

Registered Number: 01469120

Sapa UK Limited

Report and Financial Statements

31 December 2015

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COMPANIES HOUSE

Company Information

Directors

A P Daniels
S N Viner

Secretary

S N Viner

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Bankers

Svenska Handelsbanken AB
1145 Regent Court
Gloucester Business Park
Gloucester
GL3 4AD

Registered Office

5300 Severn Drive
Tewkesbury
Gloucestershire
GL20 8SF

Strategic report

The directors present their strategic report and the financial statements for the year ended 31 December 2015.

Principal activities and review of the business

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

During the year Sapa UK Limited ('Sapa UK') was the Sponsoring Employer of the Sapa Holdings Pension and Life Assurance Scheme and was responsible for the annual deficit payments noted within these financial statements of £8,885,750. With effect from 1 January 2016 Sapa UK Limited was no longer the Sponsoring Employer of the Sapa Holdings Pension and Life Assurance Scheme, Sapa Building Systems Limited another wholly owned subsidiary within the Sapa AB Group became the Sponsoring Employer from this date.

With no trading income the company funds its activities via a combination of sale of tax losses within the Sapa group for cash, interest received from cash invested with Sapa AB and dividends from subsidiaries.

Where appropriate and necessary additional cash is drawn from deposits.

The directors will continue to monitor this strategy to ensure that the company commitments are met whilst maintaining reserves at current levels.

The directors reviewed the carrying value of the company's investment in group undertakings during the year and confirmed that none of the investments were impaired.

Principal risks and uncertainties

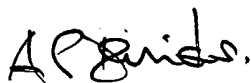
The company's operations expose it to a variety of financial risks that include the effects of credit risk and interest rate risk. The company has in place a risk management program that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance 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.

Credit risk

The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly by the board.

On behalf of the Board



A P Daniels

Director

Date: 19 September 2016

Registered No. 01469120

Directors' report

The directors present their report and financial statements for the year ended 31 December 2015.

Results and dividends

The loss for the year after taxation amounted to £672,000 (2014 – loss of £295,000). The directors do not recommend a final dividend (2014 – £nil).

Future developments

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

Post Balance Sheet Event

On 1 January 2016 Sapa UK Limited was no longer the principal employer of the Sapa Holdings Pension and Life Assurance Scheme. The Trustees of the Sapa Holdings Pension and Life Assurance Scheme agreed to enter into a Flexible Apportionment Arrangement (FAA) with all liabilities in respect of Sapa UK Limited and Sapa Profiles Limited being apportioned to Sapa Building System Limited.

On 23 February 2016 Sapa UK Limited purchased the remaining share capital of Lords Agricultural Machinery Limited from Sapa AB resulting in Sapa UK Limited owning 100% share capital.

On 15 March 2016 there was an application made to strike off Lords Agricultural Machinery Limited, and this was successfully removed from Companies House on 5 July 2016.

During Q2 2016, Sapa UK Limited conducted a review of its subsidiary company, Sapa Products Limited, with a view to removing a dormant company from its shareholding. On 13 July 2016, Sapa Products Limited declared a dividend of £16,199,999 to Sapa UK Limited. On 30 June 2016 Sapa Products Limited also declared a dividend in specie for £12,630,000, to Sapa UK Limited, in regards to its share holding in Sapa Building Systems Limited, thereby making Sapa UK Limited the immediate parent company of Sapa Building Systems Limited.

Following this reorganisation, on 3 August 2016, an application was made to Companies House to remove Sapa Products Limited from the register. The directors anticipate this to be completed before the end of 2016.

On 14 July 2016, a deed of novation of debt was made between Sapa Profiles Limited and Sapa UK Limited for £29,052,164. In addition to this on 12 July 2016 Sapa Profiles Limited paid a dividend to Sapa UK Limited, its parent company for £29,052,164.

Going concern

The financial statements have been prepared on the going concern basis as the directors consider that the company has adequate resources for the foreseeable future in order that it can meet its liabilities as and when they fall due.

