

**REGISTERED NUMBER: 02943990 (England and Wales)**

**Saint-Gobain Abrasives Limited**  
**Strategic Report, Report of the Directors and**  
**Financial Statements for the Year Ended 31 December 2017**



**Contents of the Financial Statements  
for the year ended 31 December 2017**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>3</b>
<b>Statement of Directors' Responsibilities</b>	<b>5</b>
<b>Independent Auditor's Report to the members of Saint-Gobain Abrasives Limited</b>	<b>6</b>
<b>Profit and Loss Account</b>	<b>8</b>
<b>Other Comprehensive Income</b>	<b>9</b>
<b>Balance Sheet</b>	<b>10</b>
<b>Statement of Changes in Equity</b>	<b>11</b>
<b>Notes to the Financial Statements</b>	<b>12</b>

**Company Information  
for the year ended 31 December 2017**

**DIRECTORS:**

J Lasserre  
M S Chaldecott  
S Héraud

**SECRETARY:**

A R Oxenham

**REGISTERED OFFICE:**

Doxey Road  
Stafford  
ST16 1EA

**REGISTERED NUMBER:**

02943990 (England and Wales)

**AUDITORS:**

KPMG LLP  
Chartered Accountants  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

**Strategic Report  
for the year ended 31 December 2017**

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

**REVIEW OF BUSINESS**

The company is a wholly-owned subsidiary of Saint-Gobain High Performance Materials UK Limited. The ultimate parent company and controlling party is Compagnie de Saint-Gobain, which is incorporated in France. The company operates as part of Compagnie de Saint-Gobain's Innovative Materials Division.

The Balance Sheet on page 10 of the financial statements shows the company's financial position at the year end and reflects the creditor left in the accounts following the hive up of the company's trade and assets into the accounts of Saint-Gobain High Performance Materials UK Limited in 2016.

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

Compagnie de Saint-Gobain manages its operations on a divisional basis. The performance of the Abrasives division of the Compagnie de Saint-Gobain, which includes the company, is discussed in the Compagnie de Saint-Gobain's Annual Report, which does not form part of this report. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

**GROUP REORGANISATION AND TRANSFER OF TRADE**

On 31 December 2016, 100% of the shares of Saint-Gobain Abrasives Limited were acquired by Saint-Gobain High Performance Materials UK Limited from their joint parent company, Saint-Gobain Limited.

On the 31 December 2016, the trade and assets of Saint-Gobain Abrasives Limited were hived up into the accounts of Saint-Gobain High Performance Materials UK Limited.

The purpose of this reorganisation is to merge Saint-Gobain's legal entities within the Innovative Materials sector in the UK to reduce the administration overhead. It is the intention of the directors to continue all trades in the same manner and without adversely impacting any customer, supplier, employee or other stakeholder.

The existing company is now dormant and the directors expect that it will be placed into member's voluntary liquidation at the earliest opportunity. These financial statements have therefore not been prepared on a going concern basis.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company is now dormant and has a single liability; a loan from its sole shareholder. Accordingly there are no significant risks or uncertainties.

**EMPLOYEES**

The company no longer has any employees, they all transferred to Saint-Gobain High Performance Materials UK Limited on their existing terms and conditions.

**ON BEHALF OF THE BOARD:**



.....  
S Héraud - Director

Date: 27/09/2018

**Report of the Directors  
for the year ended 31 December 2017**

The directors are pleased to provide their business review of the company for the year ended 31 December 2017.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the previous year was the manufacture and distribution of abrasive products. This principal activity continued within Saint-Gobain High Performance Materials UK Limited in 2017.

The company is now dormant.

**DIVIDENDS**

No dividend is proposed for 2017 (2016: £nil).

**RESEARCH AND DEVELOPMENT**

Research and development activities are undertaken at the Eccleshall site. Total expenditure was £33,000 in 2016.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

J Lasserre  
M S Chaldecott

Other changes in directors holding office are as follows:

E Du Moulin - resigned 1 February 2017  
S Héraud - appointed 1 February 2017  
P E Moore – resigned 2 July 2018

**POLITICAL DONATIONS**

No political donations were made in this or the preceding year.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

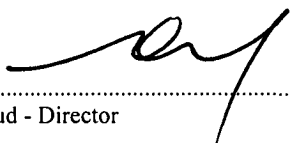
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Report of the Directors  
for the year ended 31 December 2017**

**AUDITORS**

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:**



.....  
S Héraud - Director

Date: .....

