u>(14)</u>

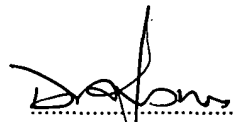
BOWATER BUILDING PRODUCTS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2015**

	Notes	2015 £000	2014 £	£
Current assets				
Stocks	9	247	282	
Debtors	10	2,017	2,849	
Cash at bank and in hand		36	92	
		<u>2,300</u>	<u>3,223</u>	
Creditors: amounts falling due within one year	11	<u>(2,252)</u>	<u>(3,176)</u>	
Net assets			<u>48</u>	<u>47</u>
Capital and reserves				
Share premium account			13,600	13,600
Profit and loss reserves	15	(13,552)	(13,553)	
Total equity			<u>48</u>	<u>47</u>

The financial statements were approved by the board of directors and authorised for issue on 31 May 2016 and are signed on its behalf by:



 Mr G Fitton
 Director



 Mr D Jones
 Director

BOWATER BUILDING PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share premium account £000	Profit and loss reserves £000	Total £000
Balance at 1 January 2014		13,600	(13,539)	61
Period ended 31 December 2014:				
Loss and total comprehensive income for the year		-	(14)	(14)
Balance at 31 December 2014		13,600	(13,553)	47
Period ended 31 December 2015:				
Profit and total comprehensive income for the year		-	1	1
Balance at 31 December 2015		13,600	(13,552)	48

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

Bowater Building Products Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Farrington Road, Rossendale Road Industrial Estate, Burnley, Lancashire, England, BB11 5DA.

The company's principal place of business is Curdworth House, Kingsbury Road, Curdworth, Sutton Coldfield, West Midlands, B76 9EE.

The company's principal activities are disclosed in the Directors' Report.

Accounting convention

These financial statements are the first financial statements of Bowater Building Products Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Bowater Building Products Limited for the year ended 31 December 2014 were prepared in accordance UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

Transition to FRS 102

These financial statements are the first financial statements of Bowater Building Products Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Bowater Building Products Limited for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102.

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2015**

1 Accounting policies (Continued)

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel
- The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23.

Group Accounts

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Bowater Building Products Limited is a wholly owned subsidiary of VEKA plc and the results of Bowater Building Products Limited are included in the consolidated financial statements of VEKA plc which are available from its registered office, Farrington Road, Rossendale Road Industrial Estate, Burnley, Lancashire, BB11 5DA.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

Revenue 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 dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Investments

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The interests are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

Stocks

Long term contract work in progress is valued at the lower of cost and estimated selling price less costs to complete and sell on FIFO basis.

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling prices less costs to complete and sell is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

Long term contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, turnover and costs are recognised over the period of the contract.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract turnover is recognised only to the extent of contract costs that are recoverable and the contract costs are expensed as incurred.

The Company uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total of contract costs. Costs incurred in the year in connection with future activity on a contract are excluded for contract costs in determining the stage of completion. These costs are presented as stock, prepayments of other assets, depending on their nature, and provided it is probable they will be recovered.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is an agreement to sell the asset.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

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.

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Product warranties

Costs incurred relating to claims under product warranties are charged to the profit and loss account as incurred.

Related party transactions

The company has taken advantage of the disclosure exemption in section 33 of the standard Related Party Disclosures paragraph 33.1A

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Recognition of deferred tax assets

In recognising a deferred tax asset in relation to losses, management makes judgements as to whether it is expected that sufficient profits will be available to utilise the losses carried forward. Management have considered the forecasted taxable profits of the company in light of recent results and future expectations of profitability. They consider that there is insufficient evidence tax losses will be recovered against future taxable profits and thus a deferred tax asset in respect of losses has not been recognised.

Categorisation of leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether the significant risks and rewards of ownership have transferred to the Company as a lessee.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2015	2014
	£000	£000
Turnover	6,002	11,895
	<u> </u>	<u> </u>

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2015 £000	2014 £000
United Kingdom	6,002	11,895

4 Operating profit/(loss)

	2015 £000	2014 £000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	-	86
(Loss)/profit on disposal of tangible fixed assets	-	(2)
Cost of stocks recognised as an expense	5,009	9,264
Operating lease charges	55	204

5 Auditors' remuneration

	2015 £000	2014 £000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the company's financial statements	10	14
For other services		
Taxation and other services	6	6

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2015 Number	2014 Number
Number of production staff	-	41
Number of administrative staff	21	27
	21	68

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

6 Employees (Continued)

Their aggregate remuneration comprised:

	2015 £000	2014 £000
Wages and salaries	554	1,722
Social security costs	57	158
Pension costs	24	42
	<u>635</u>	<u>1,922</u>

The directors received no remuneration from the company during the year (2014 : £nil).

7 Taxation

	2015 £000	2014 £000
Total tax charge	-	-

The charge for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2015 £000	2014 £000
Profit/(loss) before taxation	1	(14)
Expected tax charge based on a corporation tax rate of 20.25% (2014-23.00%)	-	(3)
Tax effect of expenses that are not deductible in determining taxable profit	1	1
Tax effect of income not taxable in determining taxable profit	-	(127)
Capital allowances in excess of depreciation	(1)	-
Other short term timing differences	-	19
Unrelieved tax losses	-	91
Depreciation on assets not qualifying for tax allowances	-	19
Tax expense for the year	<u>-</u>	<u>-</u>

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

7 Taxation (Continued)

Current tax charge for the year

At 31 December 2015 there were corporation tax losses of approximately £1.6m (2014: £1.6m) which are available for set - off against future taxable profits of the same trade. A deferred tax asset has not been recognised in relation to these carried forward losses on the basis that there is not sufficient evidence that it would be recovered against future trading profits.

