

Registered number: 226822

SIKA LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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SIKA LIMITED

COMPANY INFORMATION

DIRECTORS

P Schuler
DE Lang (appointed 8 October 2014)
JMP de Martres (resigned 8 October 2014)

COMPANY SECRETARY

Beach Secretaries Limited

REGISTERED NUMBER

226822

REGISTERED OFFICE

Watchmead
Welwyn Garden City
Hertfordshire
AL7 1BQ

INDEPENDENT AUDITORS

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

BANKERS

Citibank, N.A., London Branch
Citigroup Centre 2
25 Canada Square
London
E14 1BQ

SIKA LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The profit for the year, after taxation, amounted to £12,069,000 (2013: £4,562,000). On the 28th May 2015, the directors declared a dividend of £11,200,000.

Principal activities

The company is engaged in the formulation, manufacture and marketing of speciality chemicals for construction and adhesives and sealants for industry.

Review of the business and future developments

2014 proved to be a much disappointing year in terms of sales growth and profitability. While sales declined marginally, profitability increased significantly compared to the previous year as major projects across the country were deferred until 2015 and a material dividend was received from a subsidiary, respectively. Gross profit declined too for similar reasons. The company's key financial and other performance indicators were as follows:

	2014 £000's	2013 £000's	Change %
Turnover	117,373	119,584	(1.84)
Gross profit	37,623	40,812	(7.81)
Profit after tax	12,069	4,562	164.55
Average number of employees	374	376	(0.53)

Principal risks and uncertainties

Business risks generally are mitigated as far as possible because the company's core businesses are positioned to service not only new build projects but also repair and maintenance needs.

Energy costs have continued to increase ahead of general inflationary trends as have raw materials prices.

The company consistently reviews its financial risk management and the directors believe that the company has minimal exposure to liquidity or cash flow risk. Credit risk is managed through the setting of credit limits and close control of overdue balances. Exposure to price risk due to commodity movements impacting raw material costs are mitigated by group wide purchasing abilities and controls.

This report was approved by the board on *21st SEPTEMBER 2015* and signed on its behalf.

DE Lang
Director



SIKA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

DIRECTORS

The directors who served during the year were:

P Schuler
DE Lang (appointed 8 October 2014)
JMP de Martres (resigned 8 October 2014)

Going concern

The company's business activities, together with factors likely to affect its future development, performance and position are set out in review of the business above. The company has a broad customer base across both different geographic areas and industries and applications. As a consequence of this diversity the directors believe that the company has sufficient flexibility to manage its business risks successfully despite the current uncertain economic outlook.

The company is currently generating and is forecast to continue to generate positive cash flows on its own account for the foreseeable future. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of Sika Limited to continue as a going concern or its ability to maintain the current loan facility and banking arrangements. The company is therefore considered to have adequate cash inflows or control over obtaining cash to meet its cash outflow requirements for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Research and development

The company's activities in research and development are principally concerned with the development of new products and the improvement of existing products.

Third party indemnities

The company has provided to all directors limited indemnities in respect of the cost of defending claims against them and third party liabilities. These are all third party indemnity provisions for the purpose of the Companies Act 2006 and are all currently in force.

Donations

Gifts for charitable purposes during the year amounted to £2,821 (2013: £22,479).

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the company has been continued through 'Company Information Meetings' in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. The company operates a bonus scheme based on a combination of corporate and personal objectives.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014
DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on *21ST SEPTEMBER 2015* and signed on its behalf.



DE Lang
Director

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIKA LIMITED

We have audited the financial statements of Sika Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet, the statement of recognised gains and losses and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' 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 AUDITORS

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SIKALIMITED**

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.