**Statement of Directors' Responsibilities  
for the year ended 31 December 2017**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

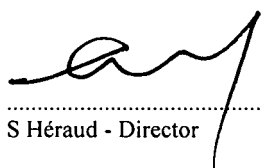
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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 in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**AUDITORS**

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:**



S Héraud - Director

Date: 27/09/2018

## **Independent Auditors' Report to the Members of Saint-Gobain Abrasives Limited**

### **Opinion**

We have audited the financial statements of Saint-Gobain Abrasives Limited (the 'company') for the year ended 31 December 2017 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with UK ethical requirements, including the FRC's Ethical Standard. We believe that the audit evidence we have obtained is sufficient and appropriate basis for our opinion.

### **Emphasis of matter – Non going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note

### **Strategic report and Directors' report**

The directors are responsible for the Strategic Report and the report of the Directors. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- We have not identified material misstatement in the strategic report and the directors' report
- In our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.



**Independent Auditors' Report to the Members of  
Saint-Gobain Abrasives Limited**

**Directors' responsibilities**

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRCs website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.



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

Date: 27/9/18

**Profit and Loss Account  
for the year ended 31 December 2017**

**Discontinued operations**

	Notes	2017 £'000	2016 £'000
<b>TURNOVER</b>	2	-	31,229
Cost of sales		<u>-</u>	<u>(24,562)</u>
<b>GROSS PROFIT</b>		-	6,667
Distribution costs		-	(5,283)
Administrative expenses		<u>-</u>	<u>(2,708)</u>
		-	(1,324)
Other operating income	3	<u>-</u>	<u>129</u>
<b>OPERATING LOSS</b>		-	(1,195)
Other operating expenses	5	<u>-</u>	<u>(95)</u>
		-	(1,290)
Income from shares in associated undertakings		-	810
Interest receivable and similar income	6	<u>-</u>	<u>92</u>
		-	(388)
Interest payable and similar expenses	7	<u>-</u>	<u>(553)</u>
<b>LOSS BEFORE TAXATION</b>	8	-	(941)
Tax on loss	9	<u>-</u>	<u>207</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><u>-</u></u>	<u><u>(734)</u></u>

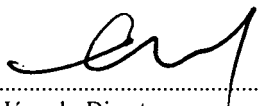
**Other Comprehensive Income  
for the year ended 31 December 2017**

	Notes	2017 £'000	2016 £'000
<b>LOSS FOR THE YEAR</b>		-	(734)
<b>OTHER COMPREHENSIVE INCOME</b>			
Item that will not be reclassified to profit or loss:			
Actuarial losses on defined benefit pension plans		-	930
Income tax relating to item of other comprehensive income		<u>-</u>	<u>(163)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>-</u>	<u>767</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>-</u></u>	<u><u>33</u></u>

**Balance Sheet**  
**31 December 2017**

	Notes	2017 £'000	2016 £'000
<b>CREDITORS</b>			
Amounts falling due within one year	10	<u>(16,494)</u>	<u>(16,494)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(16,494)</u>	<u>(16,494)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(16,494)</u>	<u>(16,494)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	16,000	16,000
Retained earnings	12	<u>(32,494)</u>	<u>(32,494)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>(16,494)</u>	<u>(16,494)</u>

The financial statements were approved by the Board of Directors on 27/09/2018 and were signed on its behalf by:



.....  
 S Héraud - Director

**Statement of Changes in Equity  
for the year ended 31 December 2017**

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2016</b>	16,000	(32,527)	(16,527)
<b>Changes in equity</b>			
Total comprehensive income	-	33	33
<b>Balance at 31 December 2016</b>	<u>16,000</u>	<u>(32,494)</u>	<u>(16,494)</u>
<b>Changes in equity</b>	-	-	-
<b>Balance at 31 December 2017</b>	<u>16,000</u>	<u>(32,494)</u>	<u>(16,494)</u>

**Notes to the Financial Statements  
for the year ended 31 December 2017**

**1. ACCOUNTING POLICIES**

**Basis of preparation**

Saint-Gobain Abrasives Limited (the "company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101).

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- o A Cash Flow Statement and related notes;
- o Disclosures in respect of transactions with wholly owned subsidiaries;
- o Disclosures in respect of capital management;
- o The effects of new but not yet effective IFRSs;
- o Disclosures in respect of the compensation of Key Management Personnel;
- o Comparative period reconciliations for tangible fixed assets and intangible fixed assets

As the consolidated financial statements of Compagnie de Saint-Gobain (the company's ultimate parent company) include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- o IFRS 2 Share Based Payments in respect of group settled share based payments;
- o Certain disclosures required by IAS 36 Impairment of Assets in respect of the impairment of goodwill and indefinite life intangible assets;
- o Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- o Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the company in the current and prior periods including the comparative period reconciliation for goodwill;
- o Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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 significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 16.

