

BOWATER BUILDING PRODUCTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017

THURSDAY



A757083N

A15

03/05/2018

#193

COMPANIES HOUSE

BOWATER BUILDING PRODUCTS LIMITED

COMPANY INFORMATION

Directors	G Fitton D Jones
Secretary	G Fitton
Company number	05088708
Registered office	Farrington Road Rossendale Road Industrial Estate Burnley Lancashire England BB11 5DA
Auditor	RSM UK Audit LLP Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE
Business address	Curdworth House Kingsbury Road Curdworth Sutton Coldfield West Midlands B76 9EE
Bankers	National Westminster Bank 1 Spinningfields Square Manchester M3 3AP
Solicitors	Brabners 55 King Street Manchester M2 4LQ

BOWATER BUILDING PRODUCTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Review of the business

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

The UK commercial market for windows and doors remains flat at best and clients remain cautious about committing to new work. The company has seen an increase in tendering activity but the timeline from initial enquiry through to order and ultimately commencing work on site has lengthened significantly. Flat income levels reflect market conditions especially at the start of the year. Activity levels picked up in the second half of the year with income 43% higher than in the first 6 months.

During the year the business has continued to work with a number of long standing clients and also established trading relationships with a number of new clients. The company's forward order book at the end of the year was much higher than at the end of 2016.

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:

- Supply chain prices;
- Competitive pressures; and
- Payment default by clients.

The company establishes long term partnership arrangements with suppliers with whom it works to manage supply chain prices.

The risk of competitive pressures is managed by building strong relationships with clients and providing them with the highest standard of quality and service.

The company works closely with its clients to mitigate potential payment default.

BOWATER BUILDING PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Key performance indicators

The company operates a range of KPIs covering all aspects of its operations including client satisfaction, service quality and profitability.

The directors monitor performance through the use of detailed annual budgets and forecasts and measuring actual performance against these budgets.

The directors are satisfied with the performance of the business in light of market conditions during the year and specifically identified trading matters.

On behalf of the board


.....
G Fitton
Director
17 April 2018
.....

Farrington Road
Rosdendale Road Industrial Estate
Burnley
Lancashire
England
BB11 5DA

BOWATER BUILDING PRODUCTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity 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:

G Fitton
D Jones

Results and dividends

The results for the year are set out on page 7. The directors do not recommend a dividend.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is 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 auditor is 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


.....
G Fitton
Director
17 April 2018
.....

Farrington Road
Rosssendale Road Industrial Estate
Burnley
Lancashire
England
BB11 5DA

BOWATER BUILDING PRODUCTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Opinion

We have audited the financial statements Bowater Building Products Limited for the year ended 31 December 2017 which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of the company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

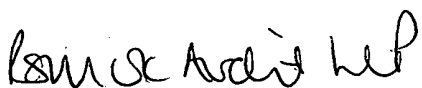
In preparing the financial statements, the directors are responsible for assessing the company's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

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



Karen Musgrave, (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

23/4/18

BOWATER BUILDING PRODUCTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
		£000	£000
Turnover	Notes		
Cost of sales	3	4,211	4,281
Gross profit		<u>(3,702)</u>	<u>(3,652)</u>
		509	629
Administrative expenses		<u>(541)</u>	<u>(611)</u>
Operating profit	4	(32)	18
Taxation	7	-	-
(Loss)/Profit for the financial year		<u>(32)</u>	<u>18</u>

BOWATER BUILDING PRODUCTS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2017**

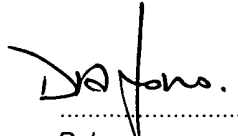
	Notes	2017 £000	£000	2016 £000	£000
Current assets					
Stocks	9	294		66	
Debtors	10	1,995		1,475	
Cash at bank and in hand		133		387	
		<u>2,422</u>		<u>1,928</u>	
Creditors: amounts falling due within one year	11	<u>(2,388)</u>		<u>(1,862)</u>	
Net assets			<u>34</u>		<u>66</u>
Capital and reserves					
Share premium account	15		13,600		13,600
Profit and loss reserves	15		(13,566)		(13,534)
Total equity			<u>34</u>		<u>66</u>

The financial statements were approved by the board of directors and authorised for issue on 17 April 2018 and are signed on its behalf by:



G Fitton

Director



D Jones

Director

BOWATER BUILDING PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share premium Account £000	Profit and loss reserves £000	Total £000
Balance at 1 January 2016	13,600	(13,552)	48
Period ended 31 December 2016:			
Profit and total comprehensive income for the year	-	18	18
Balance at 31 December 2016	13,600	(13,534)	66
Period ended 31 December 2017:			
Loss and total comprehensive income for the year	-	(32)	(32)
Balance at 31 December 2017	13,600	(13,566)	34

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 Strategic Report.

Accounting convention

These financial statements are 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 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.

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

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.

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

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 and will also receive support from its immediate parent. Thus the directors continue to adopt the going concern basis.

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.

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.

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

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' 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 debtors 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.

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 publicly 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.

BOWATER BUILDING PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and 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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal 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 the company 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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 2017

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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.

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.

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.