Ernst & Young LLP

Tehseen Ali (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP

100 Barbirolli Square
Manchester
M2 3EY

Date:

23/9/2015

SIKA LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £000	2013 £000
TURNOVER	2	117,373	119,584
Cost of sales		(79,750)	(78,772)
GROSS PROFIT		37,623	40,812
Net operating expenses		(34,684)	(33,369)
Other operating income		-	312
OPERATING PROFIT	3	2,939	7,755
Income from other fixed asset investments		12,000	-
Interest payable and similar charges	6	(3,032)	(1,810)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11,907	5,945
Tax on profit on ordinary activities	7	162	(1,383)
PROFIT FOR THE FINANCIAL YEAR	18	12,069	4,562

All amounts relate to continuing operations.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

The notes on pages 10 to 20 form part of these financial statements.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £000	2013 £000
PROFIT FOR THE FINANCIAL YEAR		<u>12,069</u>	<u>4,562</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u><u>12,069</u></u>	<u><u>4,562</u></u>

The notes on pages 10 to 20 form part of these financial statements.

**BALANCE SHEET
AS AT 31 DECEMBER 2014**

	Note	£000	2014 £000	2013 £000
FIXED ASSETS				
Intangible assets	8		2,555	1,780
Tangible assets	9		9,705	8,788
Investments	10		59,388	59,388
			<u>71,648</u>	<u>69,956</u>
CURRENT ASSETS				
Stocks	11	6,263		7,745
Debtors	12	19,367		21,066
Cash at bank and in hand		261		328
		<u>25,891</u>		<u>29,139</u>
CREDITORS: amounts falling due within one year	13	(15,242)		(16,897)
NET CURRENT ASSETS			<u>10,649</u>	<u>12,242</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>82,297</u>	<u>82,198</u>
CREDITORS: amounts falling due after more than one year	14		(58,022)	(66,039)
PROVISIONS FOR LIABILITIES				
Deferred tax	15	(66)		-
Other provisions	16	(336)		(435)
			<u>(402)</u>	<u>(435)</u>
NET ASSETS			<u>23,873</u>	<u>15,724</u>
CAPITAL AND RESERVES				
Called up share capital	17		3,000	3,000
Other reserves	18		2,308	2,308
Profit and loss account	18		18,565	10,416
SHAREHOLDERS' FUNDS	19		<u>23,873</u>	<u>15,724</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21st SEPTEMBER 2015.


DE Lang
Director

The notes on pages 10 to 20 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that the company is wholly owned and its parent publishes a consolidated cashflow statement.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life of 10 years.

Purchased intangible assets are capitalised and amortised in the profit and loss account over their estimated economic life on the following basis:

Computer software - 20% straight line per annum

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	over 4 to 25 years
Plant and machinery	-	over 5 to 10 years
Motor vehicles	-	over 4 years
Fixtures and fittings	-	over 6 years
Computer equipment	-	over 3 to 4 years

1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.7 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.11 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project. All other research and development cost is written off to the profit and loss account as incurred.

Deferred development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related development is written off to the Profit and loss account.

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company in accordance with the rules of the scheme.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

2. TURNOVER

The whole of the turnover is attributable to one principal continuing activity of the company.

A geographical analysis of turnover is as follows:

	2014 £000	2013 £000
United Kingdom	105,053	108,583
Rest of European Union	9,751	8,033
Rest of world	2,569	2,968
	<u>117,373</u>	<u>119,584</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2014 £000	2013 £000
Amortisation of intangible fixed assets	471	223
Depreciation of tangible fixed assets:		
- owned by the company	876	749
Auditors' remuneration - audit fees	67	62
- non-audit fees	29	107
Operating lease rentals:		
- cars, plant and machinery	1,593	1,331
- other operating leases	1,702	-
(Gain)/loss on foreign exchange	(442)	68
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2013 - £NIL).