Directors

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

A P Daniels

J Tate (resigned 20 June 2016)

S N Viney (appointed 16 June 2016)

Directors' report (continued)

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 he is obliged to take as a director in order to make himself 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:

On behalf of the Board



A P Daniels
Director

Date: 19 September 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK 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 and loss 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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) including Financial Reporting Standard 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 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 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 2015 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 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 Sapa UK 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 *21 September 2016*

Income statement

for the year ended 31 December 2015

		2015 £'000	2014 £'000
	Notes		
Administrative expenses		(556)	(429)
Operating loss	3	(556)	(429)
Income from shares in group undertakings		-	80
Loss on ordinary activities before taxation and interest		(556)	(349)
Interest receivable		49	56
Other finance cost - pensions	13	(373)	(179)
Loss on ordinary activities before taxation		(880)	(472)
Tax	6a	208	177
Loss for the financial year		(672)	(295)

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 December 2015

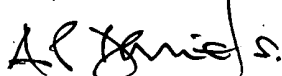
		2015 £'000	2014 £'000
Loss for the year		(672)	(295)
Other comprehensive income:			
Actuarial gain/(loss) on pension scheme	13	7,820	(10,028)
Deferred tax (charge)/credit on pension scheme	6b	(1,581)	2,006
Total comprehensive income/(expense) for the year		5,567	(8,317)

Statement of financial position

at 31 December 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Investments	7	35,173	35,173
Current assets			
Debtors	8	3,689	13,963
Cash at bank		467	305
Defined benefit pension plan surplus	13	3,685	-
		7,841	14,268
Creditors: amounts falling due within one year	9	(79)	(165)
Net current assets		7,762	14,103
Total assets less current liabilities		42,935	49,276
Creditors: amounts falling due after more than one year	10	(16,900)	(16,900)
Provisions for liabilities	11	(663)	-
Defined benefit pension plan deficit	13	-	(12,571)
Net assets		25,372	19,805
Capital and reserves			
Called up share capital	12	19,137	19,137
Share premium		386	386
Retained earnings		5,849	282
Total equity		25,372	19,805

These financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by:



A P Daniels

Director

Date: 19.9.16

Statement of changes in equity

for the year ended 31 December 2015

	<i>Called up Share capital £'000</i>	<i>Share premium £'000</i>	<i>Retained earnings £'000</i>	<i>Total Equity £'000</i>
At 1 January 2014	19,137	386	8,599	28,122
Other comprehensive income:				
Actuarial loss on pension scheme	—	—	(10,028)	(10,028)
Deferred tax on pension scheme	—	—	2,006	2,006
Loss for the year	—	—	(295)	(295)
At 1 January 2015	19,137	386	282	19,805
Other comprehensive income:				
Actuarial gain on pension scheme	—	—	7,820	7,820
Deferred tax on pension scheme	—	—	(1,581)	(1,581)
Loss for the year	—	—	(672)	(672)
At 31 December 2015	19,137	386	5,849	25,372

Notes to the financial statements

at 31 December 2015

1. Authorisation of financial statements & statement of compliance with FRS 101

The financial statements of Sapa UK Limited for year ended 31 December 2015 were authorised for issue by the board of directors on 19 September 2016 and the Statement of Financial Position was signed on the board's behalf by A P Daniels.

Sapa UK Limited is a limited company incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with FRS 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The financial statements are prepared under the historical cost convention.

The company's financial statements are presented in sterling and all values rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The principal accounting policies adopted by the company are set out in note 2.

2. Accounting policies

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

The company has taken advantage of the following disclosure exemptions under FRS 101.

