

# **CSC Forest Products (Holdings) Limited**

## **Report and Financial Statements**

**31 December 2012**



Registered Number 1499352

**DIRECTORS**

F B McLeish  
K Morris

**SECRETARY**

A McMeekin

**AUDITORS**

KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

**BANKERS**

National Westminster  
6-8 George Street  
Edinburgh  
EH2 2SA

**REGISTERED OFFICE**

Hill Village  
South Molton  
Devon  
EX36 4HP

## **DIRECTORS' REPORT**

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

### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £55,548,000 (2011 – (£83,905,000)) The company paid a dividend during the year of £127,622,771 (2011 - £Nil)

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company's main operating subsidiary, Norbord Limited, sold its trade and net assets to a fellow subsidiary undertaking, Norbord Europe Ltd, on 2<sup>nd</sup> April 2012

On 24 July 2012, the company undertook a share capital reduction exercise which reduced its allotted ordinary share capital to £100 and transferred the £117,047,601 to profit and loss reserve. As part of a wider restructuring the company received by way of a dividend in specie title to intercompany loan balances due from fellow subsidiary undertakings. The company subsequently distributed those assets, also by way of a dividend in specie, to its immediate parent undertaking, Norbord Investments (UK) Limited, along with title to additional intra-group receivable balances of £3,256,000. As part of the wider group restructuring the company also made full provision against the carrying value of its investments amounting to £179,921,000 and recorded a capital contribution credit of £60,191,000 arising on the waiver of certain intra-group indebtedness.

The directors intend to liquidate the company, and accordingly they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

### **DIRECTORS**

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

F B McLeish  
K Morris

### **DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board



F B McLeish  
Director

Date 31 October 2013

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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. As explained in note 1 the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

## **Independent auditor's report to the members of CSC Forest Products (Holdings) Limited**

We have audited the financial statements of CSC Forest Products (Holdings) Limited for the year ended 31 December 2012 as set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements.

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

### **Respective responsibilities of directors and auditors**

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

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter - non-going concern basis of preparation**

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

### **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.

### **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.



**Martin Ross (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
20 Castle Terrace  
Edinburgh  
EH1 2EG

31 October 2013


**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2012**

	<i>Notes</i>	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Provision against investment in subsidiary undertaking		(179,921)	(83,905)
Dividend income		<u>124,373</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(55,548)</b>	<b>(83,905)</b>
Tax on loss on ordinary activities	3	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b><u>(55,548)</u></b>	<b><u>(83,905)</u></b>

**BALANCE SHEET**  
**At 31 December 2012**

	<i>Notes</i>	<i>2012 £000</i>	<i>2011 £000</i>
<b>FIXED ASSETS</b>			
Investments	4	<u>12</u>	<u>179,933</u>
<b>CURRENT ASSETS</b>			
Debtors - amounts falling due - within one year	5	-	3,256
		<u>-</u>	<u>3,256</u>
<b>CREDITORS</b> amounts falling due within one year	6	(5)	(60,196)
<b>NET CURRENT LIABILITIES</b>		<u>(5)</u>	<u>(56,940)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7	122,993
<b>NET ASSETS</b>		<u>7</u>	<u>122,993</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	7	-	117,048
Share premium account	8	-	87,570
Profit and loss account	8	7	(81,625)
<b>SHAREHOLDERS' FUNDS</b>	8	<u>7</u>	<u>122,993</u>

These financial statements were approved by the board on 31 October 2013 and were signed on its behalf by

  
F B McLeish  
Director

**NOTES TO THE ACCOUNTS**  
**At 31 December 2012**

**1. ACCOUNTING POLICIES**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below

*Basis of preparation*

In previous years, the financial statements have been prepared on a going concern basis. However, on 24th July 2012 the directors effected a capital reduction. As they intend to liquidate the company, the directors have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

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

The company is exempt from the requirement of Financial Reporting Standard No. 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under section 444 of the Companies Act 2006 when filing accounts with Registrar of Companies.

*Investments*

Investments are held at cost less provision for permanent diminution in value.

*Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

The taxation liabilities of certain group members are reduced wholly or in part by the surrender of tax losses by fellow group members. Tax benefits arising from the surrender of losses are recognised in the financial statements of the surrendering and recipient companies.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in future or a right to pay less tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Group's taxable profits and its results as stated in the financial statements.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

*Cash flow Statement*

Under the provisions of Financial Reporting Standard 1 (Revised), the company has not prepared a cash flow statement because the results of CSC Forest Products (Holdings) Limited have been included in the consolidated accounts of Norbord Inc.

