

Sapa UK Limited

Report and Financial Statements

31 December 2012

Registered No 1469120

MONDAY



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COMPANIES HOUSE

Sapa UK Limited

Directors

A P Daniels

J Tate

Secretary

D P Ashby

Auditors

Ernst & Young LLP

The Paragon

Counterslip

Bristol BS1 6BX

Bankers

Barclays Bank plc

128 High Street

Cheltenham

Gloucestershire GL50 1EL

Svenska Handelsbanken AB

1145 Regent Court

Gloucester Business Park

Gloucester

GL3 4AD

Registered Office

5300 Severn Drive

Tewkesbury

Gloucestershire GL20 8TX

Registered No 1469120

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Results and dividends

The loss for the year after taxation amounted to £1,071,000 (2011 – loss of £2,258,000) The directors do not recommend a final dividend (2011 – £nil)

Principal activities and review of the business

The company's principal activities are those of a holding and industrial management company

The directors reviewed the carrying value of the company's investment in group undertakings during the year Following this, an impairment charge of £nil (2011 – £355,000) was recognised

Future developments

The company intends to continue its parent undertaking role for the foreseeable future

Principal risks and uncertainties

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

Given the size of the company, management 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

Interest rate cash flow risk

The company's overdraft and bank borrowings are interest bearing liabilities The directors monitor the interest cost of this debt on a regular basis

Credit risk

The company carries out appropriate credit checks on potential customers before sales are made The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly by the board

Directors

The directors who served the company during the year were as follows

A P Daniels

J Tate

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, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

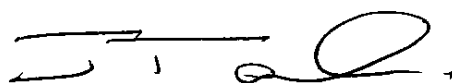
Directors' report (continued)

Auditors

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

On behalf of the Board

J Tate
Director



Date

26th September 2013.

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 judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 UK Limited

We have audited the financial statements of Sapa UK Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. 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 auditor

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 Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2012 and of its loss 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 (continued)

to the members of Sapa UK Limited

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

30 September 2013

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £000	2011 £000
Administrative expenses		(3,982)	(4,238)
Operating loss	2	(3,982)	(4,238)
Income from investments		2,000	1,000
Interest payable and similar charges	5	(54)	(98)
Loss on ordinary activities before taxation		(2,036)	(3,336)
Tax	6	965	1,078
Loss for the financial year	12	(1,071)	(2,258)

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2012

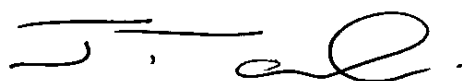
There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £1,071,000 in the year ended 31 December 2012 (2011 – loss of £2,258,000)

Balance sheet

at 31 December 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Investments	7	52,216	52,216
Current assets			
Debtors	8	1,123	1,086
Cash		167	1,062
		1,290	2,148
Creditors amounts falling due within one year	9	(373)	(5,651)
Net current assets/(liabilities)		917	(3,503)
Total assets less current liabilities		53,133	48,713
Creditors amounts falling due after more than one year	10	(33,442)	(27,951)
Net assets		19,691	20,762
Capital and reserves			
Called up share capital	11	19,137	19,137
Share premium	12	386	386
Profit and loss account	12	168	1,239
Shareholders' funds	12	19,691	20,762

J Tate



Director

Date

26th September 2013.

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

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

Going concern

The financial statements have been prepared on the going concern basis as the Company's ultimate parent undertaking has committed to continue to support the company for the foreseeable future in order that it can meet its liabilities as and when they fall due

Group financial statements

The company has taken advantage of section 400 of the Companies Act 2006, whereby group financial statements have not been prepared

These financial statements present information about this company as an individual undertaking

Statement of cash flows

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

Investments

Investments in subsidiary undertakings are included on the balance sheet at historical cost, less provision for diminution in value where required

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable
- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Operating leases

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

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

Pensions

The company participates in the Sapa Holdings Limited Pension & Life Assurance Scheme, a funded defined benefit pension scheme, under which contributions are made to a separately administered trust fund

The contributions paid by the company are accounted as if the scheme were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities in the scheme. Accordingly, contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

The company also encourages employees to participate in a Stakeholder scheme. Contributions are charged to the profit and loss account as they become payable

2. Operating loss

This is stated after charging

	2012 £000	2011 £000
Fees paid to auditors		
Audit fees	14	13
Taxation fees	27	12
	<u>41</u>	<u>25</u>