**Going concern**

On 31 December 2016, 100% of the shares of Saint-Gobain Abrasives Limited were acquired by Saint-Gobain High Performance Materials UK Limited from their joint parent company, Saint-Gobain Limited.

On 31 December 2016, the trade and assets of Saint-Gobain Abrasives Limited were hived up into the accounts of Saint-Gobain High Performance Materials UK Limited.

The purpose of this reorganisation is to merge Saint-Gobain's legal entities within the Innovative Materials sector in the UK to reduce the administration overhead. It is the intention of the directors to continue all trades in the same manner and without adversely impacting any customer, supplier, employee or other stakeholder.

The existing company is now dormant and the directors expect that it will be placed into member's voluntary liquidation at the earliest opportunity. These financial statements have therefore not been prepared on a going concern basis.

**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

**Measurement convention**

The financial statements are presented in sterling, being the company's functional currency, rounded to the nearest thousand. They are prepared on the historical cost basis except for internal derivative financial instruments (foreign currency hedging) which are stated at their fair value. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

**Derivative financial instruments and hedging**

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. The company does not use hedge accounting as this is done by the group parent company. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

**Intangible assets and goodwill**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the profit and loss account as an expense as incurred.

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

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

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- **Software licences** 3 years

**Tangible fixed assets**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- **Buildings** 50 years
- **Plant and equipment** 4 - 10 years

**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

**1. ACCOUNTING POLICIES - continued**

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account 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 balance sheet date, 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 balance sheet date.

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.



**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

**1. ACCOUNTING POLICIES - continued**

**Foreign currencies**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

**Investments**

Investments in associates and subsidiaries are carried at cost less impairment.

**Trade and other receivables**

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

**Trade and other payables**

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

**Impairment**

The carrying amounts of the company's assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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 profit and loss account.

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.

Calculation of recoverable amounts

Debtors with a short duration are not discounted.

The recoverable amount of other assets is the greater of their 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.

**Employee benefits**

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

Defined benefit plans

The company's net obligations 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 asset (at bid price) is deducted. The liability discount rate is the yield at the balance sheet 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 method.

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.

**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

**1. ACCOUNTING POLICIES - continued**

Share-based payments

Saint-Gobain operates stock option and performance share plans which are decided by the Board of Directors of Compagnie de Saint-Gobain, the ultimate holding company. Full details of these 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 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 2017.

**Provisions**

A provision is recognised in the balance sheet 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.

Restructuring

A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Property

A provision for dilapidations is made when the company has an obligation to repair property at the end of a lease. A provision for onerous contracts, including property leases, is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

**Revenue**

Revenue is recognised when goods are delivered to the buyer. Revenue represents the invoiced value of goods and services supplied to third parties, exclusive of Value Added Tax, less returns and allowances given in the normal course of trading.

**Expenses**

Operating lease payments

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

Net financing costs

Net financing costs comprise interest payable, interest receivable on funds invested, and foreign exchange gains and losses.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

**Non current assets held for sale and discounted operations**

A discontinued operation is a component of the company's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented on the profit and loss account (including the comparative period) as a column analysing the post tax profit or loss of the discontinued operation and the post tax gain or loss recognised on the remeasurement to fair value less costs to sell or on disposal of the assets/disposal groups constituting discontinued operations.

**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

**2. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market for the year ended 31 December 2016 is given below:

	£'000
United Kingdom	26,468
Europe	4,200
Rest of the world	<u>561</u>
	<u><u>31,229</u></u>

This analysis is not considered to be applicable to the year ended 31 December 2017.

**3. OTHER OPERATING INCOME**

	2017 £'000	2016 £'000
Income from non-business activities	-	61
Profit on sale of tangible fixed assets	<u>-</u>	<u>68</u>
	<u><u>-</u></u>	<u><u>129</u></u>

**4. EMPLOYEES AND DIRECTORS**

	2017 £'000	2016 £'000
Wages and salaries	-	5,266
Share based payments	-	-
Social security costs	-	535
Other pension costs	<u>-</u>	<u>1,205</u>
	<u><u>-</u></u>	<u><u>7,006</u></u>

The average monthly number of employees during the year was as follows;

	2017 number	2016 number
Technical	-	2
Manufacturing	-	73
Sales and administration	<u>-</u>	<u>70</u>
	<u><u>-</u></u>	<u><u>155</u></u>

	2017 £'000	2016 £'000
Directors' remuneration	<u>-</u>	<u>-</u>

Some of the directors are regarded as group employees and are remunerated by a parent company, Saint-Gobain Limited or by the Abrasives division of the Compagnie de Saint-Gobain. The directors do not consider that it is practicable to apportion the amount of their remuneration between their services as directors of Saint-Gobain Abrasives Limited and their services as directors of other group companies.

