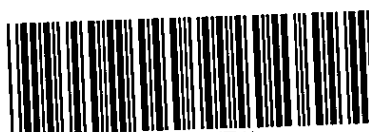


# **Sapa Building Systems Limited**

## **Report and Financial Statements**

31 December 2009

WEDNESDAY



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COMPANIES HOUSE

**Directors**

N K Sissons  
M P Robinson  
H Johansson  
K Cookson  
N Eley

**Secretary**

D Thompson

**Auditors**

Ernst & Young LLP  
One Bridewell Street  
Bristol  
BS1 2AA

**Bankers**

Barclays Bank plc  
128 High Street  
Cheltenham  
Gloucestershire  
GL50 1EL

**Registered Office**

Alexandra Way  
Ashchurch  
Tewkesbury  
Gloucestershire  
GL20 8NB

## Directors' report

The directors present their report and financial statements for the year ended 31<sup>st</sup> December 2009

### Results and dividends

The profit for the year before taxation amounted to £947,000 (2008 – profit of £744,000) The directors do not recommend the payment of a dividend (2008 £nil)

### Principal activities and review of the business

Sapa Building Systems is a major force in the UK fenestration industry We offer architects, specifiers, developers, fabricators, installers and householders a wide range of innovative aluminium systems for curtain walling, doors, windows, conservatory roofs and specialist applications

#### > Business environment

The domestic market remains weak with strong competition from PVC based products but there are signs of growth in new products The commercial and school segments have contracted, due to the credit crunch and recession

#### > Strategy

The company objective is to achieve growth and returns in line with the expectations of its shareholders This is to be achieved by a combination of building a product range which is customer focused, investment in new equipment and technology to reduce costs and investment in our workforce through training and development initiatives

#### > Product range

The continued development of the product range with thermally advanced and innovative products such as DualFrame SI, Elegance SC and PowerFrame blast protection systems has strengthened the range The Crown range is being launched in 2010 to meet the needs of the future domestic market

#### > Key Performance Indicators ("KPIs")

The directors are of the opinion that, given the straightforward nature of the business, analysis using KPIs is not necessary or appropriate for an understanding of the development and performance of the company The directors consider the data within the financial statements sufficient to enable a considered view of the company's performance to be undertaken

### Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs The company does not use derivative financial instruments to manage interest costs

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the company's finance department The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage interest rate costs

## Directors' report

### Principal risks and uncertainties (continued)

#### ➤ Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

#### ➤ Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised, this is subject to pre approval by the board of directors. The amount of exposure to any individual counterparty is subject to a limit, which is reviewed periodically.

#### ➤ Liquidity risk

The company maintains a mixture of long term and short term financing that is designed to ensure the company has sufficient available funds for operations and planned expansions.

### Research and development

The concept, design and launching of the new systems are evidence of the company's commitment to maintaining its position of a key innovator in the industry.

### Future developments

The increased investment and launch of new advanced products, combined with launching Solar Shading, Photovoltaics (BIPV) will underpin sales against the background of volatile markets and public sector cutbacks.

### Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, details of its financial instruments, liquidity and cash flow risk are described in the statutory accounts.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### Directors

The directors of the company at 31st December 2009 and to the date of this report are listed below -

N K Sissons  
M P Robinson  
H Johansson  
D P Ashby  
K Cookson  
N Eley

## Directors' report

### Employees

The success of the company depends largely on its employees. Investment in on the job training and all aspects of health and safety is key to this issue. We undertake regular team briefing sessions which provide a two way communication flow and result in greater understanding from all employees regarding the aims and goals of the company. Regular staff appraisals are also performed. The company retains its "Investors in People" award.

### Health and Safety at Work Act 1974

It is the company's policy that all possible steps will be taken at all times to ensure the health and safety of persons and to prevent damage to the company's property. In accordance with the Act, a comprehensive policy statement together with health and safety rules has been issued within the company to all its employees.

### Disabled employees

Wherever possible it is company policy to employ disabled persons, to offer continuity of employment to employees who become disabled, and to provide career and training opportunities commensurate with their abilities.

### Employee consultation

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.


### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

D Thompson  
Secretary

Date



23/09/2010

## Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 proper 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 Sapa Building Systems Limited**

We have audited the financial statements of Sapa Building Systems Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 22. 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 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 auditors**

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 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.

