

Registered No. 00348407

JEWSON LIMITED
STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2013

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JEWSON LIMITED
Year ended 31 December 2013

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The directors present their strategic report for the year ended 31 December 2013.

REVIEW OF THE BUSINESS

The Company is a wholly-owned subsidiary of Saint-Gobain Building Distribution Limited and operates as part of the Saint-Gobain Building Distribution division.

In 2013 total sales growth was 2.6%. Steady growth was seen in all three of the key product segments; generalist builders merchant, plumbing and heating, and insulation and dry lining.

The Build Center branches acquired in 2011 have now all been successfully integrated into the Jewson brand. Following the Office of Fair Trading's review of the acquisition of Build Center, the final branch divestment required was made in January of this year.

Continued focus has been given to turning loss making branches around during the year.

We have also continued the roll out of more specialised activities including roofing centres, enhanced civils centres and toolhire implants.

In 2014 we look forward to further growth, in particular in our e-commerce business and specialist activities. Growth will be dependent on the recovery of the housing sector and the wider economy.

Pension

The Company participates in a defined benefit pension scheme. Both pension costs and scheme assets and liabilities are apportioned to participating companies according to pensionable pay. The Company equates to circa 87% of the scheme. The Company's net pension liability has increased from £74,055,000 to £83,967,000.

Health and Safety

Health and safety continues to be a priority for the Company. Health and safety key performance indicators showed an improving picture in the year with days lost due to accidents down to 504 (2012: 1,008).

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure is a continuing risk for the Company. To manage this risk the Company strives to understand its market, customers and competitors, to provide quality products and seek expansion by organic growth and acquisitions. Given the potential economic volatility in our markets, we are continuously monitoring trading trends and ways in which to improve the management of our working capital requirements.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Parts of the business are affected by fluctuations in price and supply of key materials, although purchasing policies and practices seek to mitigate, where practicable, such risks.

The Company purchases goods from international markets and is therefore exposed to currency movements on such purchases. Where appropriate, the Company manages the risk with forward foreign exchange contracts in line with Compagnie de Saint-Gobain's treasury policies.

The Company is a member of Saint-Gobain Limited's multi-employer UK defined benefit pension plan. The funding level of this pension plan is subject to adverse change resulting from movements in the actuarial assumptions underlying the calculation of plan liabilities, including decreasing discount rates and increasing longevity of plan members, as well as declines in the market value of plan investments. The UK pension plan is closed to new members. Significant adverse changes in the actuarial assumptions underlying the UK plan valuation could materially impact the Company's trading results.

The Company is financed predominantly by intercompany loans. Details can be found in Note 27.

KEY PERFORMANCE INDICATORS

The directors of the Company assess performance by measuring growth in turnover, gross profit and operating profit.

Turnover for 2013 is £1,763,035,000 (2012: £1,718,219,000), an increase of 2.6%. An improvement in gross margin of 0.7% and tight control over overheads has resulted in an increase in operating profit (excluding pension curtailment in 2012 of £55,044,000) of £21,243,000.

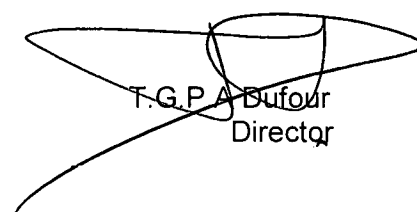
ENVIRONMENT

The Company continues to pursue a strong commitment to sustainable development, recognising the benefits of a wider green economy. The priorities fit within the three sustainability pillars of planet, people and profit and are consistent with Saint-Gobain Group's vision, objectives and actions. The Company operates in accordance with Compagnie de Saint-Gobain's policies, as noted in the group's Annual Report, which does not form part of this report.

ON BEHALF OF THE BOARD

Saint-Gobain House
Binley Business Park
Coventry
CV3 2TT

Registered No: 00348407


T.G.P. A. Buiou
Director

25/03/2014

The Directors present their report and the audited financial statements of Jewson Limited (the "Company") for the year ended 31 December 2013.

RESULTS AND DIVIDENDS

The results for the year and the financial position of the Company are shown in the annexed financial statements. Dividends amounting to £nil (2012: £23,116,000) have been paid in respect of the year. The Directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES

The Company's principal activities are the sale of timber and building materials in the UK. There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not, at the date of this report, aware of any likely major changes in the Company's activities in the foreseeable future.

DIRECTORS

The directors who have served during the year and up to the date of this report are as follows:

P. Hindle	
E. Du Moulin	
B. Bazin	
T.G.P.A. Dufour	appointed 2 September 2013
M.A. Rayfield	appointed 2 September 2013
C.G. Kenward	resigned 31 October 2013

POLICY ON PAYMENT OF SUPPLIERS

It is not the Company's policy to follow any standard or code on payment practice. However, with respect to the financial year to 31 December 2013 and for the foreseeable future, the Company will continue to settle the terms of payment with all its suppliers when agreeing the terms of each transaction, ensure that those suppliers are made aware of the terms of payment, and abide by the terms of payment.

Trade creditor days of the Company for the year ended 31 December 2013 were 88 days (2012: 91.0 days), based on the ratio of trade creditors at the end of the year to the amounts invoiced during the year by suppliers.

SUBSEQUENT EVENTS

Subsequent to the balance sheet date, Jewson Limited received a dividend of £30,000,000 from Saint-Gobain Property Holdings Limited.

EMPLOYEES

Details of the number of employees and related costs can be found in Note 7 to the financial statements.

EMPLOYEES (continued)

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company participates in policies and practices to keep employees informed on matters relevant to them as employees through appropriate means, such as employee meetings and newsletters.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the Company made no charitable donations (2012: nil). There were no political donations.

DISCLOSURE OF INFORMATION TO AUDITOR

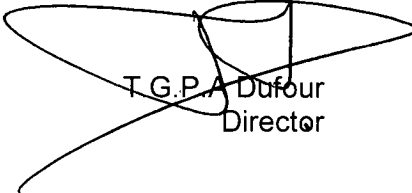
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

KPMG Audit Plc resigned as auditor on 31 January 2014. On 31 January 2014 the Directors appointed KPMG LLP as auditor of the company to fill the vacancy. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

ON BEHALF OF THE BOARD

Saint-Gobain House
Binley Business Park
Coventry
CV3 2TT



T.G.P. A. Dufour
Director

Registered No: 00348407

25/03/2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS
Year ended 31 December 2013

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU 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 judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG LLP
 St Nicholas House
 31 Park Row
 Nottingham
 NG1 6FQ

Independent auditor's report to the members of Jewson Limited

We have audited the financial statements of Jewson Limited for the year ended 31 December 2013, set out on pages 8 to 50. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 5, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at 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 2013 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Jewson Limited (continued)**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.



Tim Widdas (*Senior Statutory Auditor*)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

26/9/2014

JEWSON LIMITED
INCOME STATEMENT
For the year ended 31 December 2013

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	Note	Year ended 31 December 2013 £'000	Year ended 31 December 2012 (restated) £'000
Revenue	1,2	<u>1,763,035</u>	<u>1,718,219</u>
Operating profit	3,4,5,6,7	3,615	37,416
Financial income	9	1	20,703
Financial expense	9	<u>(15,098)</u>	<u>(26,737)</u>
Net financing expense		<u>(15,097)</u>	<u>(6,034)</u>
(Loss)/profit before tax		(11,482)	31,382
Taxation	10	<u>(481)</u>	<u>(11,421)</u>
(Loss)/profit for the year		<u>(11,963)</u>	<u>19,961</u>

All activities relate to continuing operations.

As discussed in notes 3 and 4, the Company divested one branch in relation to the Office of Fair Trading's review of the Build Center acquisition during the year ended 31 December 2013. At various dates throughout the year ended 31 December 2012, the Company divested 22 branches in relation to the Office of Fair Trading's review of the Build Center acquisition, and the Company transferred the trade and net assets of 21 branches to Saint-Gobain Building Distribution Limited, its immediate parent company. These activities have not been disclosed as discontinuing as it is not considered material to the financial statements as a whole.