4. STAFF COSTS

Staff costs were as follows:

	2014 £000	2013 £000
Wages and salaries	16,341	16,244
Social security costs	2,518	1,760
Other pension costs	1,083	924
	<u>19,942</u>	<u>18,928</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

4. STAFF COSTS (continued)

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
Production	74	78
Selling and marketing staff	138	139
Administrative staff	162	159
	<u>374</u>	<u>376</u>

5. DIRECTORS' REMUNERATION

The remuneration of certain directors of the group are borne by a fellow subsidiary company of the Sika group. A management charge of £727,176 (2013: £858,809) in respect of management services costs has been made by Sika Europe Management AG. This includes the directors' remuneration which is not possible to identify separately.

6. INTEREST PAYABLE

	2014 £000	2013 £000
Group interest payable	<u>3,032</u>	<u>1,810</u>

7. TAXATION

	2014 £000	2013 £000
Analysis of tax (credit)/charge in the year		
Current tax		
UK corporation tax charge on profit for the year	54	1,418
Adjustments in respect of prior periods	(407)	(290)
Total current tax	<u>(353)</u>	<u>1,128</u>
Deferred tax (see note 15)		
Origination and reversal of timing differences	191	255
Tax (credit)/charge on profit on ordinary activities	<u>(162)</u>	<u>1,383</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

7. TAXATION (continued)

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	11,907	5,945
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	2,560	1,382
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	171	7
Capital allowances for year in excess of depreciation	(62)	38
Adjustments to tax charge in respect of prior periods	(407)	(290)
Other timing differences leading to an increase/(decrease) in taxation	-	(9)
Dividends from UK companies	(2,580)	-
Other tax charge/(relief) on exceptional items	(35)	-
Current tax (credit)/charge for the year	(353)	1,128

Factors that may affect future tax charges

In his 2013 Budget Statement, the Chancellor of the Exchequer announced certain tax changes which have an effect on the company's future tax position. The proposals included a reduction in the corporation tax rate to 20% effective from 1 April 2015. This reduction is in addition to the proposed reduction to 21% effective from 1 April 2014. As at the balance sheet date, both of the announced reductions have been 'substantively enacted' and these are therefore reflected in the closing deferred tax balances.

The rate change would also impact the amount of future cash tax payments made by the company. The effect of the proposed changes to the UK tax system will be reflected in the financial statements of the company in future years, as appropriate, once the proposals have been substantively enacted.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

8. INTANGIBLE FIXED ASSETS

	Computer software £000	Goodwill £000	Total £000
Cost			
At 1 January 2014	-	2,982	2,982
Additions	1,246	-	1,246
At 31 December 2014	1,246	2,982	4,228
Amortisation			
At 1 January 2014	-	1,202	1,202
Charge for the year	249	222	471
At 31 December 2014	249	1,424	1,673
Net book value			
At 31 December 2014	997	1,558	2,555
At 31 December 2013	-	1,780	1,780

9. TANGIBLE FIXED ASSETS

	Land & buildings £000	Plant and machinery, fixtures and fittings and computer equipment £000	Motor vehicles £000	Construction in progress £000	Total £000
Cost					
At 1 January 2014	6,229	9,589	40	2,601	18,459
Additions	-	-	6	1,814	1,820
Disposals	-	(442)	-	-	(442)
Transfer between classes	2,752	1,178	-	(3,930)	-
At 31 December 2014	8,981	10,325	46	485	19,837
Depreciation					
At 1 January 2014	3,917	5,714	40	-	9,671
Charge for the year	139	737	-	-	876
On disposals	-	(415)	-	-	(415)
At 31 December 2014	4,056	6,036	40	-	10,132
Net book value					
At 31 December 2014	4,925	4,289	6	485	9,705
At 31 December 2013	2,312	3,875	-	2,601	8,788

Included in land and buildings is freehold land at valuation of £1,989,000 (2013 - £1,989,000), cost £1,989,000 (2013 - £1,989,000) which is not depreciated.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2014 and 31 December 2014	59,388
Net book value	
At 31 December 2014	59,388
At 31 December 2013	59,388