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

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.

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.

Revenue and profit recognition on contracts

Turnover is ascertained by computing the direct contract costs plus a reasonable proportion of contract overheads plus the attributable profit less any foreseeable losses. Where it is considered that the outcome of a long term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and the related costs of that contract. As soon as it is anticipated that a contract will make a loss, the full amount of the loss is recognised.

BOWATER BUILDING PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

3 Turnover and other revenue

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

	2017 £000	2016 £000
Turnover analysed by class of business		
Contracting for installation of windows and doors	4,211	4,281

Turnover analysed by geographical market

	2017 £000	2016 £000
United Kingdom	4,211	4,281

4 Operating profit

	2017 £000	2017 £000
Operating profit for the year is stated after charging/(crediting):		
Cost of stocks recognised as an expense	3,702	3,652
Operating lease charges	73	73

5 Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the company's financial statements	7	8
For other services		
Taxation and other services	3	3

6 Employees

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

	2017 Number	2016 Number
Number of administrative staff	18	20

Their aggregate remuneration comprised:

	2017 £000	2016 £000
Wages and salaries	546	586
Social security costs	58	60
Pension costs	25	23
	629	669

The directors received no remuneration from the company during the year (2016: £nil).

BOWATER BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

7 Taxation

	2017 £000	2016 £000
Total tax charge	-	-

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

	2017 £000	2016 £000
(Loss)/Profit before taxation	(32)	18
Expected tax charge based on a corporation tax rate of 19.25% (2016 - 22.25%)	(6)	4
Tax effect of expenses that are not deductible in determining taxable profit	-	-
Utilisation of tax losses brought forward	(4)	(4)
Change in tax rates	10	-
Tax expense for the year	-	-

Current tax charge for the year

At 31 December 2017 there were corporation tax losses of approximately £2.1 million (2016: £1.6 million) 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 17% from 1 April 2020, thus aligning the main company rate and the small company rate. These reductions were substantively enacted on 6 September 2016.

8 Subsidiaries

Included within the balance sheet of Bowater Building Products Limited are investments in subsidiary undertakings of £8 (2016: £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	Class of shareholding	% Held	
			Direct	Indirect
Bowater Projects Limited	UK	Dormant	Ordinary	100.00
Water Orton Limited	UK	Dormant	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 2017

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 (2016 – 1)
Water Orton Limited (formerly Bowater Doors Limited)	1 (2016 – 1)
Bowater Architectural Limited	1 (2016 – 1)
Bowater Windows Limited	1 (2016 – 1)
James Harcourt Limited	1 (2016 – 1)
The Prime Connection Limited	1 (2016 – 1)
W H Smith & Sons (Extrusions) Limited	1 (2016 – 1)
WHS Halo Limited	1 (2016 – 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 (2016 – Nil)
Water Orton Limited (formerly Bowater Doors Limited)	Nil (2016 – Nil)
Bowater Architectural	Nil (2016 – Nil)
Bowater Windows Limited	Nil (2016 – Nil)
James Harcourt Limited	Nil (2016 – Nil)
The Prime Connection Limited	Nil (2016 – Nil)
W H Smith & Sons (Extrusions) Limited	Nil (2016 – Nil)
WHS Halo Limited	Nil (2016 – Nil)

All of the above subsidiaries are dormant companies.

The aggregate amount of capital and reserves of these undertakings for the last relevant financial year and preceding year were all £1.

None of these undertakings traded for the last relevant financial year and preceding year.

9 Stocks

	2017	2016
	£000	£000
Long term contract balances:		
Net cost less foreseeable losses	<u>294</u>	<u>66</u>

There has been no stock write down (2016 - £nil) during the year. No earlier stock write down has been reversed during the current or preceding period.

BOWATER BUILDING PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

10 Debtors

	2017	2016
	£000	£000
Amounts falling due within one year:		
Trade debtors	834	545
Amounts recoverable on long term contracts	1,121	926
Other debtors	21	4
Prepayments and accrued income	19	-
	<u>1,995</u>	<u>1,475</u>

11 Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	939	501
Amounts due to group undertakings	1,424	1,232
Other taxation and social security	15	124
Accruals and deferred income	10	5
	<u>2,388</u>	<u>1,862</u>

12 Provisions for liabilities

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

	2017	2016
	£'000	£'000
Accelerated capital allowances:	-	1
Tax losses available:	400	300

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 £25,000 (2016: £23,000).

14 Share capital

	2017	2016
	£	£
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 2017

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 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:

	2017 £000	2016 £000
Not later than 1 year	24	29
Later than 1 year and less than 5 years	11	62
Later than 5 years	-	-
	<u>35</u>	<u>91</u>

17 Financial commitments, guarantees and contingent liabilities

As at 31 December 2017 the company together with its parent undertaking and fellow subsidiaries ie Water Orton Limited and Bowater Project Limited are party to cross guarantees under group banking arrangements with HSBC Bank plc. At 31 December 2017, the liabilities covered by this guarantee were £7,150,000 (2016: £5,389,000).

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 2017 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 plc and 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 2017 the ultimate controlling party was E Hartleif.