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2013 £'000	Year ended 31 December (restated) 2012 £'000
Actuarial losses on defined benefit pension plans	21	(10,883)	(42,476)
Deferred tax on actuarial gains and losses	19	<u>2,177</u>	<u>9,769</u>
Other comprehensive expense for the year, net of income tax		(8,706)	(32,707)
(Loss)/profit for the year		<u>(11,963)</u>	<u>19,961</u>
Total comprehensive expense		<u>(20,669)</u>	<u>(12,746)</u>

JEWSON LIMITED
STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2013

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	Note	31 December 2013 £'000	31 December 2012 £'000
Non-current assets			
Property, plant and equipment	11	122,489	123,282
Intangible assets	12	275,881	281,698
Investments	13	31,262	31,262
Deferred tax asset	19	19,805	19,073
		<u>449,437</u>	<u>455,315</u>
Current assets			
Inventories	14	221,910	237,177
Trade and other receivables	15	372,565	377,906
Cash and cash equivalents	16	36,872	39,949
Income tax receivable		336	5,915
		<u>631,683</u>	<u>660,947</u>
Total assets		<u>1,081,120</u>	<u>1,116,262</u>
Equity			
Share capital	17	15,000	15,000
Capital contributions – share option scheme		6,172	5,322
Retained earnings		(18,573)	2,096
Total equity		<u>2,599</u>	<u>22,418</u>
Non-current liabilities			
Employee benefits	21	83,967	74,055
Provisions	20	6,261	6,211
Deferred tax liability	19	5,140	5,948
		<u>95,368</u>	<u>86,214</u>
Current liabilities			
Interest bearing loans and borrowings	18	430,880	428,633
Trade and other payables	22	549,643	575,851
Provisions	20	2,630	3,146
		<u>983,153</u>	<u>1,007,630</u>
Total liabilities		<u>1,078,521</u>	<u>1,093,844</u>
Total equity and liabilities		<u>1,081,120</u>	<u>1,116,262</u>

The financial statements were approved by the board of directors on
and were signed on its behalf by:

25/6/2014

T.G.P.A Dufour
Director

Company number: 00348307

JEWSON LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

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	Share capital	Capital contributions	Retained earnings (restated)	Total (restated)
	£'000	£'000	£'000	£'000
At 1 January 2012	15,000	4,988	37,958	57,946
Changes in equity				
Total comprehensive income:				
Profit for the year	-	-	19,961	19,961
Other comprehensive income	-	-	(32,707)	(32,707)
Total comprehensive income for the year	-	-	(12,746)	(12,746)
Transactions with the owners of the company recognised directly in equity:				
Dividends paid	-	-	(23,116)	(23,116)
Equity settled share based payments	-	334	-	334
At 31 December 2012	15,000	5,322	2,096	22,418
Changes in equity				
Total comprehensive income:				
Profit for the year	-	-	(11,963)	(11,963)
Other comprehensive income	-	-	(8,706)	(8,706)
Total comprehensive income for the year	-	-	(20,669)	(20,669)
Transactions with the owners of the company recognised directly in equity:				
Equity settled share based payments	-	850	-	850
At 31 December 2013	15,000	6,172	(18,573)	2,599

The aggregate current and deferred tax relating to items that are recognised in total comprehensive income is income of £2,177,000 (2012: £9,769,000 income restated).

The aggregate current and deferred tax relating to other items recognised directly in equity is income of £180,000 (2012: £41,000).

JEWSON LIMITED
STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

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	Note	Year ended 31 December 2013 £'000	Year ended 31 December 2012 (restated) £'000
Cash flows from operating activities			
(Loss)/profit for the year		(11,963)	19,961
<i>Adjustments for:</i>			
Depreciation	11	11,021	14,511
Financial income	9	(1)	(20,703)
Financial expense	9	15,098	26,737
Equity settled share based payment expenses		670	293
Loss/(profit) on sale of property, plant and equipment	6	2,448	(800)
Loss/(profit) on sale of divestments	6	28	(302)
Taxation	10	481	11,421
Operating profit before changes in working capital and provisions		17,782	51,118
Decrease in trade and other receivables		11,679	6,701
Decrease/(increase) in inventories		15,140	(20,871)
(Decrease)/increase in trade and other payables		(26,208)	149,067
Decrease in provisions and employee benefits		(4,423)	(56,945)
Cash generated from operations		13,970	129,070
Interest paid		(12,112)	(11,548)
Tax refunded/(paid)		5,915	(1,714)
Net cash from operating activities		7,773	115,808
Cash flows from investing activities			
Purchase of property, plant and equipment		(14,252)	(13,393)
Proceeds from sale of property, plant and equipment		1,042	1,258
Net proceeds from divestments	3	112	19,063
Interest received		1	7
Acquisition of a business net of cash acquired		-	(2,393)
Dividends Received		-	7,895
Net cash from investing activities		(13,097)	12,437
Cash flows from financing activities			
Proceeds from/(repayment of) borrowings		2,247	(104,819)
Dividends Paid		-	(23,116)
Net cash from financing activities		2,247	(127,935)
Net (decrease)/increase in cash and cash equivalents		(3,077)	310
Cash and cash equivalents at beginning of period		39,949	39,639
Cash and cash equivalents at end of period	16	36,872	39,949

1. ACCOUNTING POLICIES

Jewson Limited (the "Company") is a company incorporated in the United Kingdom.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

Measurement convention

The financial statements are prepared under the historical cost basis except that certain property, plant and equipment are stated at deemed cost, as a result of the conversion from UK GAAP to IFRS.

Going concern

Saint-Gobain Building Distribution Limited, the immediate holding company, has indicated its intention to continue to provide financial support to the Company for at least one year from the date these financial statements are approved.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1. ACCOUNTING POLICIES (continued)

Investments in debt and equity securities

Investments in subsidiaries are carried at cost less impairment. Financial instruments held for trading or designated upon initial recognition or at the IAS 39 transition date if later are stated at fair value, with any resultant gain or loss recognised in the income statement.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and impairment losses. Certain items of property, plant and equipment that had been revalued to fair value on the date of transition to Adopted IFRSs are measured on the basis of deemed cost.

Property, plant and equipment is depreciated to write off the cost over the expected useful lives of the assets at the following rates:-

Freehold buildings and leases of 50 years and over	2% straight line
Leases under 50 years	Straight line over the life of the lease
Building improvements to freehold and leasehold trading premises	15% straight line
Plant and machinery and office equipment	10% straight line
Heavy commercial vehicles, yard vehicles and office machinery	20% straight line
Cars and light commercial vehicles	25% straight line

No depreciation is provided on freehold land.

When the Company acquires tangible assets on hire up or by way of a transfer from other group companies the Company records the original cost to the group and the related accumulated depreciation up to the date of the transaction.

Business combinations

Subject to the transitional relief in IFRS 1, all unincorporated business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company.

For acquisitions on or after 1 January 2010, the Company measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- The fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

1. ACCOUNTING POLICIES (continued)

Business combinations (continued)

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

For acquisitions between 1 January 2004 and 1 January 2010, the goodwill represents the excess of the cost of the acquisition over the Company's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in the income statement.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

In respect of acquisitions prior to 1 January 2004, goodwill is included at 1 January 2004 on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised.

Intangible assets and goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Negative goodwill arising on an acquisition is recognised in the income statement immediately.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

1. ACCOUNTING POLICIES (continued)

Leased assets

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases. The leased assets are not recognised on the Company's statement of financial position. Operating lease rental payments are recognised in the income statement over the life of the lease.

Rental income is credited to the income statement and accrues on a straight line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income.

Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows only.