- (a) The requirement of IFRS 7 Financial Instruments: Disclosures
- (b) The requirement of paragraph 91-99 of IFRS 13 Fair Value Measurement
- (c) The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: Paragraph 79 (a)(iv) of IAS 1;
- (d) The requirements of paragraph 10 (d), 10 (f), 39 (c) and 134 – 136 of IAS 1 Presentation of Financial Statements
- (e) The requirements of IAS 7 Statement of Cash Flows. The company is exempt from preparing a statement of cash flows as a group statement of cash flows is prepared by its parent undertaking, Sapa AS.
- (f) The requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting estimates and errors
- (g) The requirement of paragraph 17 of IAS 24 Related Party Disclosures
- (h) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member, and
- (i) The requirement of paragraphs 134(d) – 134(f) and 135(c) – 135(e) of IAS 36 Impairment of Assets 130 (f)(ii), c130 f (iii).
- (j) The requirement of paragraph 62, B64(d) B64(e), B64(g), B64(h), B64(i) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations

Judgements and key sources of estimation uncertainty

The preparation of financial statements require management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amount of assets and liabilities recognised at the statement of financial position date:

- Pension and other post employee benefits
- Investment impairment

Notes to the financial statements

at 31 December 2015

2 Accounting policies (continued)

Group financial statements

The company has taken advantage of section 400 of the Companies Act 2006, not to prepare group accounts as it is a wholly owned subsidiary of Sapa AS. These financial statements present information about this company as an individual undertaking.

Investments

Investments in subsidiary undertakings are included on the statement of financial position at historical cost, less any applicable provisions for impairment.

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.

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Notes to the financial statements

at 31 December 2015

2 Accounting policies (continued)

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Defined Benefit Pension Plan

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. As required by FRS101, the scheme is accounted for in these financial statements in line with accounting standard IAS 19(R). Contributions are charged to the income statement as they become payable.

The surplus or liability recognised in the Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the Statement of financial position date less the fair value of plan assets at the Statement of financial position date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in the income statement employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income statement as a 'finance expense'.

3. Operating loss

This is stated after charging:

	2015 £'000	2014 £'000
Fees paid to auditors:		
Audit fees	15	17
	<u>15</u>	<u>17</u>

Included within administrative expenses are current service costs in relation to the pension scheme of £329,000 (2014 – £270,000).

Notes to the financial statements

at 31 December 2015

4. Directors' remuneration

The services of the directors were of a non-executive nature and their remuneration is deemed to be wholly attributable to their services to the company paying their remuneration. Accordingly no remuneration was paid to the directors by the company, nor was any charge levied for their services (2014 – £nil).

No retirement benefits are accruing to any directors (2014 – none) under the company's defined benefit scheme.

5. Staff costs

	2015 £'000	2014 £'000
Wages and salaries	67	65
Social security costs	7	7
Pension costs – company regular contributions	18	17
	<u>92</u>	<u>89</u>

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

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

The employees are loaned to another group company who pay their compensation. Hence there are no income statement staff cost transactions to disclose (2014 – £nil).

6. Tax

(a) Tax charged in the income statement

	2015 £'000	2014 £'000
Current tax:		
Group relief receivable	(1,131)	(850)
Total current tax	<u>(1,131)</u>	<u>(850)</u>
Deferred tax:		
Adjustment in respect of defined benefit pension plan	923	673
Tax on loss on ordinary activities	<u>(208)</u>	<u>(177)</u>

Notes to the financial statements

at 31 December 2015

6. Tax (continued)

(b) Tax included in the statement of other comprehensive income. The tax (credit)/charge is made up as follows:

	2015 £'000	2014 £'000
Deferred tax in respect of the defined benefit pension plan	(1,581)	2,006
Total tax (credit)/charge	<u>(1,581)</u>	<u>2,006</u>

(c) Reconciliation of total tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20.25% (2014 – 21.49%). The differences are explained below:

	2015 £'000	2014 £'000
Loss on ordinary activities	<u>(880)</u>	<u>(472)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 – 21.49%)	(178)	(101)
<i>Effects of:</i>		
Payment relief surrendered	(1,131)	(2,922)
Amounts credited to equity	1,581	-
Group relief surrendered	1,131	842
Expenses not allowed for tax purposes	-	2,004
Deferred tax charged to equity	(1,581)	-
Adjustment to prior year	1	-
Impact of tax rate changes	(31)	-
Tax on loss on ordinary activities (note 6(a))	<u>(208)</u>	<u>(177)</u>

From 1 April 2015 there was a reduction in the corporation tax rate from 21% to 20%. The Finance Act (No.2) 2015 was substantively enacted after the year end and includes a reduction in the main rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. On 16 March 2016 the Chancellor of the Exchequer announced a further reduction to the corporation tax rate to 17% from 1 April 2020; this change has not yet been substantively enacted.