### **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 2009 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 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 Sapa Building Systems 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

Ernst & Young LLP

Ken Griffin (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Bristol

Date 29 September 2010



## Profit and loss account

for the year ended 31 December 2009

	Notes	2009 £000	2008 £000
<b>Turnover</b>	2	30,649	34,666
Cost of sales		(21,908)	(25,332)
<b>Gross profit</b>		8,741	9,334
Distribution costs		(884)	(1,074)
Administrative expenses		(6,953)	(7,523)
<b>Operating profit</b>	3	904	737
Interest receivable and similar income	6	44	14
Interest payable	7	(1)	(7)
<b>Profit on ordinary activities before taxation</b>		947	744
Tax on profit on ordinary activities	8	926	(372)
<b>Profit for the financial year</b>	16	1,873	372

## Statement of total recognised gains and losses

for the year ended 31 December 2009

A statement of total recognised gains and losses has not been prepared as there were no recognised gains or losses other than the profit for the year

**Balance sheet**

at 31 December 2009

	Notes	2009 £000	2008 £000
<b>Fixed assets</b>			
Tangible assets	9	3,782	3,994
		<u>3,782</u>	<u>3,994</u>
<b>Current assets</b>			
Stocks	10	3,663	4,358
Debtors	11	7,633	7,159
Cash at bank and in hand		2,541	720
		<u>13,837</u>	<u>12,237</u>
<b>Creditors:</b> amounts falling due within one year	12	(5,165)	(5,650)
		<u>8,672</u>	<u>6,587</u>
<b>Net current assets</b>			
		<u>12,454</u>	<u>10,581</u>
<b>Total assets less current liabilities</b>			
<b>Creditors:</b> amounts falling due after more than one year	13	(1,416)	(1,416)
<b>Provisions for liabilities</b>	14	—	—
		<u>11,038</u>	<u>9,165</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	15	1,420	1,420
Profit and loss account	16	9,618	7,745
		<u>11,038</u>	<u>9,165</u>
<b>Shareholders' funds</b>	16		
		<u>11,038</u>	<u>9,165</u>

Approved by the Board



N K Sissons

Director

Date

28th September  
2010

## Notes to the financial statements

at 31 December 2009

### 1. Accounting policies

#### *Basis of preparation*

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

#### *Turnover*

Turnover represents the invoiced value of sales, net of trade discounts, excluding value added tax

#### *Depreciation*

Fixed assets are depreciated on a straight line basis over their estimated useful lives at the following rates -

Freehold property	—	2.5%
Leasehold property	—	over the life of the lease
Plant and equipment	—	10% – 50%
Office equipment and fittings	—	20% – 50%
Motor vehicles	—	25% – 50%

Freehold land is not depreciated

#### *Stocks*

Stocks are stated at the lower of cost and estimated net realisable value. Cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective stocks

#### *Deferred taxation*

Provision is made for deferred taxation on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities are not discounted

#### *Foreign currencies*

Foreign currency balances are translated at the rates of exchange ruling at the balance sheet date. All differences arising on translation are taken to the profit and loss account

#### *Leasing and hire purchase commitments*

The cost of all operating leases is charged to the profit and loss account on a straight line basis over the term of the lease

#### *Pensions*

The company participates in the Sapa Holdings Limited Pension and Life Assurance Scheme, a funded defined benefit pension scheme under which contributions are made to a separately administered trust fund. As it is not possible to identify the underlying assets and liabilities attributable to each participating company, multi employer treatment and therefore accounting on a defined contribution basis is applied

The company also operates a defined contribution stakeholder pension scheme

Contributions to both schemes are charged to the profit and loss account as they become payable

**at 31 December 2009**

An analysis of the turnover by geographical market is as follows -

	2009	2008
	£000	£000
United Kingdom	29,800	33,609
Europe	849	1,033
Americas	-	24

**This is stated after charging**

	2009	2008
	£000	£000
Depreciation of owned fixed assets	373	344
Operating lease rentals – plant and machinery	463	582
– land and buildings	195	170
Research and development	300	186
Fees paid to auditors		
Audit fees	34	21
Other fees for non-audit services	4	2
	38	23

	2009	2008
	£000	£000
Aggregate emoluments	399	381
Company contributions paid to defined contribution pension schemes	9	7
	<u>408</u>	<u>388</u>
In respect of the highest paid director		
Aggregate emoluments	115	117
Defined benefit scheme – accrued pension at year end	23	21

## Notes to the financial statements

at 31 December 2009

### 4. Directors' emoluments (continued)

Retirement benefits are accruing to three directors under the company's defined benefit scheme (2008 3)

The emoluments of H. Johansson are paid for by Sapa Holding AB. His services to Sapa Building Systems Limited are of a non-executive nature and his emoluments are deemed to be wholly attributable to his services to Sapa Holding AB. Accordingly, the above details include no emoluments in respect of the aforementioned director.