**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

**5. OTHER OPERATING EXPENSES**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Non recurring restructuring expenses	<u>-</u>	<u>95</u>

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Foreign exchange gain	<u>-</u>	<u>92</u>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest - with group undertakings	-	436
Interest on pension scheme liabilities	<u>-</u>	<u>117</u>
	<u>-</u>	<u>553</u>

**8. LOSS BEFORE TAXATION**

The loss before taxation is stated after charging/(crediting):

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Cost of inventories recognised as expense	-	20,471
Depreciation - owned assets	-	553
Profit on disposal of fixed assets	-	(68)
Software & licences amortisation	-	4
Auditors' remuneration	-	42
Restructuring costs expensed as incurred (note 5)	-	95
Research and development expensed as incurred	<u>-</u>	<u>33</u>

**9. TAXATION**

**Analysis of tax income**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Current tax:		
Current year	<u>-</u>	<u>(398)</u>
Deferred tax:		
Deferred tax	-	103
Rate change	<u>-</u>	<u>88</u>
Total deferred tax	<u>-</u>	<u>191</u>
Total tax income in profit and loss account	<u>-</u>	<u>(207)</u>

**Notes to the Financial Statements - continued**  
**for the year ended 31 December 2017**

**9. TAXATION - continued**

**Factors affecting the tax expense**

The tax assessed for the year is the same (2016 - higher) as the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £'000	2016 £'000
Loss before income tax	<u>-</u>	<u>(941)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	-	(188)
Effects of: Non deductible expenses	-	(107)
Deferred tax rate change and deferred tax not recognised	<u>-</u>	<u>88</u>
Tax income	<u>-</u>	<u>(207)</u>

**Tax effects relating to effects of other comprehensive income**

There were no tax effects for the year ended 31 December 2017.

	Gross £'000	2016 Tax £'000	Net £'000
Actuarial losses on defined benefit pension plans	930	(163)	767
	<u>930</u>	<u>(163)</u>	<u>767</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £'000	2016 £'000
Non-trade payables to related parties	<u>16,494</u>	<u>16,494</u>

**11. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £000	2016 £000
16,000,002	Ordinary	£1	<u>16,000</u>	<u>16,000</u>

The holders of the 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.

**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

**12. RESERVES**

	<b>Retained earnings £'000</b>
At 1 January 2017	<b>(32,494)</b>
Profit for the year	<u>-</u>
At 31 December 2017	<b><u>(32,494)</u></b>
	<b>Retained earnings £'000</b>
At 1 January 2016	(32,527)
Deficit for the year	(734)
Actuarial gain on defined benefit plan net of tax	<u>767</u>
At 31 December 2016	<b><u>(32,494)</u></b>

**13. ULTIMATE PARENT COMPANY**

The ultimate parent company and controlling party 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 group in which the results of the company are consolidated is that headed by Compagnie de Saint-Gobain, incorporated in France. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards. No other group financial statements include the results of the company.

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

**14. CAPITAL COMMITMENTS**

Of the contracts entered into during the year ended 31 December 2017, the company has £nil (2016: £nil) remaining to be paid in 2018.

**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

**15. EMPLOYEE BENEFIT OBLIGATIONS**

The company operated a defined benefit pension plan in the UK which provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at retirement and their length of service (although some benefits accrue on a Career Average Revalued Earnings (CARE) basis).

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

The company had an unconditional right to a 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.

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 the governance of the plan, including making decisions regarding the plan's funding and investment strategy in conjunction with the company.

The plan exposed the company to actuarial risks such as; market (investment) risk, interest rate risk, inflation risk, currency risk, and longevity risk. The plan did 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 2014, the results of which have been updated to 31 December 2016 by a qualified independent actuary.

The net pension asset was split between the Saint-Gobain Abrasives section, Flexovit section, Norton section, Quartz section, and the Saint-Gobain Crystals and Detectors section. For the Norton section, the company used the stated group policy for charging the net defined benefit cost of the plan to participating entities on the basis of current pensionable pay. The amounts recognised on the balance sheet are:

	2017	2016
	-	£'000
Saint-Gobain Abrasives	-	6,398
Flexovit	-	892
Norton	-	1,333
Quartz	-	(7,711)
Saint-Gobain Crystals and Detectors	-	1,492
Hive up to parent company	-	(2,404)
	<u>-</u>	<u>-</u>
Net obligations	<u>-</u>	<u>-</u>

The pension liability was hived up into the accounts of Saint-Gobain High Performance Materials UK Limited on 31 December 2016.