1. ACCOUNTING POLICIES (continued)

Impairment

The carrying amounts of the Company's assets other than inventories and deferred tax assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each statement of financial position date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

Calculation of recoverable amount

The recoverable amount of the Company's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

1. ACCOUNTING POLICIES (continued)

Impairment (continued)

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Employee benefits

Defined contribution plan

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Defined benefit plan

The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted. The liability discount rate is the yield at the statement of financial position date on AA credit rated bonds that have maturity dates approximating to the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

1. ACCOUNTING POLICIES (continued)

Employee benefits (continued)

All actuarial gains and losses that arise in calculating the Company's obligation in respect of a plan are recognised in full in the period in which they arise.

The Company participates in a group wide defined benefit pension plan. The net defined benefit cost of the plan is charged to participating entities on the basis of current pensionable pay.

Share based payments

Saint-Gobain operates stock option plans which are decided by the Board of Directors of Compagnie de Saint-Gobain, the ultimate holding company. The Saint-Gobain Group has applied IFRS 2 to all of its stock option plans since the plan launch on 20 November 2002. The main general conditions set out by the Board for the exercise of these options are the following:-

- Options must be exercised within ten years of the date of the grant;
- The minimum period before the options vest is three years;
- All rights to options are forfeited if the employee terminates employment with the Group, unless expressly agreed otherwise by the Chairman of the Board and the Appointments Committee.

In 2009, the Board also announced a free share plan whereby every employee of the Group is entitled to a certain number of shares, generally 7, which will vest on 31 March 2014, subject to continuous employment and Group performance conditions being met. Costs related to stock option plans are calculated using the Black & Scholes option pricing model, based on the following parameters:

- Volatility assumptions, which take into account the historical volatility of the share price over a rolling 10-year period, as well as implied volatility from traded share options as observed since the Oceane bond issue in January 2002. Periods during which the share price was extraordinarily volatile have been disregarded.
- Assumptions relating to the average holding period of options, based on the actual behaviour of option holders observed in recent years for the plans established between 1993 and 1997.
- Expected dividends, as assessed on the basis of historical information dating back to 1988.
- The risk-free interest rate, which equivalent to the implied yield on zero-coupon government issues.

Full details of the share based payments can be found in the annual report of Compagnie de Saint-Gobain.

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

1. ACCOUNTING POLICIES (continued)

Employee benefits – share based payments (continued)

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each date of statement of financial position and at settlement date. Any changes in the fair value of the liability are recognised as payroll costs in the profit and loss account.

The Saint-Gobain Group also offers opportunities for employees to purchase shares through a monthly tax-free plan and an annual discounted purchase plan. The impact of these schemes is not material to the company in 2013.

Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Revenue

Revenue from the sale of goods is recognised in the income statement on delivery at invoice value less trade discounts allowed, customer rebates and excludes value added tax.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs

Net financing costs comprise interest payable, finance charges on finance leases, interest receivable on funds invested and dividend income.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payment is established.

1. ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the rates ruling at that date. Translation differences are recognised in the income statement.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the date of statement of financial position, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of statement of financial position.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Adopted IFRS not yet applied

The following IFRSs were available for early application but have not been applied by the Company in these financial statements:

- Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the company's accounting periods beginning on or after 1 January 2014 or later periods and which the company has decided not to adopt early. The company has considered the impact of these new standards and interpretations in future periods on profit and net assets. None of these new standards are expected to have a material impact.

Changes in accounting policies

As a result of IAS 19 (2011), the company has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans.

1. ACCOUNTING POLICIES (continued)

Changes in accounting policies (continued)

Under IAS 19 (2011), the Company determines the net interest expense on the net defined benefit liability for the year by applying the discount rate used to measure the defined benefit obligation at the start of the year to the net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability now comprises: interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect on asset ceiling. Previously, the company determined interest income on plan assets based on their long-term rate of expected return.

Year ended 31 December 2012	Current Standard £'000	New Standard £'000	Change £'000
Statement of financial position			
Net Obligation	<u>85,111</u>	<u>85,111</u>	<u>-</u>
Income statement			
Current service cost (net of member contributions)	12,532	12,532	
Past service credit	(59,693)	(59,693)	
Plan administrative cost	N/A	1,410	
Expected return on pension scheme assets	(49,745)	N/A	
Interest on pension liabilities	50,698	N/A	
Net interest on employee benefit liability	<u>N/A</u>	<u>2,719</u>	
Total	(46,208)	(43,032)	3,176
Taxation			<u>(730)</u>
Total impact on income statement			2,446
Statement of comprehensive income:			
Actuarial loss on defined benefit pension plans	52,388	49,212	(3,176)
Taxation			<u>730</u>
Total impact on statement of comprehensive income			<u>(2,446)</u>

The above shows the effect of IAS 19 (revised) on the entire scheme. This is a multiemployer scheme. The net impact on Jewson Limited's income statement for the year ended 31 December 2012 is a debit of £2,148,000 and a net credit of £2,148,000 to the statement of comprehensive income for the year ended 31 December 2012.

2. SEGMENTAL REPORTING

The Company operates in one principal business segment. All revenue is derived from customers in the United Kingdom.

3. DIVESTMENTS

The Office of Fair Trading's review of the acquisition of Build Center in 2011 concluded that, due to competition concerns in several local areas, the Company was required to divest 23 branches. During the year ended 31 December 2013, the Company divested 1 branch (2012: 22), for consideration net of expenses of £112,000 (2012: £19,063,000), resulting in a net loss on disposal of £28,000 (2012: gain of £302,000).

The net assets disposed of were as follows:

	2013	2012
	£'000	£'000
Property, plant and equipment	13	7,875
Recycled Goodwill	-	6,616
Inventories	127	4,270
Net identifiable assets and liabilities	140	18,761
(Loss)/profit on disposal	(28)	302
Consideration received, net of expenses	112	19,063
Consideration received (in cash) in respect of the sale	112	20,563
Less expenses	-	(1,500)
Net cash (inflow)	112	19,063

The above net identifiable assets and liabilities are the book values, which were considered to represent fair value and as such no fair value adjustments were required.

If the branches had been divested on 1 January 2013, revenue would have been reduced by £12,000 (2012: £22,725,000) and profit before tax would have been reduced by £4,000 (2012: £1,293,000).

4. ACQUISITIONS OF BUSINESSES

Acquisitions

On 27 July 2012, the Company acquired the trade and assets of Lerwick Building Centre Limited for £2,354,000. In the 5 months to 31 December 2012 the business contributed a net profit of £75,000 to the total net profit for the year. If the acquisition had occurred on 1 January 2012, revenue would have increased by a further estimated £2,315,000 and net profit would have increased by an estimated £101,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 January 2012.

There were no acquisitions in the year ended 31 December 2013.

The acquisitions had the following effect on the Company's assets and liabilities:

	Acquisitions in the year ended 31 December 2013 £'000	Acquisitions in the year ended 31 December 2012 £'000
Acquiree's net assets at the acquisition date:		
Property, plant and equipment	-	854
Inventories	-	540
Trade and other receivables	-	460
Net identifiable assets and liabilities	-	1,854
Total consideration	-	2,354
Goodwill on acquisition	-	500

The directors do not believe there to be separately identifiable intangible assets on the acquisition of these businesses. The goodwill represents the excess of the cost of acquisition over the aggregate fair value of identifiable net assets acquired and relates to the anticipated profitability of this acquisition and the future operating synergies arising in the enlarged Company.

Intergroup acquisitions

At various dates throughout the year ended 31 December 2012 the Company transferred the trade and net assets of 21 branches to its immediate parent company Saint-Gobain Building Distribution Limited.

On 1st January 2013, the Company transferred the goodwill in relation to the 21 branches transferred in the year ended 31 December 2012.

4. ACQUISITIONS OF BUSINESSES (continued)

The total net assets disposed of were:

	Intergroup transfer in the year ended 31 December 2013 £'000	Intergroup transfer in the year ended 31 December 2012 £'000
Net assets at the transfer date:		
Property, plant and equipment	-	12,316
Goodwill recycled on disposal	5,817	20
Inventories	-	5,623
Trade and other receivables	-	7,818
Trade and other payables	-	(730)
Cash and cash equivalents	-	39
Intra-group balances	-	(24,294)
Consideration	<u>5,817</u>	<u>792</u>

The above net identifiable assets and liabilities are the book values, which were considered to represent fair value and as such no fair value adjustments were required.