### 5. Staff costs

	2009	2008
	£000	£000
Wages and salaries	5,372	6,188
Social security costs	533	627
Other pension costs	381	443
	<u>6,286</u>	<u>7,258</u>

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

	2009	2008
	No	No
Production	101	133
Office and administration	79	93
	<u>180</u>	<u>226</u>

### 6. Interest receivable and similar income

	2009	2008
	£000	£000
Other interest receivable	44	14
	<u>44</u>	<u>14</u>

### 7. Interest payable and similar charges

	2009	2008
	£000	£000
Bank and other interest	1	7
	<u>1</u>	<u>7</u>

## Notes to the financial statements

at 31 December 2009

### 8. Tax

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2009 £000	2008 £000
<i>Current tax</i>		
UK corporation tax on the profit for the year	-	325
Under/(over) provision in prior years	(893)	14
	<u>(893)</u>	<u>339</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(33)	33
Tax on profit on ordinary activities	<u>(926)</u>	<u>372</u>

#### (b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28%. The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before tax	947	744
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 – 28.5%)	<u>265</u>	<u>212</u>
<i>Effects of</i>		
Expenses not deductible for tax purposes	40	67
Capital allowances for period in excess of depreciation	14	106
Adjustments to tax charge in respect of prior years	(893)	14
Other timing differences	6	(61)
Group relief received for nil payment	(325)	-
Current tax for the year	<u>(893)</u>	<u>338</u>

On 1 April 2011, the UK corporation tax rate will reduce from 28% to 27%, and by a further 1% a year over the following 3 years. This rate change will affect the amount of future cash tax payments to be made by the company. The effect on the company of these proposed changes to the UK tax system will be fully reflected in the company's financial statements in future years, as appropriate, once the proposals have been substantively enacted.

## Notes to the financial statements

at 31 December 2009

### 9. Tangible fixed assets

	<i>Freehold land and buildings £000</i>	<i>Short- leasehold property £000</i>	<i>Plant and machinery £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost or valuation					
At 1 January 2009	4,423	26	6,975	33	11,457
Additions	-	-	161	-	161
At 31 December 2009	4,423	26	7,136	33	11,618
Depreciation					
At 1 January 2009	1,549	26	5,855	33	7,463
Charge for the year	83	-	290	-	373
At 31 December 2009	1,632	26	6,145	33	7,836
Net book value					
At 31 December 2009	2,791	-	991	-	3,782
At 1 January 2009	2,874	-	1,120	-	3,994

Freehold land amounting to £1,250,000 (2008 – £1,250,000) has not been depreciated

### 10. Stocks

	<i>2009 £000</i>	<i>2008 £000</i>
Raw materials and consumables	2,153	2,555
Work in progress	185	153
Finished goods	1,325	1,650
	3,663	4,358

### 11. Debtors

	<i>2009 £000</i>	<i>2008 £000</i>
Trade debtors	6,477	6,270
Amounts owed by group undertakings	80	205
Other debtors	8	34
Prepayments and accrued income	377	512
Corporation tax	520	-
Deferred tax asset	171	138
	7,633	7,159

## Notes to the financial statements

at 31 December 2009

### 12. Creditors: amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	1,861	1,910
Amounts owed to group undertakings	1,849	2,034
Corporation tax	-	414
Taxation and social security	162	651
Other creditors	22	23
Accruals	1,271	618
	<u>5,165</u>	<u>5,650</u>

### 13. Creditors: amounts falling due after more than one year

	2009 £000	2008 £000
Amounts owed to group undertakings	1,416	1,416
	<u>1,416</u>	<u>1,416</u>