Factors affecting future tax charges

The main rate of corporation tax has been reduced from 21% to 20% in 2015/16. This will be further reduced to 19% for financial years starting on 1 April 2017 and then to 18% from 1 April 2020, thus aligning the main company rate and the small company rate. These reductions were substantively enacted on 26 October 2015.

8 Subsidiaries

Included within the balance sheet of Bowater Building Products Limited are investments in subsidiary undertakings of £8 (2014 : £8).

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Bowater Projects Limited UK	Dormant	Ordinary	100.00	
Water Orton Limited UK (formerly Bowater Doors Limited)	Manufacture and sale of composite doors	Ordinary	100.00	
Bowater Architectural Limited UK	Dormant	Ordinary	100.00	
Bowater Windows Limited UK	Dormant	Ordinary	100.00	
James Harcourt Limited UK	Dormant	Ordinary	100.00	
The Prime Connection Limited UK	Dormant	Ordinary	100.00	
W H Smith & Sons (Extrusions) Limited UK	Dormant	Ordinary	100.00	
WHS Halo Limited UK	Dormant	Ordinary	100.00	

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

8 Subsidiaries (Continued)

The aggregate amount of capital and reserves of these undertakings for the last relevant financial year and preceding year were as follows (£):

Bowater Projects Limited	1 (2014 - 1)
Water Orton Limited (formerly Bowater Doors Limited)	1 (2014 - 1)
Bowater Architectural	1 (2014 - 1)
Bowater Windows Limited	1 (2014 - 1)
James Harcourt Limited	1 (2014 - 1)
The Prime Connection Limited	1 (2014 - 1)
W H Smith & Sons (Extrusions) Limited	1 (2014 - 1)
WHS Halo Limited	1 (2014 - 1)

The amount of profit/(loss) of these undertakings for the last relevant financial year and preceding year were as follows (£):

Bowater Projects Limited	Nil (2014 - Nil)
Water Orton Limited (formerly Bowater Doors Limited)	Nil (2014 - Nil)
Bowater Architectural	Nil (2014 - Nil)
Bowater Windows Limited	Nil (2014 - Nil)
James Harcourt Limited	Nil (2014 - Nil)
The Prime Connection Limited	Nil (2014 - Nil)
W H Smith & Sons (Extrusions) Limited	Nil (2014 - Nil)
WHS Halo Limited	Nil (2014 - Nil)

With the exception of Water Orton Limited (formerly Bowater Doors Limited) all of the above subsidiaries are dormant companies.

9 Stocks

	2015	2014
	£000	£000
Long term contract balances:		
Net cost less foreseeable losses	247	282

There has been no stock write down (2014 - £Nil) during the year. No earlier stock write down has been reversed during the current or preceding period.

10 Debtors

	2015	2014
	£000	£000
Amounts falling due within one year:		
Trade debtors	576	872
Amounts recoverable on long term contracts	1,426	1,055
Amounts due from fellow group undertakings	-	889
Other debtors	3	2
Prepayments and accrued income	12	31
	<u>2,017</u>	<u>2,849</u>

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

10 Debtors (Continued)

Amounts falling due after more than one year and included in debtors above are:

Trade debtors (£000) £Nil (2014: £194)

11 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	438	361
Amounts due to fellow group undertakings	1,495	2,189
Other taxation and social security	12	103
Accruals and deferred income	307	523
	<u>2,252</u>	<u>3,176</u>

12 Provisions for liabilities

Deferred taxation amounts not provided in the financial statements are as follows (£000):

	2015 £000	2014 £000
Accelerated capital allowances:	1	3
Tax losses available:	296	329

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.

13 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £24,000 (2014 - £42,000).

14 Share capital

	2015 £	2014 £
Authorised		
4 Ordinary shares of £1 each	<u>4</u>	<u>4</u>

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

15 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

Cumulative profit or loss, net of distributions to owners.

16 Financial commitments, guarantees and contingent liabilities

As at 31 December 2015 the company together with its parent undertaking and fellow subsidiaries i.e Water Orton Limited and Bowater Project Limited are party to cross guarantees under group banking arrangements with HSBC Bank plc. At 31 December 2015, the liabilities covered by this guarantee were £6,456,000 (2014: £6,887,000).

17 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £000	2014 £000
Within one year	-	214
Between two and five years	-	708
	-	922

18 Related party transactions

The group has taken advantage of the exemption available under Section 33 of FRS 102, allowing non-disclosure of transactions between group undertakings which are wholly owned members of the group.

19 Controlling party

At 31 December 2015 the company's immediate parent company was VEKA plc and its 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, Farrington Road, Rossendale Road Industrial Estate, Burnley, Lancashire, England, BB11 5DA.

As at 31 December 2015 the ultimate controlling party was E Hartleif.

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

20 First time adoption of FRS 102

On the adoption of FRS 102 there was no effect on the balance of equity and profit and loss previously reported on transition at 1 January 2014 and 31 December 2014.

Some of the FRS 102 presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102.