**Saint-Gobain Abrasives Pension Scheme**

	2017	2016
	£'000	£'000
Present value of funded defined benefit obligations	-	138,034
Fair value of plan assets	-	(131,636)
	<u>-</u>	<u>-</u>
Net obligations	<u>-</u>	<u>6,398</u>

Notes to the Financial Statements - continued  
for the year ended 31 December 2017

15. EMPLOYEE BENEFIT OBLIGATIONS

Saint-Gobain Abrasives Pension Scheme - continued

Movements in present value of defined benefit obligation

	2017 £'000	2016 £'000
At 1 January	-	111,533
Current service cost (net of member contributions)	-	436
Interest cost	-	4,146
Net remeasurement loss/(gain) – financial	-	26,931
Net remeasurement loss – demographic	-	-
Net remeasurement loss – experience	-	-
Benefits paid	-	(5,012)
At 31 December	-	138,034

Movements in fair value of plan assets

	2017 £'000	2016 £'000
At 1 January	-	108,092
Interest income on plan assets	-	4,033
Return on assets excluding interest income	-	23,855
Contributions by employer	-	927
Benefits paid	-	(5,012)
Plan administrative cost	-	(259)
At 31 December	-	131,636

Expense recognised in the profit and loss account

	2017 £'000	2016 £'000
Current service cost (net of member contributions)	-	436
Net interest on defined benefit pension plan obligation	-	113
Plan administrative cost	-	259
Total	-	808

The expense is recognised in the following line items in the profit and loss account:

	2017 £'000	2016 £'000
Cost of sales	-	436
Administrative expenses	-	259
Finance income	-	(4,033)
Finance expense	-	4,146
	-	808

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

	2017 Fair value £'000	2016 Fair value £'000
Equities	-	27,401
Government debt	-	49,728
Corporate bonds	-	22,248
Property	-	7
Other	-	32,252
	-	131,636
Actual return on plan assets	-	27,888



**Notes to the Financial Statements - continued**  
**for the year ended 31 December 2017**

**15. EMPLOYEE BENEFIT OBLIGATIONS**

**Saint-Gobain Abrasives Pension Scheme - continued**

The expected rates of return on plan assets were determined by reference to relevant indices. Where relevant indices were not available (e.g. equities) an assumption was used for the expected rate of return. The overall expected rate of return was 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):

	2017 %	2016 %
Discount rate	-	2.60
Future salary increases	-	2.00
RPI inflation	-	3.35
CPI inflation	-	2.35
Future pension increases		
- inflation, max 5% p.a.	-	3.25
- inflation, max 3% p.a.	-	2.55
Life expectancy at age 65 for current pensioners (years):		
Males	-	22.6
Females	-	24.3
Life expectancy at age 65 for current members aged 45 (years):		
Males	-	24.3
Females	-	26.2

At 31 December 2016, the weighted-average duration of the defined benefit obligation was 16 years.

A sensitivity analysis of the principal assumptions used to measure the Plan's defined benefit obligation as at 31 December 2016 was:

	Impact on defined benefit obligation at 31 December 2016 (£'000)
Discount rate:	
+ 0.5% p.a.	(10,171)
- 0.5% p.a.	11,473
Inflation rate:	
+ 0.5% p.a.	8,750
- 0.5% p.a.	(9,097)
Assumed life expectancy at age 65:	
+ 1 year	6,199
- 1 year	(6,192)

The plan's investment strategy is to invest broadly 80% in return seeking 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 as at 5 April 2014 and revealed a funding deficit of £13.9m. In the recovery plan dated 31 March 2015 the company has agreed to pay £23,000 per month which, after allowance for assumed asset outperformance, is expected to eliminate the shortfall by 5 April 2024.

In accordance with the schedule of contributions dated 31 March 2015 the company is expected to pay contributions of £0.9m over the next accounting period.

As a result of the hive up into the new parent company, the pension scheme has been transferred to Saint-Gobain High Performance Materials UK Limited.

**Flexovit Pension Scheme**

	2017 £'000	2016 £'000
Present value of funded defined benefit obligations	-	6,313
Fair value of plan assets	-	(5,421)
Net obligations	-	892

Notes to the Financial Statements - continued  
for the year ended 31 December 2017

15. EMPLOYEE BENEFIT OBLIGATIONS

Flexovit Pension Scheme - continued

Movements in present value of defined benefit obligation

	2017 £'000	2016 £'000
At 1 January	-	4,770
Current service cost (net of member contributions)	-	10
Interest cost	-	179
Net remeasurement loss/(gain) - financial	-	1,486
Net remeasurement loss – demographic	-	-
Net remeasurement loss – experience	-	-
Benefits paid	-	(132)
At 31 December	-	6,313