If the 2012 branch transfers had been made on 1 January 2012 the revenue of the Company would have been £1,691,990,000 at 31 December 2012 and the loss after tax would have been profit after tax of £18,419,000 (restated).

Consideration has been settled through balances held with group companies.

5. OPERATING PROFIT

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 (restated) £'000
Revenue	<u>1,763,035</u>	<u>1,718,219</u>
Cost of sales	<u>(1,573,796)</u>	<u>(1,546,790)</u>
Gross Profit	<u>189,239</u>	<u>171,429</u>
Distribution expenses	(72,316)	(73,469)
Administrative expenses	(110,832)	(61,646)
Other operating (expense)/income	(2,476)	1,102
Operating profit	<u><u>3,615</u></u>	<u><u>37,416</u></u>

6. EXPENSES AND AUDITOR'S REMUNERATION

Included in profit are the following charges/(credits):

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Net loss/(profit) on the disposal of property, plant and equipment	2,448	(800)
Net loss/(profit) on divestments	28	(302)
Restructuring costs	<u>7,636</u>	<u>16,499</u>
Auditor's remuneration		
Audit of these financial statements	<u>251</u>	<u>244</u>

7. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Year ended 31 December 2013 Number	Year ended 31 December 2012 Number
Sales and distribution	7,658	7,960
Administration	846	926
	<u>8,504</u>	<u>8,886</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 (restated) £'000
Wages and salaries	211,528	214,108
Social security costs	16,455	17,900
Other pension costs	7,088	4,919
Defined benefit pension plan net charge/(income) to the income statement	18,715	(37,799)
Share based payments	670	666
	<u>254,456</u>	<u>199,794</u>

The elements of the defined benefit pension plan charge/(credit) to the income statement were as follows:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 (restated) £'000
Pension curtailment	-	(55,044)
Administrative costs	15,729	14,857
Net finance expense	2,986	2,388
	<u>18,715</u>	<u>(37,799)</u>

8. DIRECTORS' EMOLUMENTS

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Directors' emoluments (including salaries, fees, pensions, bonuses and taxable benefits)	<u>924,810</u>	<u>688,200</u>

The above figure represents total emoluments received by the directors for all services to both Jewson Limited and Saint-Gobain Building Distribution Limited.

The emoluments and pension costs of the highest paid director were £558,667 (2012: £468,905).

As at 31 December 2013 none of the directors were members of a defined benefit pension scheme (31 December 2012: two). The highest paid director had accrued a pension of £nil per annum as at 31 December 2013 (31 December 2012: £210,817). During the year, the highest paid director received share options under a long term incentive scheme.

9. FINANCIAL INCOME AND EXPENSES

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 (restated) £'000
Financial income:		
Other interest received	1	7
Dividend income from Group companies	-	7,895
Gain from transfer of investments to Group companies	-	12,801
	<u>1</u>	<u>20,703</u>
Financial expenses:		
Interest payable on Group loans from parent	9,862	9,454
Interest on secured loan	2,250	2,094
Impairment on investments in subsidiaries	-	12,801
Net interest on pension scheme liabilities	2,986	2,388
	<u>15,098</u>	<u>26,737</u>

10. TAXATION

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 (restated) £'000
Recognised in the income statement		
<i>Current tax income:</i>		
Current year	(336)	(5,915)
Adjustments for prior years	-	405
	<u>(336)</u>	<u>(5,510)</u>
<i>Deferred tax (income)/expense:</i>		
Current year	(1,174)	13,168
Adjustment for prior years	279	2,143
Adjustment for tax rate change	1,712	1,620
	<u>817</u>	<u>16,931</u>
Total tax in income statement	<u>481</u>	<u>11,421</u>
Reconciliation of effective tax rate		
(Loss)/profit on ordinary activities before tax	<u>(11,482)</u>	<u>31,382</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(2,670)	7,689
Expenses not deductible for tax purposes	969	2,358
Dividend income not subject to income tax	-	(1,934)
Current year deferred tax rate adjustment	191	(901)
Deferred tax rate change on opening balances	1,712	1,620
Adjustments in respect of the prior year	279	2,548
Impact of statutory change on tax rates	-	41
Total tax in income statement	<u>481</u>	<u>11,421</u>

Factors affecting future tax changes

Changes to reduce the main rate of corporation tax to 20% by April 2015 have been substantively enacted and are included within the deferred tax numbers above.

11. PROPERTY, PLANT AND EQUIPMENT

	<u>Freehold properties</u>	<u>Leasehold property leases and improvements</u>		<u>Plant, machinery, furniture and vehicles</u>	<u>Total</u>
	£'000	<u>Leases 50 years and over</u> £'000	<u>Leases under 50 years</u> £'000	£'000	£'000
(a) Cost					
At 1 January 2012	61,642	43,759	65,079	94,412	264,892
Additions	1,669	358	2,331	9,035	13,393
Acquisitions	700	-	-	154	854
Divestments	(7,553)	-	(126)	(971)	(8,650)
Net transfers from group companies	599	-	-	51	650
Reclassifications	3,480	2,715	(4,431)	(1,764)	-
Disposals	(3)	-	(433)	(2,177)	(2,613)
Disposals to group companies	(6,835)	(5,118)	(326)	(586)	(12,865)
At 31 December 2012	<u>53,699</u>	<u>41,714</u>	<u>62,094</u>	<u>98,154</u>	<u>255,661</u>
At 1 January 2013	53,699	41,714	62,094	98,154	255,661
Additions	692	195	3,793	9,572	14,252
Divestments	(84)	-	-	(20)	(104)
Net transfers (to)/from group companies	(605)	(400)	1	(97)	(1,101)
Reclassifications	563	(686)	178	(55)	-
Disposals	(6)	(1)	(782)	(5,031)	(5,820)
At 31 December 2013	<u>54,259</u>	<u>40,822</u>	<u>65,284</u>	<u>102,523</u>	<u>262,888</u>
(b) Depreciation					
At 1 January 2012	3,556	13,487	38,924	65,158	121,125
Depreciation charge for the year	1,099	1,355	5,453	6,604	14,511
Net transfers from group companies	180	-	1	41	222
Reclassifications	65	(11)	(247)	193	-
Divestments	(157)	-	(125)	(493)	(775)
Disposals	-	-	(250)	(1,905)	(2,155)
Disposals to group companies	(155)	(99)	(105)	(190)	(549)
At 31 December 2012	<u>4,588</u>	<u>14,732</u>	<u>43,651</u>	<u>69,408</u>	<u>132,379</u>

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	<u>Freehold properties</u>	<u>Leasehold property leases and improvements</u>		<u>Plant, machinery, furniture and vehicles</u>	<u>Total</u>
	£'000	<u>Leases 50 years and over</u> £'000	<u>Leases under 50 years</u> £'000	£'000	£'000
(c) <u>Depreciation</u> (continued)					
At 1 January 2013	4,588	14,732	43,651	69,408	132,379
Depreciation charge for the year	322	1,040	4,033	5,626	11,021
Net transfers to group companies	(316)	(254)	-	(10)	(580)
Divestments	(73)	-	-	(18)	(91)
Disposals	(1)	(1)	(710)	(1,618)	(2,330)
At 31 December 2013	<u>4,520</u>	<u>15,517</u>	<u>46,974</u>	<u>73,388</u>	<u>140,399</u>
<u>Net book value</u>					
At 1 January 2012	<u>58,086</u>	<u>30,272</u>	<u>26,155</u>	<u>29,254</u>	<u>143,767</u>
At 31 December 2012 and 1 January 2013	<u>49,111</u>	<u>26,982</u>	<u>18,443</u>	<u>28,746</u>	<u>123,282</u>
At 31 December 2013	<u>49,739</u>	<u>25,305</u>	<u>18,310</u>	<u>29,135</u>	<u>122,489</u>

At 31 December 2013 the net carrying amount of leased plant and equipment was £24,000 (2012: £32,000). Included in freehold and long leasehold properties are land and assets under construction (which are not depreciated) at a gross book value of £4,781,000 (2012: £4,749,000). Included in plant and machinery are assets under construction (which are not depreciated) at a gross book value of £20,125,000 (2012: £15,102,000).