Amounts owed to group undertakings are unsecured and are interest free

### 14. Provisions for liabilities

The deferred tax asset provision is as follows

	2009 £000	2008 £000
Accelerated capital allowances	138	153
Other timing differences	33	(15)
	<u>171</u>	<u>138</u>

Movements in the provision are as follows

	<i>Deferred taxation</i> £000
At 1 January 2009	138
Credit to profit and loss account	33
	<u>171</u>
Deferred tax provision at 31 December 2009	<u>171</u>

### 15. Allotted and issued share capital

		2009 £000		2008 £000
<i>Allotted, called up and fully paid</i>	<i>No</i>		<i>No</i>	
Ordinary shares of £1 each	1,420,320	1,420	1,420,320	1,420
		<u>1,420</u>		<u>1,420</u>



## Notes to the financial statements

at 31 December 2009

### 16. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 1 January 2008	1,420	7,373	8,793
Profit for the financial year	—	372	372
At 1 January 2009	1,420	7,745	9,165
Profit for the year	—	1,873	1,873
At 31 December 2009	1,420	9,618	11,038

### 17. Pension commitments

In common with certain of its subsidiary undertakings, the company makes contributions to the Sapa Holdings Limited and Life Assurance Scheme ("the scheme"), a defined benefit scheme

The company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis but is required to make contributions set at a level to make good any deficit in the scheme. As a result, the company is exposed to actuarial risks associated with the current and former employees of its subsidiaries. Contributions to the scheme are therefore set at a common level for the company and certain of its subsidiaries rather than reflecting the characteristics of the workforce of the company.

Accordingly, the directors consider it appropriate to record accounting entries in respect of the company's contributions only but make disclosures for the entire scheme in these financial statements.

Contributions to the scheme are determined with the advice of independent qualified actuaries who recommend the projected unit method. The fund is valued every three years by a professionally qualified independent actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The most recent valuation was conducted as at 6 April 2008 the results of which are disclosed in the accounts of Sapa UK Limited. An update of this valuation as at 31 December 2009 resulted in a deficit of £14,697,000 (2008 – deficit of £6,362,000) none of which has been recognised in the company accounts.

The company participated in the Sapa Holdings Limited Money Purchase Pension Scheme until November 2002 when the scheme was replaced by the stakeholder pension scheme. Both of these schemes are defined contribution pension schemes. The assets of these schemes are held separately to those of the company in an independently administered fund.

The transactions with the pension schemes during the year were as follows -

	<i>Contributions</i>	
	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Defined benefit scheme	235	256
Defined contribution schemes	170	191
	405	447

## Notes to the financial statements

at 31 December 2009

### 18. Other financial commitments

The company is committed to make payments in the next year on non-cancellable operating leases for the following amounts

	2009	2009	2008	2008
	<i>Land and</i>	<i>Other</i>	<i>Land and</i>	<i>Other</i>
	<i>buildings</i>		<i>buildings</i>	
	£000	£000	£000	£000
Operating leases which expire				
Within one year	20	30	39	182
In two to five years	77	325	78	157
	<u>97</u>	<u>355</u>	<u>117</u>	<u>339</u>

### 19. Contingent liabilities

The company has given an unlimited guarantee over the bank indebtedness of Sapa Profiles Limited, Sapa UK Limited, Plan-it Tewkesbury Limited and Sapa Pressweld Limited

### 20. Cash flow statements

No cash flow statement has been prepared since the company is a wholly owned subsidiary undertaking and is exempt from doing so by the provisions of FRS 1

### 21. Related party transactions

Transactions with entities that are part of the Orkla ASA group are not disclosed as the company has taken advantage of exemptions in FRS8, being a 100% owned subsidiary

### 22. Ultimate parent undertaking and controlling party

The company is a subsidiary undertaking and is controlled by Granges Products Limited which is registered in England. Throughout the year ended 31st December 2009, the ultimate parent company was Orkla ASA which is incorporated in Norway

The largest group into which the results of the company are consolidated is that of which Orkla ASA is the parent company. The consolidated accounts of Orkla ASA may be obtained from Corporate Headquarters, P O Box 423 Skoyen, Oslo, Norway

The smallest such group is that of which Sapa Holding AB (formerly Sapa AB) is the parent company, whose consolidated accounts may be obtained from Corporate Communications, Sapa Holding AB, Box 5505, SE-114 85 Stockholm, Sweden or on the Internet at <http://www.sapagroup.com>