Movements in fair value of plan assets

	2017 £'000	2016 £'000
At 1 January	-	4,166
Interest income on plan assets	-	159
Return on assets excluding interest income	-	1,123
Contributions by employer	-	143
Benefits paid	-	(132)
Plan administrative cost	-	(38)
	-	5,421

Expense recognised in the profit and loss account

	2017 £'000	2016 £'000
Current service cost	-	10
Net interest on defined benefit pension plan obligation	-	20
Plan administrative cost	-	38
Total	-	68

The expense is recognised in the following line items in the profit and loss account:

	2017 £'000	2016 £'000
Cost of sales	-	10
Administrative expenses	-	38
Finance income	-	(159)
Finance expense	-	179
	-	68

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

	2017 Fair value £'000	2016 Fair value £'000
Equities	-	1,070
Government debt	-	2,182
Corporate bonds	-	857
Property	-	-
Other	-	1,312
	-	5,421
Actual return on plan assets	-	1,282

**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

**15. EMPLOYEE BENEFIT OBLIGATIONS**

**Flexovit Pension Scheme - continued**

The expected rates of return on plan assets are determined by reference to relevant indices. Where relevant indices are not available (e.g. equities) an assumption is used for the expected rate of return. 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):

	2017 %	2016 %
Discount rate	-	2.60
Future salary increases	-	2.00
RPI inflation	-	3.35
CPI inflation	-	2.35
Future pension increases		
- CPI inflation, max 5% p.a.	-	2.35
Life expectancy at age 65 for current pensioners (years):		
Males	-	22.9
Females	-	24.7
Life expectancy at age 65 for current members aged 45 (years):		
Males	-	24.6
Females	-	26.6

At 31 December 2016, the weighted-average duration of the defined benefit obligation was 20 years.

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligation as at 31 December 2016 is:

	Impact on defined benefit obligation at 31 December 2016 (£'000)
Discount rate:	
+ 0.5% p.a.	(577)
- 0.5% p.a.	660
Inflation rate:	
+ 0.5% p.a.	512
- 0.5% p.a.	(473)
Assumed life expectancy at age 65:	
+ 1 year	237
- 1 year	(240)

The plan's investment strategy is to invest broadly 80% in return seeking 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 as at 5 April 2014 and revealed a funding deficit of £0.8m. In the recovery plan dated 31 March 2015 the company has agreed to pay £8,000 per month which, after allowance for assumed asset outperformance, is expected to eliminate the shortfall by 5 April 2024.

In accordance with the schedule of contributions dated 31 March 2015 the company is expected to pay contributions of £0.1m over the next accounting period.

As a result of the hive up into the new parent company, the pension scheme has been transferred to Saint-Gobain High Performance Materials UK Limited.

**Norton Pension Scheme**

	2017 £'000	2016 £'000
Present value of funded defined benefit obligations	-	56,190
Fair value of plan assets	-	(52,959)
Net obligations	-	3,231

Notes to the Financial Statements - continued  
for the year ended 31 December 2017

15. EMPLOYEE BENEFIT OBLIGATIONS

Norton Pension Scheme - continued

Movements in present value of defined benefit obligation

	2017 £'000	2016 £'000
At 1 January	-	44,941
Current service cost (net of member contributions)	-	217
Interest cost	-	1,668
Net remeasurement loss/(gain) - financial	-	11,609
Net remeasurement loss - demographic	-	-
Net remeasurement loss - experience	-	-
Benefits paid	-	(2,245)
At 31 December	-	56,190

Movements in fair value of plan assets

	2017 £'000	2016 £'000
At 1 January	-	41,229
Interest income on plan assets	-	1,542
Return on assets excluding interest income	-	11,628
Contributions by employer	-	920
Benefits paid	-	(2,245)
Plan administrative cost	-	(115)
At 31 December	-	52,959

Expense recognised in the profit and loss account

	2017 £'000	2016 £'000
Current service cost (net of member contributions)	-	217
Net interest on defined benefit pension plan obligation	-	126
Plan administrative cost	-	115
Total	-	458

The expense is recognised in the following line items in the profit and loss account:

	2017 £'000	2016 £'000
Cost of sales	-	217
Administrative expenses	-	115
Finance income	-	(1,542)
Finance expense	-	1,668
	-	458

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

	2017 Fair value £'000	2016 Fair value £'000
Equities	-	11,343
Government debt	-	21,122
Corporate bonds	-	8,395
Property	-	3
Other	-	12,096
	-	52,959
Actual return on plan assets	-	13,170

**Notes to the Financial Statements - continued**  
**for the year ended 31 December 2017**

**15. EMPLOYEE BENEFIT OBLIGATIONS**

**Norton Pension Scheme - continued**

The expected rates of return on plan assets are determined by reference to relevant indices. Where relevant indices are not available (e.g. equities) an assumption is used for the expected rate of return. 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):

	2017 %	2016 %
Discount rate	-	2.60
Future salary increases	-	2.00
RPI inflation	-	3.35
CPI inflation	-	2.35
Future pension increases		
- inflation, max 5% p.a.	-	3.25
- inflation, min 3% p.a. max 5% p.a.	-	3.70
Life expectancy at age 65 for current pensioners (years):		
Males	-	23.2
Females	-	25.1
Life expectancy at age 65 for current members aged 45 (years):		
Males	-	24.9
Females	-	27.0

At 31 December 2016, the weighted-average duration of the defined benefit obligation was 18 years.