Included within administrative expenses are exceptional pension costs of £3,543,000 (2011 – £3,543,000). These relate to contributions made to the pension scheme in accordance with its recovery plan (note 13)

3. Directors' remuneration

The services of the directors were of a non-executive nature and their remunerations are deemed to be wholly attributable to their services to the company paying their remuneration. Accordingly no remuneration were paid to the directors by the company, nor was any charge levied for their services (2011 – £nil)

Retirement benefits are accruing to no directors (2011 – one) under the company's defined benefit scheme

4. Staff costs

	2012 £000	2011 £000
Wages and salaries	52	169
Social security costs	5	19
Pension costs	11	20
	<u>68</u>	<u>208</u>

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

	No	No
Office and administration	<u>1</u>	<u>2</u>

Notes to the financial statements

at 31 December 2012

4. Staff costs (continued)

The employees are loaned to another group company who pay their compensation. Hence there are no profit and loss staff cost transactions to disclose.

5. Interest payable and similar charges

	£000	£000
Group interest payable	54	92
Bank interest	–	6
	<u>54</u>	<u>98</u>

6. Tax

(a) Tax on loss on ordinary activities

The tax credit is made up as follows

	2012 £000	2011 £000
Current tax		
Group relief recoverable	965	1,078
Total current tax (note 7(b))	<u>965</u>	<u>1,078</u>
Deferred tax		
Origination and reversal of timing differences	–	–
Tax on loss on ordinary activities	<u>965</u>	<u>1,078</u>

(b) Factors affecting current tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%). The differences are explained below

	2012 £000	2011 £000
Loss on ordinary activities before tax	<u>(2,036)</u>	<u>(3,337)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%)	(499)	(884)
Effects of		
Non taxable income	(490)	(265)
Expenses not deductible for tax purposes	24	71
Current tax for the year (note 7(a))	<u>(965)</u>	<u>(1,078)</u>

Notes to the financial statements

at 31 December 2012

6. Tax (continued)

(c) Factors that may affect future tax charges

Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012. Further reductions to the main rate were announced in the 2012 Autumn Statement and the March 2013 Budget Statement to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The proposed reductions in the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015 are both expected to be enacted as part of Finance Act 2013.

7. Investments

	<i>Interest in group undertakings</i>	<i>Loans</i>	<i>Other investments</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost				
At 1 January 2012	101,664	2,805	471	104,940
Disposal	(44,450)	-	-	(44,450)
Transfer	1,601	(1,601)	-	-
At 31 December 2012	58,815	1,204	471	60,490
Provision				
At 1 January 2012	(50,950)	(1,647)	(127)	(52,724)
Disposal	44,450	-	-	44,450
Transfer	(1,647)	1,647	-	-
At 31 December 2012	(8,147)	-	(127)	(8,274)
Net book value				
At 31 December 2012	50,668	1,204	344	52,216
At 1 January 2012	50,714	1,158	344	52,216

Note: Transfers above relate to entries associated with the recapitalisation of Plan It Tewksbury Ltd and Pressweld Ltd ahead of strike off.

Notes to the financial statements

at 31 December 2012

7. Investments (continued)

<i>Name of company</i>	<i>Country of registration (or incorporation and operation)</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Subsidiary undertakings				
Sapa Profiles Limited	England	Ordinary	100%	Aluminium profiles
Sapa Building Systems Ltd	England	Ordinary	100%	Building products (indirect)
Sapa Pressweld Ltd#	England	Ordinary	100%	Non-trading
Plan-it Tewkesbury Ltd#	England	Ordinary	100%	Dormant
Bredon Group Ltd	England	Ordinary	100%	Dormant
Sapa Products Ltd (formerly Granges Products Ltd)	England	Ordinary	100%	Dormant
Farehaven Ltd	England	Ordinary	100%	Dormant (indirect)
Lords Agricultural Machinery Ltd	England	Ordinary	*49%	Non-trading

* The company has no control or significant influence over this investment as the 51% is owned by the parent undertaking. The investment is held at cost, less provisions for permanent diminution in value.

Sapa Pressweld Ltd and Plan It Tewkesbury Ltd were dissolved on 15th January 2013 as part of the ongoing exercise to tidy up the UK group structure.

On 15th January 2013 Sapa Pressweld Ltd and Plan It Tewkesbury Ltd were struck off the Companies House register as part of an exercise to simplify the UK structure.