Notes to the financial statements

at 31 December 2015

6. Tax (continued)

(d) The deferred tax included in the statement of financial position is as follows:

	2015 £'000	2014 £'000
Deferred tax asset		
Arising from the defined benefit pension plan	673	2,514
	<u>673</u>	<u>2,514</u>
Deferred tax liability		
Arising from the defined benefit pension plan	663	-
	<u>666</u>	<u>-</u>
Disclosed on the statement of financial position		
Deferred tax asset	673	2,514
Deferred tax liability	(663)	-
	<u>10</u>	<u>2,514</u>

The deferred tax asset of £673,000 (2014: £nil) is in relation to the spreading of the pension contributions relief over the next 3 years.

7. Investments

	Interest in group undertakings £'000	Other investments £'000	Total £'000
Cost:			
At 1 January 2015	34,829	471	35,300
At 31 December 2015	<u>34,829</u>	<u>471</u>	<u>35,300</u>
Provision:			
At 1 January 2015	-	(127)	(127)
At 31 December 2015	<u>-</u>	<u>(127)</u>	<u>(127)</u>
Net book value:			
At 31 December 2015	<u>34,829</u>	<u>344</u>	<u>35,173</u>
At 1 January 2015	<u>34,829</u>	<u>344</u>	<u>35,173</u>

Name of company	Country of registration (or incorporation and operation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
Sapa Profiles Limited	England	Ordinary	100%	Non-trading
Sapa Building Systems Limited	England	Ordinary	100%	Building products (indirect)
Sapa Products Limited	England	Ordinary	100%	Dormant

Notes to the financial statements

at 31 December 2015

Other investment

Lords Agricultural Machinery Limited England Ordinary *49% Dormant

* 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.

After the year end Sapa AB transferred the 51% of share capital in Lords Agricultural Machinery Limited to Sapa UK Limited enabling Sapa UK Limited to have full control. As disclosed in the Directors report under Post Balance Sheet Events, and also shown in note 16 to the financial statements.

8. Debtors

	2015 £'000	2014 £'000
Amounts owed by the parent company	1,793	10,083
Amounts owed by subsidiaries	1,196	1,350
Prepayments and accrued income	27	2
Other debtors	-	14
Deferred tax asset	673	2,514
	<u>3,689</u>	<u>13,963</u>

Amounts falling due after more than one year included above relate to deferred tax, 2015: £673,000. (2014: £nil)

9. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Accruals	79	165
	<u>79</u>	<u>165</u>

10. Creditors: amounts falling after more than one year

	2015 £'000	2014 £'000
Amounts due to subsidiary undertakings	16,900	16,900
	<u>16,900</u>	<u>16,900</u>

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

Notes to the financial statements

at 31 December 2015

11. Provisions for liabilities

	<i>Deferred Tax</i>
	<i>£'000</i>
At 1 January 2014	-
Movement during the year	-
At 1 January 2015	-
Arising during the year	663
At 31 December 2015	<u>663</u>

The deferred tax liability is in relation to the pension spreading relief. This will unwind each year between 2016 and 2018 due to the additional pension contributions made in 2015.

12. Issued share capital

	<i>2015</i>		<i>2014</i>	
	<i>No.</i>	<i>£'000</i>	<i>No.</i>	<i>£'000</i>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	19,137,047	<u>19,137</u>	19,137,047	<u>19,137</u>

13. Pensions

The company is the principal employer of the final salary defined benefit pension scheme, Sapa Holdings Limited Pension & Life Assurance scheme, under which contributions are made to a separately administered trust fund.