Details of the divestments are provided in note 3 and details of the acquisition are provided in note 4.

12. INTANGIBLE ASSETS

	Goodwill	Patents & Trademarks	Total
	£'000	£'000	£'000
<u>Cost</u>			
At 1 January 2012	322,266	100	322,366
Disposals to group companies	(20)	-	(20)
Divestments	(6,616)	-	(6,616)
Acquisitions through business combinations	500	-	500
At 31 December 2012	<u>316,130</u>	<u>100</u>	<u>316,230</u>
At 1 January 2013	316,130	100	316,230
Disposals to group companies	(5,817)	-	(5,817)
At 31 December 2013	<u>310,313</u>	<u>100</u>	<u>310,413</u>
<u>Amortisation</u>			
At 1 January 2012 and 31 December 2012	<u>34,532</u>	<u>-</u>	<u>34,532</u>
At 1 January 2013 and 31 December 2013	<u>34,532</u>	<u>-</u>	<u>34,532</u>
<u>Net book value</u>			
At 1 January 2012	<u>287,734</u>	<u>100</u>	<u>287,834</u>
At 31 December 2012 and 1 January 2013	<u>281,598</u>	<u>100</u>	<u>281,698</u>
At 31 December 2013	<u>275,781</u>	<u>100</u>	<u>275,881</u>

Details of the divestments and acquisition are provided in notes 3 and 4.

During the year management performed impairment testing for goodwill carried in the statement of financial position. Goodwill testing is carried out at brand level as this represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. No impairment was identified as a result of the review. The recoverable amount is based on value in use.

A number of key assumptions are used as part of impairment testing. These key assumptions are made by management reflecting past experience combined with their knowledge as to future performance and relevant external sources of information. In determining the recoverable amount of each brand the key assumptions are discount rate, long term growth rate, future sales prices and volumes, new business won and the cost structure of each brand. Sensitivity analysis as at 31 December 2013 has indicated that no reasonable foreseeable change in the key assumptions used in the impairment model will result in a significant impairment charge being recorded in the financial statements.

12. INTANGIBLE ASSETS (continued)

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit based on the following key assumptions;

- Cash flows were projected based on actual operating results and the 5 year business plan. Cash flows for a further 2 years were extrapolated assuming a constant growth rate of 1.5%.
- A discount rate of 7.25% was used.

13. INVESTMENTS

	Shares in subsidiaries £'000	Other Investments £'000	Total £'000
<u>Cost</u>			
At 1 January 2012	82,652	49	82,701
Dissolved investments	(16,366)	-	(16,366)
At 31 December 2012	<u>66,286</u>	<u>49</u>	<u>66,335</u>
At 1 January 2013 and 31 December 2013	<u>66,286</u>	<u>49</u>	<u>66,335</u>
<u>Provisions</u>			
At 1 January 2012	38,638	-	38,638
Dissolved investments	(16,366)	-	(16,366)
Strike-off of investments	12,801	-	12,801
At 31 December 2012	<u>35,073</u>	<u>-</u>	<u>35,073</u>
At 1 January 2013 and 31 December 2013	<u>35,073</u>	<u>-</u>	<u>35,073</u>
<u>Net Book Value</u>			
At 1 January 2012	<u>44,014</u>	<u>49</u>	<u>44,063</u>
At 31 December 2012 and 1 January 2013	<u>31,213</u>	<u>49</u>	<u>31,262</u>
At 31 December 2013	<u>31,213</u>	<u>49</u>	<u>31,262</u>

The 2012 provision relates to the write down of certain investments following the receipt of dividends as part of the 'strike off process' for dormant subsidiaries. Once each investment is dissolved the original cost and respective provision is removed.

The Company has elected not to list all of the subsidiary companies in the notes to the financial statements, as the list would be of excessive length. A complete listing of the Company's investments will be submitted together with its annual return to Companies House.

13. INVESTMENTS (continued)

The principal subsidiaries of the Company are:

<u>Subsidiary name</u>	<u>Principal activities</u>		<u>Incorporation</u>
SGBD Property Holdings Limited	Property management	(Direct)	England & Wales
Norman Limited	Building materials merchants	(Direct)	Jersey
Domestic Heating Services (Wholesale) Ltd	Building materials merchants	(Direct)	Guernsey

14. INVENTORIES

	31 December 2013 £'000	31 December 2012 £'000
Finished goods	<u>221,910</u>	<u>237,177</u>

Inventories to the value of £1,475,698,000 were recognised as expenses in the year (2012: £1,433,745,000). Inventories are expected to be recovered in less than 12 months.

15. TRADE AND OTHER RECEIVABLES

	31 December 2013 £'000	31 December 2012 £'000
Trade receivables	243,354	226,300
Amounts receivable from group companies:		
Holding companies	36,855	54,524
Subsidiary undertakings	1,827	1,526
Other receivables and prepayments	<u>90,529</u>	<u>95,556</u>
	<u>372,565</u>	<u>377,906</u>

There are no amounts included in trade and other receivables which are expected to be recovered in more than 12 months (2012: £nil).

16. CASH AND CASH EQUIVALENTS

	31 December 2013 £'000	31 December 2012 £'000
Cash and cash equivalents per statement of financial position and statement of cash flows	<u>36,872</u>	<u>39,949</u>

17. CALLED UP SHARE CAPITAL

	31 December 2013 £'000	31 December 2012 £'000
Allotted, called up and fully paid 15,000,000 ordinary shares of £1 each	<u>15,000</u>	<u>15,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Dividends	31 December 2013 £'000	31 December 2012 £'000
£nil (2012: £1.54) per qualifying ordinary share	<u>-</u>	<u>23,116</u>

18. INTEREST BEARING LOANS AND BORROWINGS

Current liabilities

	31 December 2013 £'000	31 December 2012 £'000
Amounts payable to immediate parent company	230,121	227,843
Amounts payable to parent company	<u>200,759</u>	<u>200,790</u>
	<u>430,880</u>	<u>428,633</u>

The amount payable to the immediate parent company, Saint-Gobain Building Distribution Limited is an interest-bearing loan. Interest is chargeable based upon a floating LIBOR rate. The loan is repayable on demand.

The amount payable to the parent company Saint-Gobain Limited is an interest-bearing loan. Interest on this loan is based upon the 3 month floating LIBOR rate. The loan is repayable on demand.

19. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2013	2012	2013	2012	2013	2012
	£'000	£'000	£'000	£'000	£'000	£'000
Property, plant and equipment	-	-	(4,520)	(5,948)	(4,520)	(5,948)
Goodwill	-	-	(620)	-	(620)	-
Share option scheme	722	400	-	-	722	400
Provisions	2,290	1,641	-	-	2,290	1,641
Employee benefits	16,793	17,032	-	-	16,793	17,032
Net deferred tax assets/(liabilities)	<u>19,805</u>	<u>19,073</u>	<u>(5,140)</u>	<u>(5,948)</u>	<u>14,665</u>	<u>13,125</u>

Movement in net deferred tax asset/(liability) during the year:

	1 January 2013 £'000	Income Statement £'000	Recognised in Equity £'000	31 December 2013 £'000
Property, plant and equipment	(5,948)	1,428	-	(4,520)
Goodwill	-	(620)	-	(620)
Share option scheme	400	142	180	722
Provisions	1,641	649	-	2,290
Employee benefits	<u>17,032</u>	<u>(2,416)</u>	<u>2,177</u>	<u>16,793</u>
Net tax assets/(liabilities)	<u>13,125</u>	<u>(817)</u>	<u>2,357</u>	<u>14,665</u>

Movement in net deferred tax asset/(liability) during the prior year:

	1 January 2012 £'000	Income Statement (restated) £'000	Recognised in Equity (restated) £'000	31 December 2012 £'000
Property, plant and equipment	(4,578)	(1,370)	-	(5,948)
Share option scheme	240	119	41	400
Provisions	2,535	(894)	-	1,641
Employee benefits	<u>22,049</u>	<u>(14,786)</u>	<u>9,769</u>	<u>17,032</u>
Net tax assets/(liabilities)	<u>20,246</u>	<u>(16,931)</u>	<u>9,810</u>	<u>13,125</u>

20. PROVISIONS

	Onerous lease and dilapidation provision £'000	Legal and environmental provision £'000	Total £'000
At 1 January 2013			
Non-current	6,110	101	6,211
Current	3,129	17	3,146
	<u>9,239</u>	<u>118</u>	<u>9,357</u>
Provisions made during the year	2,112	-	2,112
Provisions used during the year	(1,718)	(5)	(1,723)
Provisions reversed during the year	(855)	-	(855)
At 31 December 2013	<u><u>8,778</u></u>	<u><u>113</u></u>	<u><u>8,891</u></u>
Non-current	6,175	86	6,261
Current	2,603	27	2,630
	<u>8,778</u>	<u>113</u>	<u>8,891</u>

See note 26 for details of property leases.

The Company provides against legal and environmental claims to the extent that a constructive or legal obligation exists, provided that it is probable that some economic outflow will take place and that a reliable estimate of the obligation can be made.

21. EMPLOYEE BENEFITS

Reconciliation of net employee benefit liability:

	£'000
	(restated)
At 1 January 2012	88,198
Actuarial gains and losses	42,476
Income recognised in income statement	(37,799)
Contributions	(18,820)
At 31 December 2012	<u>74,055</u>
At 1 January 2013	74,055
Actuarial gains and losses	10,883
Expense recognised in income statement	18,715
Contributions	(19,686)
At 31 December 2013	<u>83,967</u>

Details of the defined benefit pension scheme as a whole in which the Company participates are shown in note 24.

22. TRADE AND OTHER PAYABLES

	31 December 2013 £'000	31 December 2012 £'000
Trade payables	404,850	409,659
Amounts payable to Group companies:		
Fellow subsidiaries	74,413	99,868
Subsidiary undertakings	6	6
Non-trade payables and accruals	70,374	66,318
	<u>549,643</u>	<u>575,851</u>

23. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

		31 December 2013		31 December 2012
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Less than one year	32,042	31,754	32,737	31,942
Between one and five years	106,910	59,891	107,476	62,988
More than five years	188,369	13,722	164,176	13,921
	<u>327,321</u>	<u>105,367</u>	<u>304,389</u>	<u>108,851</u>

The Group leases a number of trading properties under operating leases. The Company also leases certain items of plant and equipment. During the year £70,454,000 was recognised as an expense in the income statement in respect of operating leases (2012: £73,371,000).

24. EMPLOYEE BENEFITS

Pension plans

The Company contributes to two different group pension schemes, operated by Saint-Gobain Building Distribution Limited.

Defined benefit scheme

The Company operates a defined benefit pension plan in the UK. The plan provides pensions in retirement and death benefits to members. Pension benefits are linked to member's final salary at retirement and their length of service.

The Plan is a registered scheme under UK legislation and is subject to the scheme funding requirements outlined in UK legislation.

The Company has an unconditional right to refund of any surplus in the Plan if the Plan winds up. Therefore there is no additional liability recognised on the balance sheet as a result of the current recovery plan.

24. EMPLOYEE BENEFITS

Defined Benefit Scheme (continued)

The Plan was established under trust and is governed by the Plan's trust deed and rules. The Trustees are responsible for the operation and governance of the Plan, including making decisions regarding the Plan's funding and investment strategy in conjunction with the Company.

The Plan exposes the company to actuarial risks such as; market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk. The Plan does not expose the Company to any unusual Plan-specific or Company-specific risks.

There have been no curtailments, settlements or amendments to the Plan over the year.

A full actuarial valuation was carried out at 5 April 2011, the results of which have been updated 31 December 2013 by a qualified independent actuary.

The information disclosed below is in respect of the whole of the plans for which the company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

The Company has chosen to adopt the amendments to IAS 19 published in June 2011. The disclosures shown below adopt this standard for the current period and the prior period has been re-stated accordingly.

	31 December 2013 £'000	31 December 2012 £'000
Present value of funded defined benefit obligations	(1,237,985)	(1,183,381)
Fair value of plan assets	<u>1,141,432</u>	<u>1,098,270</u>
Net obligation	<u>(96,553)</u>	<u>(85,111)</u>

Movements in present value of defined benefit obligation:

	2013 £'000	2012 £'000
At 1 January	1,183,381	1,138,667
Current service cost (net of member contributions)	15,745	12,532
Interest cost	48,636	50,698
Past Service Credit	-	(59,693)
Net measurement loss – financial	31,047	51,297
Net measurement loss – demographic	-	27,112
Benefits paid	(40,824)	(38,822)
Contributions by members	<u>-</u>	<u>1,590</u>
At 31 December	<u>1,237,985</u>	<u>1,183,381</u>

24. EMPLOYEE BENEFITS (continued)

Defined benefit scheme (continued)

Movements in fair value of plan assets:

	2013 £'000	2012 (restated) £'000
At 1 January	1,098,270	1,037,296
Interest income on plan assets	45,243	47,979
Return on assets excluding interest income	19,710	29,197
Contributions by employer	21,158	22,440
Contributions by members	-	1,590
Benefits paid	(40,824)	(38,822)
Plan administrative cost	(2,125)	(1,410)
At 31 December	<u>1,141,432</u>	<u>1,098,270</u>

Expense recognised in the income statements of the participating companies:

	31 December 2013 £'000	31 December 2012 (restated) £'000
Current service cost (net of member contributions)	15,745	12,532
Past Service Cost	-	(59,693)
Net interest on defined benefit pension plan obligation	3,393	2,719
Plan administrative cost	2,125	1,410
Total	<u>21,263</u>	<u>(43,032)</u>

The expense is recognised in the following line items in the income statements of the participating companies:

	31 December 2013 £'000	31 December 2012 (restated) £'000
Administrative expenses/(income)	17,870	(45,751)
Finance expense	<u>3,393</u>	<u>2,719</u>
	<u>21,263</u>	<u>(43,032)</u>

24. EMPLOYEE BENEFITS (continued)

Defined benefit scheme (continued)

The fair value of the plan assets and the return on those assets were as follows:

	31 December 2013	31 December 2012 (restated)
	Fair value £'000	Fair value £'000
Equities	453,846	488,932
Government debt	228,882	225,832
Corporate bonds	162,292	163,948
Property	51,290	55,674
Other	245,122	163,884
	<u>1,141,432</u>	<u>1,098,270</u>
Actual return on plan assets	<u>64,953</u>	<u>77,176</u>

The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the Plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages):

	2013 %	2012 %
Discount rate	4.45	4.15
Expected rate of return on plan assets	-	5.25
Future salary increases	2.00	2.00
RPI Inflation	3.25	2.65
CPI Inflation	2.25	1.65
Future pension increases		
- inflation, max 5% p.a.	3.15	2.65
- inflation, min 3% p.a. max 5% p.a.	3.65	3.25
Life expectancy at age 65 for current pensioners (years):		
Males	21.3	21.2
Females	23.0	
Life expectancy at age 65 for current members aged 45 (years):		22.9
Males	22.7	22.6
Females	24.5	24.4

At 31 December 2013, the weighted-average duration of the defined benefit obligation was 20 years.