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligation as at 31 December 2016 is:

	Impact on defined benefit obligation at 31 December 2016 (£'000)
Discount rate:	
+ 0.5% p.a.	(4,728)
- 0.5% p.a.	5,359
Inflation rate:	
+ 0.5% p.a.	2,558
- 0.5% p.a.	(2,414)
Assumed life expectancy at age 65:	
+ 1 year	2,621
- 1 year	(2,604)

The plan's investment strategy is to invest broadly 80% in return seeking 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 as at 5 April 2014 and revealed a funding deficit of £6.3m. In the recovery plan dated 31 March 2015 the group has agreed to pay £40,000 per month which, after allowance for assumed asset outperformance, is expected to eliminate the shortfall by 5 April 2024.

In accordance with the schedule of contributions dated 31 March 2015 the group is expected to pay contributions of £0.8m over the next accounting period.

As a result of the hive up into the new parent company, the pension scheme has been transferred to Saint-Gobain High Performance Materials UK Limited.

**Quartz Pension Scheme**

	2017 £'000	2016 £'000
Present value of funded defined benefit obligations	-	87,223
Fair value of plan assets	-	(94,934)
Net asset	-	(7,711)

Notes to the Financial Statements - continued  
for the year ended 31 December 2017

## 15. EMPLOYEE BENEFIT OBLIGATIONS

## Quartz Pension Scheme - continued

## Movements in present value of defined benefit obligation

	2017 £'000	2016 £'000
At 1 January	-	70,866
Interest cost	-	2,641
Net remeasurement loss/(gain) - financial	-	16,726
Net remeasurement loss - demographic	-	-
Net remeasurement loss - experience	-	-
Benefits paid	-	(3,010)
At 31 December	-	87,223

## Movements in fair value of plan assets

	2017 £'000	2016 £'000
At 1 January	-	74,201
Interest income on plan assets	-	2,769
Return on assets excluding interest income	-	20,977
Contributions by employer	-	79
Benefits paid	-	(3,010)
Plan administrative cost	-	(82)
At 31 December	-	94,934

## Expense recognised in the profit and loss account

	2017 £'000	2016 £'000
Net interest on defined pension plan obligation	-	(128)
Plan administrative cost	-	82
Total	-	(46)

## The expense is recognised in the following line items in the profit and loss account:

	2017 £'000	2016 £'000
Administrative expenses	-	82
Finance income	-	(2,769)
Finance expense	-	2,641
	-	(46)

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

	2017 Fair value £'000	2016 Fair value £'000
Equities	-	19,231
Government debt	-	38,243
Corporate bonds	-	15,321
Property	-	5
Other	-	22,134
	-	94,934
Actual return on plan assets	-	23,746

**Notes to the Financial Statements - continued**  
**for the year ended 31 December 2017**

**15. EMPLOYEE BENEFIT OBLIGATIONS**

**Quartz Pension Scheme - continued**

The expected rates of return on plan assets are determined by reference to relevant indices. Where relevant indices are not available (e.g. equities) an assumption is used for the expected rate of return. 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):

	2017 %	2016 %
Discount rate	-	2.60
Future salary increases	n/a	n/a
RPI inflation	-	3.35
CPI inflation	-	2.35
Future pension increases		
- inflation, max 5% p.a.	-	3.25
- inflation, min 3% p.a. max 5% p.a.	-	3.70
Life expectancy at age 65 for current pensioners (years):		
Males	-	22.2
Females	-	24.0
Life expectancy at age 65 for current members aged 45 (years):		
Males	-	23.9
Females	-	25.9

At 31 December 2016, the weighted-average duration of the defined benefit obligation was 17 years.