The pension scheme assets are held in a separate Trustee administered fund to meet long term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interest of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation.

A full actuarial valuation was carried out as at 6 April 2015 by a qualified actuary and the valuation was updated to 31 December 2015 to reflect current conditions. Full actual valuations are carried out every three years.

The updated valuation showed the market value of the scheme assets amounted to £92,900,000 (2014 – £86,221,000) and the actuarial value was sufficient to cover 103% (2014 – 87%) of the benefit that had accrued to members after allowing for the effects of assumed future salary increases.

In 2015 a surplus of £3,685,000 (2014 – deficit of £12,571,000) has been recognised in respect of the defined benefit pension plan.

Notes to the financial statements

at 31 December 2015

13. Pensions (continued)

The assets and liabilities of the scheme at 31 December are:

	2015 £'000	2014 £'000
Scheme assets at fair value		
UK equities	5,857	5,749
Overseas equities	19,313	18,202
Emerging market equities	5,209	5,395
Corporate bonds	28,581	28,841
Index linked gilts	14,470	14,673
Diversified growth funds	11,881	11,173
Trustees bank balance	6,805	1,377
Value of insured annuities	784	811
Fair value of scheme assets	92,900	86,221
Present value of scheme liabilities	(89,215)	(98,792)
Defined benefit pension plan surplus/(deficit)	3,685	(12,571)

The pension scheme has not invested in any of the Company's own financial instruments nor in properties or other assets used by the Company.

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the year are analysed as follows:

	2015 £'000	2014 £'000
<i>Recognised in the income statement</i>		
Current service cost – net of contributions	46	(27)
Administration expenses	20	21
Recognised in arriving at operating loss	66	6
Net interest on defined benefit surplus/deficit	373	179
<i>Taken to the statement of comprehensive income</i>		
Return on plan assets (excluding amounts included in net interest expense)	(2,554)	5,253
Actuarial gains/(losses) arising from changes in financial assumptions	2,061	(15,281)
Actuarial gains arising from changes in demographic assumptions	6,230	-
Actuarial gains arising from changes from scheme experience	2,083	-
Gain/(Loss) recognised in the statement of comprehensive income	7,820	(10,028)

Notes to the financial statements

at 31 December 2015

13. Pensions (continued)

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	2015 £'000	2014 £'000
As at 1 January	98,792	81,892
Current service cost	329	270
Interest cost	3,421	3,634
Contributions by scheme participants	41	44
Actuarial (gain)/loss arising from changes in financial assumptions	(2,061)	15,281
Actuarial (gain) arising from changes in demographic assumptions	(6,230)	-
Actuarial (gain) arising from changes from scheme experience	(2,083)	-
Benefits paid	(3,005)	(2,335)
Administration expenses paid	11	6
Defined benefit obligation at 31 December	89,215	98,792

Changes in the fair value of plan assets are analysed as follow:

	2015 £'000	2014 £'000
As at 1 January	86,221	75,985
Interest income on plan assets	3,048	3,455
Return on scheme assets excluding interest income	(2,554)	5,253
Contributions by employer	9,169	3,840
Contributions by employee	41	44
Benefits paid	(3,005)	(2,335)
Administration expenses paid	(20)	(21)
Fair value of plan assets at 31 December	92,900	86,221

Pension contributions are determined with the advice of independent qualified actuaries, on the basis of annual valuations using the projected unit credit method. The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowance for future earnings. Scheme assets are stated at their market values at the respective statement of financial position dates.