24. EMPLOYEE BENEFITS (continued)

Defined benefit scheme (continued)

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligation as at 31 December 2013 is:

	Impact on defined benefit obligation At 31 December 2013 (£000)
Discount rate:	
+0.5% p.a.	(103,525)
-0.5% p.a.	116,927
Inflation rate:	
+0.5% p.a.	81,667
-0.5% p.a.	(77,265)
Assumed life expectancy at age 65:	
+1 year	50,171
-1 year	(60,818)

The plan's investment strategy is to invest broadly 80% in return seeing assets and 20% in matching assets (mainly government bonds). This strategy reflects the plan's liability profile and the Trustees' and Company's attitude to risk.

The last scheme funding valuation of the plan was at 5 April 2011 and revealed a funding deficit of £117.9m. In the recovery plan dated 27 March 2012 the Company has agreed to pay £683,000 per month with the view to eliminating the shortfall by 5 April 2021.

In accordance with the schedule of contributions dated 27 March 2012 the company is expected to pay contributions of £22.0m over the next accounting period.

Defined contribution plans

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £7,088,000 (2012: £4,919,000 restated).

Share-based Payments

Compagnie de Saint-Gobain stock option plans

Compagnie de Saint-Gobain has stock option plans available to certain employees of Jewson Limited. Under the stock option plans, the Board of Directors of Compagnie de Saint-Gobain may grant options which entitle the holder to obtain Saint-Gobain shares either at nil cost or at a price based on the average share price for the 20 trading days preceding the grant date.

Options vest over a period of three or four years with full vesting occurring at the end of the vesting period. Options must be exercised within ten years from the date of the grant. All rights to options are forfeited if the employee terminates employment with the Group, unless expressly agreed otherwise by the Chairman of Compagnie de Saint-Gobain together with the Appointments Committee of the Board of Directors.

24. EMPLOYEE BENEFITS (continued)

Share-based Payments (continued)

Options granted under the 2003-2007 plans were exercisable for new shares, while those granted under the 1999-2002 plans were exercisable for existing shares purchased into treasury for this purpose. From 2008, the Board decided that the origin of the shares (new shares or treasury stock) would be determined at the latest on the day preceding the start of the exercise period. If any options were to be exercised before the Board made its decision, the grantees would receive new shares.

In 2009, an additional scheme was announced whereby every person employed on 19 November 2009 is entitled to 7 free shares on 31 March 2014, as long as certain performance targets are met and the person remains employed by the group. These free shares are treated as stock options with zero exercise price.

The stock options outstanding at 31 December 2013 were:

	€4 par value shares	Average exercise price (in euros)
Options outstanding at 31 December 2012	567,783	37.72
Options granted	26,910	-
Options exercised	(29,418)	31.48
Options forfeited	(5,427)	13.10
Options outstanding at 31 December 2013	<u>559,848</u>	<u>36.47</u>

At 31 December 2013, 440,298 options were exercisable at an average exercise price of €45.32.

The expense relating to stock options recorded in the income statement amounted to £670,000 (2012: £666,000). The fair value of the options granted in 2013 – calculated using a Black Scholes type option pricing model and applying the same assumptions as those used to measure the expense in accordance with IFRS2 totalled £603,000 (2012: £454,000).

24. EMPLOYEE BENEFITS (continued)

Share-based Payments (continued)

The following summarizes information about stock options outstanding at 31 December 2013:

Grant date	Options exercisable			Options not exercisable		Total options outstanding	Type of option
	Exercise price (in euros)	Number of options	Average remaining contractual life (in months)	Exercise price (in euros)	Number of options	Number of options	
2004	43.56	61,381	11			61,381	Subscription
2005	45.71	77,416	23			77,416	Subscription
2006	58.10	78,635	35			78,635	Subscription
2007	71.56	94,121	47			94,121	Subscription
2008	28.62	63,485	59			63,485	Subscription
2009	36.34	17,100	71			17,100	Subscription
2009	Nil	48,160	4			48,160	Subscription
2010	35.19		83	35.19	13,160	13,160	Subscription
2010	Nil		83	Nil	24,120	24,120	Subscription
2011	Nil		95	Nil	27,110	27,110	Subscription
2012	Nil		107	Nil	28,250	28,250	Subscription
2013	Nil		119	Nil	26,910	26,910	Subscription
TOTAL		440,298			119,550	559,848	

25. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments

Investments in debt and equity securities

The only investments held are in subsidiary undertakings, none of which are quoted on a stock exchange. The company has therefore taken the exemption available in IFRS 7 'Financial Instruments: Disclosures' and has not disclosed a fair value for these investments.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date if the effect is material.

25. FINANCIAL INSTRUMENTS (continued)

(a) Fair value of financial instruments (continued)

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date.

Interest-bearing borrowings and other financial assets

Fair value, which after initial recognition is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the statement of financial position date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Fair values

The carrying amounts of financial assets and liabilities according to IAS 39 categories and the fair values of each class of financial assets and liabilities are presented in the following tables:

	Loans and receivables 2013 £'000	Amortised cost 2013 £'000	Fair value and carrying amount 2013 £'000	Loans and receivables 2012 £'000	Amortised cost 2012 £'000	Fair value and carrying amount 2012 £'000
Cash and cash equivalents (note 16)	36,872	-	36,872	39,949	-	39,949
Trade and other receivables (note 15)	282,036	-	282,036	282,350	-	282,350
Interest-bearing loans and borrowings (note 18)	-	(430,880)	(430,880)	-	(428,633)	(428,633)
Trade and other payables (note 22)	-	(549,643)	(549,643)	-	(575,851)	(575,851)
Total financial instruments	318,908	(980,523)	(661,615)	322,299	(1,004,484)	(682,185)

(b) Credit risk

Credit risk arises from the possibility that the counter-party to a transaction may be unable or unwilling to meet their obligations causing a financial loss to the company.

At the statement of financial position date, there was no significant concentration of credit risk as the majority of credit relates to amounts receivable from group companies. Trade receivable credit risk and the policies in place to mitigate this risk are explained below.

25. FINANCIAL INSTRUMENTS (continued)

(b) Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the statement of financial position date was £282,036,000 (2012: £282,350,000) being the total of the carrying amount of financial assets, excluding cash and cash equivalents, shown in the table above. All credit exposure is based in the UK.

Credit quality of financial assets and impairment losses

The aging of trade receivables at the statement of financial position date was:

	Gross	Impair- ment	Net	Gross	Impair- ment	Net
	2013	2013	2013	2012	2012	2012
	£'000	£'000	£'000	£'000	£'000	£'000
Not yet due	100,102	(1,761)	98,341	85,833	(1,865)	83,968
Overdue by 30 days	102,011	(2,085)	99,926	101,047	(2,218)	98,829
Overdue by 31-90 days	37,141	(750)	36,391	34,727	(796)	33,931
More than 90 days	9,113	(417)	8,696	9,913	(341)	9,572
	<u>248,367</u>	<u>(5,013)</u>	<u>243,354</u>	<u>231,520</u>	<u>(5,220)</u>	<u>226,300</u>

Management has a credit policy in place for trade receivables to manage risk and to monitor exposure to risk on an ongoing basis. Core policies include customer specific credit limits based on third party credit reports, bank references and filed financial statements. Advance payment is required in cases of credit requests in excess of limits. The Company's customer base is entirely within the UK, predominantly comprising of construction businesses.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2013	2012
	£'000	£'000
Balance at 1 January	5,220	4,151
Impairment loss recognised	9,485	8,952
Impairment loss reversed	(9,692)	(7,865)
Transfer on intergroup acquisition	-	(18)
Balance at 31 December	<u>5,013</u>	<u>5,220</u>

The allowance for trade receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible. At that point the amounts considered irrecoverable are written off against the trade receivables directly.

25. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At the statement of financial position date the risk of the Company not being able to meet its obligations as they fall due is considered to be minimal. The majority of the financial obligations relate to amounts due to group companies.