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligation as at 31 December 2016 is:

	Impact on defined benefit obligation at 31 December 2016 (£'000)
Discount rate:	
+ 0.5% p.a.	(6,392)
- 0.5% p.a.	7,199
Inflation rate:	
+ 0.5% p.a.	5,442
- 0.5% p.a.	(5,215)
Assumed life expectancy at age 65:	
+ 1 year	4,285
- 1 year	(4,252)

The plan's investment strategy is to invest broadly 80% in return seeking 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 as at 5 April 2014 and revealed a funding deficit of £2.0m. In the recovery plan dated 31 March 2015 the allowance for assumed asset outperformance is expected to be sufficient to eliminate the shortfall by 5 April 2024.

In accordance with the schedule of contributions dated 31 March 2015 the company is expected to pay contributions of £0.1m over the next accounting period.

As a result of the hive up into the new parent company, the pension scheme has been transferred to Saint-Gobain High Performance Materials UK Limited

**Saint-Gobain Crystals and Detectors Pension Scheme**

	2017 £'000	2016 £'000
Present value of funded defined benefit obligations	-	26,324
Fair value of plan assets	-	(24,832)
Net obligations	-	1,492

**Notes to the Financial Statements - continued**  
**for the year ended 31 December 2017**

**15. EMPLOYEE BENEFIT OBLIGATIONS**

**Saint-Gobain Crystals and Detectors Pension Scheme - continued**

**Movements in present value of defined benefit obligation**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	-	21,990
Interest cost	-	816
Net remeasurement loss/(gain) - financial	-	4,545
Net remeasurement loss - demographic	-	-
Net remeasurement loss - experience	-	-
Benefits paid	-	(1,027)
At 31 December	-	<u>26,324</u>

**Movements in fair value of plan assets**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	-	20,154
Interest income on plan assets	-	751
Return on assets excluding interest income	-	4,775
Contributions by employer	-	233
Benefits paid	-	(1,027)
Plan administrative cost	-	(54)
At 31 December	-	<u>24,832</u>

**Expense recognised in the profit and loss account**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Net interest on defined benefit pension plan obligation	-	65
Plan administrative cost	-	54
Total	-	<u>119</u>

**The expense is recognised in the following line items in the profit and loss account:**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Administrative expenses	-	54
Finance income	-	(751)
Finance expense	-	816
	-	<u>119</u>

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

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Equities	-	5,223
Government debt	-	9,685
Corporate bonds	-	4,146
Property	-	1
Other	-	5,777
	-	<u>24,832</u>
Actual return on plan assets	-	<u>5,526</u>



**Notes to the Financial Statements - continued  
for the year ended 31 December 2017**

**15. EMPLOYEE BENEFIT OBLIGATIONS**

**Saint-Gobain Crystals and Detectors Pension Scheme - continued**

The expected rates of return on plan assets are determined by reference to relevant indices. Where relevant indices are not available (e.g. equities) an assumption is used for the expected rate of return. 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):

	2017 %	2016 %
Discount rate	-	2.60
Future salary increases	n/a	n/a
RPI inflation	-	3.35
CPI inflation	-	2.35
Future pension increases		
- inflation, min 3% p.a. max 5% p.a.	-	3.70
Life expectancy at age 65 for current pensioners (years):		
Males	-	22.2
Females	-	24.0
Life expectancy at age 65 for current members aged 45 (years):		
Males	-	23.9
Females	-	25.9

At 31 December 2016, the weighted-average duration of the defined benefit obligation was 15 years.

A sensitivity analysis of the principal assumptions used to measure the plan's defined benefit obligation as at 31 December 2016 is:

	Impact on defined benefit obligation at 31 December 2016 (£'000)
Discount rate:	
+ 0.5% p.a.	(1,762)
- 0.5% p.a.	1,962
Inflation rate:	
+ 0.5% p.a.	1,070
- 0.5% p.a.	(1,044)
Assumed life expectancy at age 65:	
+ 1 year	1,253
- 1 year	(1,247)

The plan's investment strategy is to invest broadly 80% in return seeking 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 as at 5 April 2014 and revealed a funding deficit of £3.0m. In the recovery plan dated 31 March 2015 the company has agreed to pay £15,000 per month which, after allowance for assumed asset outperformance, is expected to eliminate the shortfall by 5 April 2024.

In accordance with the schedule of contributions dated 27 March 2012 the company is expected to pay contributions of £0.2m over the next accounting period.

As a result of the hive up into the new parent company, the pension scheme has been transferred to Saint-Gobain High Performance Materials UK Limited.

**Defined contribution plans**

The company operated a number of defined contribution pension plans. The total expense relating to these plans in the prior year was £203,000

**16. ACCOUNTING ESTIMATES AND JUDGEMENTS**

The carrying amounts of the company's intangible assets are reviewed at each balance sheet date. In testing for impairment management have made certain assumptions concerning the future development of the underlying business that are consistent with the long range plan for each entity. The future cash flows have been discounted to provide a net present value for the business based on a rate of 7.25%.