Notes to the financial statements

at 31 December 2015

13. Pensions (continued)

	2015 %	2014 %
Main assumptions:		
RPI inflation	3.25	3.30
Discount rate	3.65	3.50
Future salary increases	3.75	3.80
Statutory revaluation (CPI inflation)	2.25	2.10
Future pension increases (RPI min 3% p.a., max 5% p.a.)	3.70	3.70
Future pension increases (RPI max 5% p.a.)	3.10	3.15
Mortality before and after retirement – base table		
Mortality before and after retirement – future improvements 2015		Year of birth projections with CMI 2014 improvements from 2008 with 1.25% p.a long term trend date
Mortality before and after retirement – future improvements 2015		Year of birth projections with Medium Cohort improvements from 2000 and a minimum 1.5% p.a underpin

Sensitivity Analysis

Based on the assumptions set out above, the impact on the defined obligation of changing the following individual assumptions (with all other assumptions remaining unchanged) is set out below:

	£'000
Value of defined benefit obligation at 31 December 2015	89,215
Discount rate increased by 0.5% p.a	81,840
Discount rate reduced by 0.5% p.a	97,611
Inflation increased by 0.5% p.a	94,548
Inflation reduced by 0.5% p.a	83,976

The above analyses assumes assumption changes occur in isolation except in the case of inflation where any change is assumed to have a corresponding impact on salary increases and inflation linked pension increases. In practice some assumptions are likely to be correlated.

The most recently completed actuarial valuation of the company's main retirement benefits scheme was carried out as at 5 April 2015. As a result of that valuation in April 2015 employer contributions were raised from 33.8% to 39.1% with employee contributions remaining at 5%.

Management agreed with the scheme trustees a recovery plan dated 12 November 2015. In connection with the recovery plan total contributions of £8,885,750 (2014 - £3,543,000) were made during the year.

The company made regular contributions to the scheme during the year of £18,209 (2014 – £17,327).

Notes to the financial statements

at 31 December 2015

14. Contingent liabilities

The company has given an unlimited guarantee over the bank indebtedness of Sapa Building Systems Limited and Sapa Profiles Limited.

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

15. Ultimate parent undertaking and controlling party

The company is a subsidiary undertaking of Sapa AB, which is registered in Sweden.

The smallest and largest group of which the company is a member and which prepares group financial statements including the company is that headed by Sapa AS, a company incorporated in Sweden. Copies of Sapa AS's group financial statements may be obtained from Corporate Communications, Sapa AB, Box 5505, SE-114 85 Stockholm, Sweden.

Sapa AS is jointly controlled by Orkla ASA and Norsk Hydro ASA, both being companies incorporated in Norway.

16. Post balance sheet event

With effect from 1 January 2016 Sapa UK Limited was no longer the principal employer of the Sapa Holdings Pension and Life Assurance Scheme. The Trustees of the Sapa Holdings Pension and Life Assurance Scheme agreed to enter into a Flexible Apportionment Arrangement (FAA) with all liabilities in respect of Sapa UK Limited and Sapa Profiles Limited being apportioned to Sapa Building System Limited.

On 23 February 2016 Sapa UK Limited purchased the remaining share capital of Lords Agricultural Machinery Limited from Sapa AB resulting in Sapa UK Limited owning 100% share capital.

On 5 March 2016 there was an application made to strike off Lords Agricultural Machinery Limited, and this was successfully removed from Companies House on 5 July 2016.

During Q2 2016, Sapa UK Limited conducted a review of its subsidiary company, Sapa Products Limited, with a view to removing a dormant company from its shareholding. On 13 July 2016, Sapa Products Limited declared a dividend of £16,199,999 to Sapa UK Limited. On 30 June 2016 Sapa Products Limited also declared a dividend in specie for £12,630,000, to Sapa UK Limited, in regards to its share holding in Sapa Building Systems Limited, thereby making Sapa UK Limited the immediate parent company of Sapa Building Systems Limited.

Following this reorganisation, on 3 August 2016, an application was made to Companies House to remove Sapa Products from the register. The directors anticipate this to be completed by the end of 2016.

On 14 July 2016, a deed of novation of debt was made between Sapa Profiles Limited and Sapa UK Limited for £29,052,164. In addition to this on 12 July 2016 Sapa Profiles Limited paid a dividend to Sapa UK Limited, its parent company for £29,052,164.