In order to mitigate the remaining liquidity risk further the Company ensures that it has sufficient cash and available funding through regular cash flow forecasting. The Company ultimately has the support of the ultimate parent company, Compagnie de Saint-Gobain.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2013 £'000 1 year or less	2013 £'000 1 to < 2 years	2012 £'000 1 year or less	2012 £'000 1 to < 2 years
<i>Non-derivative financial liabilities</i>				
Interest bearing loans and borrowings	430,880	-	428,633	-
Trade and other payables	549,643	-	575,851	-
Total financial liabilities	<u>980,523</u>	<u>-</u>	<u>1,004,484</u>	<u>-</u>

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk arises from movements in interest rates which could have adverse effects on the company's net income or financial position. Changes in interest rates cause variations in interest income and expenses on interest bearing assets and liabilities.

Predominantly loans and debts operated by the UK treasury are short term and the differential on interest rates is maintained by the Company. Bank overdrafts are overnight borrowings only. Management do not consider the effect of this exposure to variability in the interest rate sufficient to warrant any hedging activities.

Foreign currency risk

The Company is exposed to currency risk on purchases that are denominated in a currency other than sterling. However, the main foreign currency transactions are carried out internally within the Saint-Gobain Group and all major risks are hedged at group level. Management do not consider there to be any significant foreign currency risks.

25. FINANCIAL INSTRUMENTS (continued)

(d) Market risk

Sensitivity analysis

In managing interest rate and currency risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates would have an impact on earnings.

At 31 December 2013 the directors do not consider that a general increase of one percentage point in interest rates or an increase of ten percentage point in the value of the Euro against other foreign currencies would have a significant impact on earnings.

A change of 1% in the base rate would have changed profit for the year by £12,111,000 (2012: £11,541,000) before tax or by £9,295,000 (2012: £8,713,000) after tax.

(e) Capital management

The board's policy is to maintain a strong capital base so as to ensure shareholder, creditor and market confidence and to sustain future development. The Board of Directors monitors return on capital, which the company defines as total shareholders' equity on an ongoing basis.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

26. ACCOUNTING ESTIMATES AND JUDGEMENTS

The key estimates made by management are detailed below:

Goodwill

The Company has capitalised goodwill of £275,781,000 at 31 December 2013 (31 December 2012: £281,598,000). Goodwill is required to be tested for impairment at least annually or more frequently if changes in circumstances or the occurrence of events indicate that potential impairment exists. The Company uses the present value of future cash flows to determine implied fair value. No impairment has resulted from the annual impairment test in 2013.

Employee benefits

The Company participates in a defined benefit retirement plan operated by Saint-Gobain Building Distribution Limited. The Company's share of the obligation in respect of the defined benefit plan is calculated by independent, qualified actuaries and updated at least annually. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price and medical costs inflation, benefit and salary increases together with the discount rate used. The size of the plan assets is also sensitive to asset return levels and the level of contributions from the Company. These assumptions have been set out in note 24.

26. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Property leases

The Company is party to a number of leases on properties that are no longer required for trading. Whilst every effort is made to profitably sub-let these properties, it is not always possible. Where a lease is onerous to the Company, a provision is established for the difference between amounts contractually payable to the landlord and amounts contractually receivable from the tenant (if any) for the period up until the point it is judged that the lease will no longer be onerous. Management believe their estimates, which are based upon the current state of the UK property market, are appropriate. However, it is possible that it may take longer to dispose of leases than they anticipated. As a result, the provisions may be understated, but in the opinion of the directors this is unlikely to be material. An assessment has been made by surveyors for the amount of dilapidations on property leases; these have been fully provided for.

Warranty claims

The Company will receive warranty claims during the normal course of business. Management will consider whether they are contractually liable to pay these claims. If the likelihood of an economic outflow is probable, management will provide for the claim along with any associated legal costs giving consideration to the value of the claim and the outcome of legal proceedings to date.

27. RELATED PARTIES

Jewson Limited had the following transactions with other Group companies:

Dividends of £nil (2012: £23,116,000) paid to Saint-Gobain Building Distribution Limited, the Company's intermediate holding company.

Dividends received of £nil (2012: £7,895,000) from subsidiary undertakings.

The Company is subject to recharges and management charges from its intermediate holding company Saint-Gobain Building Distribution Limited and other companies in the Group. Management charges receivable from other Group companies in the year were £152,000 (2012: £3,644,000).

At 31 December 2013 the balance due from Saint-Gobain Building Distribution (ROI) Limited, a fellow subsidiary, was £2,340,000 (2012: £2,341,000). At 31 December 2013 the balance due from Meyer 6 Limited, a fellow subsidiary, was £408,000 (2012: £408,000). No interest is charged on these balances. The Company also has a balance due from Meyer 9 Limited, a fellow subsidiary, of £123,000 (2012: £441,000) in respect of property rental charges. Interest on this amount is based on a floating LIBOR rate.

The Company has amounts owed to its intermediate holding company, Saint-Gobain Limited of £13,268,000 (2012: £7,996,000). Interest on these amounts is based on a floating LIBOR rate. There is also an amount due to Saint-Gobain Limited of £200,759,000 (2012: £200,790,000). The terms of which are disclosed in note 18.

The Company also has an interest bearing loan due to Saint-Gobain Building Distribution Limited. As at 31 December 2013, the balance was £230,121,000 (2012: £227,843,000). Interest on this amount is based on a floating LIBOR rate.

The Company has received dividends from and participates in property transactions with its subsidiary SGBD Property Holdings Limited. At 31 December 2013, the balance due from SGBD Property Holdings Limited was £33,634,000 (2012: £50,906,000). No interest is charged on these balances.

The Company has a balance due to dormant fellow subsidiaries of £5,000 (2012: £5,000). No interest is charged on this balance.

At 31 December 2013 the balance due from Domestic Heating Services (Wholesale) Limited, a subsidiary, was £1,827,000 (2012: £1,526,000) in respect of dividends received. No interest is charged on this balance.

During the year the Company made sales of £2,425,000 to its intermediate parent company, Saint-Gobain Building Distribution Limited (2012: £1,659,000). Sales to subsidiary companies during the year amounted to £236,000 (2012: £317,000). Purchases from Saint-Gobain Building Distribution Limited in the year amounted to £114,323,000 (2012: £110,204,000).

Saint-Gobain Building Distribution Limited also operates a cash sweep facility. Interest is charged on outstanding balances at a floating LIBOR rate. At 31 December 2013, the balance due to Saint-Gobain Building Distribution Limited was £60,796,000 (2012: £91,444,000).

27. RELATED PARTIES (continued)

Net purchases from BPB United Kingdom Limited in 2013 amounted to £91,775,000 (2012: £86,938,000). The net balance due to BPB United Kingdom Limited in respect of these purchases at 31 December 2013 was £14,178,000. (2012: £3,750,000).

During the year ended 31 December 2013, the Company purchased property with a cost of £84,000 (2012: £599,000) and accumulated depreciation of £73,000 (2012: £180,000) from SGBD Property Holdings Limited at book value. During the year, property with a cost of £1,831,000 (2012: £nil) and with accumulated depreciation of £730,000 (2012: £nil) was disposed of to SGBD Property Holdings Limited at book value.

During the year ended 31 December 2013, the Company purchased property with a cost of £743,000 (2012: £nil) and accumulated depreciation of £87,000 (2012: £nil) from Saint-Gobain Building Distribution Limited at book value.

Key management personnel

The directors are considered to be key management personnel of the Company. There were no transactions with key management personnel of the company other than the directors' emoluments included in note 8.

28. ULTIMATE PARENT COMPANY

The Company is a wholly-owned subsidiary of Saint-Gobain Building Distribution Limited.

The ultimate and controlling party parent company is Compagnie de Saint-Gobain, which is incorporated in France and listed on the Paris, London, Frankfurt and other major European stock exchanges.

The largest and smallest group in which the results of the Company are consolidated is that headed by Compagnie de Saint-Gobain. No other group statements include the results of the Company.

Copies of the Compagnie de Saint-Gobain Group financial statements may be obtained from the Company Secretary, Les Miroirs, 18 Avenue d'Alsace, 92096 Paris, La Defense, France.

29. SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the Company received a dividend of £30 million from SGBD Property Holdings Limited on 14 February 2014, in relation to the year ended 31 December 2013.