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Sika Contracts Limited	Ordinary	100 %
Sarnafil Roof Assured Limited	Ordinary	90.25 %
Liquid Plastics Limited	Ordinary	100 %
Everbuild Building Products Limited	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 December 2014 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Profit/(loss) £000
Sika Contracts Limited	-	-
Sarnafil Roof Assured Limited	(91)	-
Liquid Plastics Limited	1	-
Everbuild Building Products Limited	14,377	6,367

11. STOCKS

	2014 £000	2013 £000
Raw materials	1,386	1,313
Finished goods and goods for resale	4,877	6,432
	6,263	7,745

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

12. DEBTORS

	2014 £000	2013 £000
Trade debtors	15,028	18,358
Amounts owed by group undertakings	2,457	1,826
Other debtors	681	-
Prepayments and accrued income	1,201	757
Deferred tax asset (see note 15)	-	125
	<u>19,367</u>	<u>21,066</u>

**13. CREDITORS:
Amounts falling due within one year**

	2014 £000	2013 £000
Trade creditors	4,624	5,380
Amounts owed to group undertakings	4,964	4,759
Corporation tax	-	207
Other taxation and social security	1,922	2,156
Accruals and deferred income	3,732	4,395
	<u>15,242</u>	<u>16,897</u>

**14. CREDITORS:
Amounts falling due after more than one year**

	2014 £000	2013 £000
Amounts owed to group undertakings	<u>58,022</u>	<u>66,039</u>

15. DEFERRED TAXATION

	2014 £000	2013 £000
At beginning of year	125	380
Movement recognised in the profit and loss account	(191)	(255)
	<u>(66)</u>	<u>125</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

15. DEFERRED TAXATION (continued)

The deferred taxation balance is made up as follows:

	2014 £000	2013 £000
Accelerated capital allowances	(370)	(118)
Other timing differences	304	243
	<u>(66)</u>	<u>125</u>

16. PROVISIONS

	£000
At 1 January 2014	435
Reversal of provision	(99)
At 31 December 2014	<u>336</u>

These represent provisions made for contractual product guarantee warranties.

17. SHARE CAPITAL

	2014 £000	2013 £000
Allotted, called up and fully paid		
3,000,000 Ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>

18. RESERVES

	Other reserves £000	Profit and loss account £000
At 1 January 2014	2,308	10,416
Profit for the financial year		12,069
Dividends: Equity capital		(3,920)
At 31 December 2014	<u>2,308</u>	<u>18,565</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £000	2013 £000
Opening shareholders' funds	15,724	11,162
Profit for the financial year	12,069	4,562
Dividends (Note 20)	(3,920)	-
	<u>23,873</u>	<u>15,724</u>
Closing shareholders' funds		

20. DIVIDENDS

	2014 £000	2013 £000
Dividends paid	<u>3,920</u>	<u>-</u>

21. CAPITAL COMMITMENTS

At 31 December 2014 the company had capital commitments as follows:

	2014 £000	2013 £000
Contracted for but not provided in these financial statements	<u>202</u>	<u>-</u>

22. PENSION COMMITMENTS

The company operates a money purchase scheme for the benefit of the directors and employees. The assets of the scheme are administered by the trustees in a fund independent from those of the company. As at 31 December 2014 outstanding contributions to this scheme amounted to £141,345 (2013: £75,782).

23. OPERATING LEASE COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014 £000	2013 £000	2014 £000	2013 £000
Expiry date:				
Within 1 year	-	-	239	123
Between 2 and 5 years	717	343	731	783
After more than 5 years	-	279	-	-
	<u>-</u>	<u>279</u>	<u>-</u>	<u>-</u>

24. POST BALANCE SHEET EVENTS

On the 31st March 2015 the company acquired 100% of the issued share capital of Axson UK Limited for £1,538,395.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate and ultimate parent undertaking and controlling party is Sika AG, which is incorporated in Switzerland and is also the smallest and largest group of undertakings of which the company is a member and for which group financial statements are drawn up. Copies of the group financial statements can be obtained from Zugerstrasse 50, CH-6341 Baar, Switzerland.