On 21 February 2012 Granges Extrusions Limited and Glostal Limited were struck off the Companies House register.

8. Debtors

	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
Amounts owed by group undertakings	984	1,069
Prepayments and accrued income	1	1
Other debtors	138	1
Corporation tax	-	15
	<u>1,123</u>	<u>1,086</u>

9. Creditors: amounts falling due within one year

	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
Loan from group	250	5,500
Accruals and provisions	123	151
	<u>373</u>	<u>5,651</u>

Amounts due to group undertakings incur interest at 2% above base rate and are repayable on demand.

Notes to the financial statements

at 31 December 2012

10. Creditors: amounts falling after more than one year

	2012	2011
	£000	£000
Amounts due to subsidiary undertakings	33,442	27,951

Amounts owed to subsidiary undertakings are unsecured and are interest free. These loans are repayable between two and five years.

11. Issued share capital

	No	2012	No	2011
		£000		£000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	19,137,047	19,137	19,137,047	19,137

12. Reconciliation of shareholders' funds and movements on reserves

	Share capital	Share premium	Profit and loss account	Total share-holders' funds
	£000	£000	£000	£000
At 1 January 2011	19,137	386	3,497	23,020
Loss for the year	—	—	(2,258)	(2,258)
At 1 January 2012	19,137	386	1,239	20,762
Loss for the year	—	—	(1,071)	(1,071)
At 31 December 2012	19,137	386	168	19,691

The carry forward profit and loss balance includes undistributable reserves amounting to £10,027,000 (2011 – £10,027,000).

13. Pensions

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.

A full actuarial valuation was carried out as at 1 April 2012 by a qualified actuary and the valuation was updated to 31 December 2012 to reflect current conditions. Full actuarial valuations are carried out every three years.

The updated valuation showed the market value of the scheme assets amounted to £70,057,000 (2011 – £62,177,000) and the actuarial value was sufficient to cover 88% (2011 – 86%) of the benefit that had accrued to members after allowing for the effects of assumed future salary increases.

Notes to the financial statements

at 31 December 2012

13. Pensions (continued)

(a) Assumptions

	2012	2011	2010
	%	%	%
Inflation rate	3.10	3.25	3.50
Salary increase rate	3.60	3.75	4.00
Pension rate	3.60	3.70	3.80
Discount rate	4.50	4.95	5.40
Long term-rate of return	5.75	6.06	6.45
Mortality	PCXA00, year of birth projections with medium cohort improvement from 2000 and a minimum 1.5% underpin		

(b) Assets and liabilities

	Value at 2012 £000	Value at 2011 £000	Value at 2010 £000
Market value of assets	70,057	62,177	57,385
Present value of scheme liabilities	(79,418)	(72,692)	(68,151)
Net pension liability	<u>(9,361)</u>	<u>(10,515)</u>	<u>(10,766)</u>

(c) The movement in the deficit during the year is analysed as follows

	2012 £000	2011 £000
Deficit in the scheme at 1 January	(10,515)	(10,766)
Actuarial loss	(2,549)	(3,263)
Current service cost	(263)	(280)
Interest	(3,570)	(3,655)
Contributions	3,736	3,756
Expected return on plan assets	3,800	3,693
Deficit in the scheme at 31 December	<u>(9,361)</u>	<u>(10,515)</u>

Management has agreed with the scheme trustees a recovery plan which will make good the scheme deficit by 5 July 2017. In connection with this recovery plan a contribution of £3,543,000 (2011 – £3,543,000) was made to the scheme.

The company made regular contributions to the scheme during the year of £11,162 (2011 – £21,339).

14. Contingent liabilities

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

Due to the nature of this contingent liability, it is not practicable to make an estimate of its financial effect or likelihood.

Notes to the financial statements

at 31 December 2012

15. Related party transactions

The company has taken advantage of the exemption within FRS 8 which allows related party transactions with other group companies not to be disclosed on the basis that 100% of the company's voting rights are held within the group and that group financial statements are publicly available

16. Ultimate parent undertaking and controlling party

The company is a subsidiary undertaking of, and is controlled by Sapa AB, which is registered in Sweden. Throughout the year ended 31 December 2012, the ultimate parent undertaking and controlling party 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 undertaking. The group financial statements 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 AB is the parent undertaking, whose group financial statements may be obtained from Corporate Communications, Sapa AB, Box 5505, SE-114 85 Stockholm, Sweden.