The company has taken benefit from the exemption from the requirement to prepare consolidated accounts since the results and financial position are included in the accounts of Norbord Inc, a company incorporated in Canada which prepares consolidated accounts that include the results of the company.

**NOTES TO THE ACCOUNTS**  
**At 31 December 2012**

**2. DIRECTORS' EMOLUMENTS**

The directors of the Company received no fees or emoluments during the year (2011 - £Nil)

**3 TAX ON LOSS ON ORDINARY ACTIVITIES**

	2012 £000	2011 £000
<b>Tax charge</b>	-	-
<b>Factors affecting current tax charge</b>		
The tax assessed on the loss on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)		
The differences are reconciled below		
Loss on ordinary activities before tax	(55,548)	(83,905)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	(13,609)	(22,235)
Effect of		
Impairment against investment in subsidiary undertakings	44,081	22,235
Non taxable income	(30,472)	-
Total current tax	-	-

**NOTES TO THE ACCOUNTS**  
**At 31 December 2012**
**4. FIXED ASSET INVESTMENTS**

	<i>Listed Securities £000</i>	<i>Shares in subsidiary undertakings £000</i>	<i>Total £000</i>
Cost			
1 January 2012 and 31 December 2012	12	263,926	263,938
Provisions			
1 January 2012	-	84,005	84,005
Provided in the year	-	179,921	179,921
31 December 2012	-	263,926	263,926
Net book value			
31 December 2012	12	-	12
31 December 2011	12	179,921	179,933

The company holds investments in the following subsidiary companies

<i>Name</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Class of shares</i>	<i>Percentage of shares held</i>
Glunz Limited	UK	Non trading	Ordinary	100%
Norbord Limited	UK	Manufacture of wood based products	Ordinary	100%
Benelux SA	Belgium	Non trading	Ordinary	100%
CSC Forest Products Sterling Limited	UK	Non trading	Ordinary	100%

**5. DEBTORS**

	<i>2012 £000</i>	<i>2011 £000</i>
Amounts falling due within one year		
Amounts owed by fellow subsidiary undertakings	-	3,256

**NOTES TO THE ACCOUNTS**  
**At 31 December 2012**

**6. CREDITORS:** amounts falling due within one year

	2012 £000	2011 £000
Amounts owed to other group undertakings	5	60,196

During the year certain group undertakings waived balances payable by the company amounting to £60,191,000 (note 8)

**7. CALLED-UP SHARE CAPITAL**

	Allotted, called-up and fully paid £	£
117,047,601 Ordinary shares £0 000000854 each (2011 £1 each)	100	117,048,000

The company undertook a capital reduction exercise on 24 July 2012, by cancelling and extinguishing paid up share capital to leave £100 nominal value. In addition, it was resolved to transfer the share premium to profit and loss account reserves.

**8. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES**

	Called-up share capital £000	Share premium account £000	Profit and loss account £000	Capital Contribution £000	Total shareholders' funds £000
At 1 January 2012	117,048	87,570	(81,625)	-	122,993
Transfer to reserves	-	(87,570)	87,570	-	-
Release of inter company liabilities (note 6)	-	-	-	60,191	60,191
Transfer	-	-	60,191	(60,191)	-
Share capital reduction	(117,048)	-	117,048	-	-
Loss for the year	-	-	(55,548)	-	(55,548)
Dividend paid	-	-	(6,439)	-	(6,439)
Dividend in specie	-	-	(121,190)	-	(121,190)
At 31 December 2012	-	-	7	-	7

**NOTES TO THE ACCOUNTS**  
**At 31 December 2012**

**9. CONTINGENT LIABILITIES**

The company has guaranteed the liabilities of certain fellow subsidiary undertakings with a cross composite bank guarantee provided to the group's bankers in respect of bank overdrafts. At 31 December 2012 there was no amount outstanding (2011 - £Nil)

**10. RELATED PARTY DISCLOSURES**

The company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are part of the Norbord Inc group

**11. PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's parent undertaking and controlling party is Brookfield Asset Management Inc incorporated in Canada. Copies of group financial statements can be obtained from Suite 300, 181 Bay Street, Toronto, ON Canada, M5J 2T3. The company's immediate parent undertaking is Norbord Investments UK Ltd. Copies of its accounts can be obtained from Hill Village, South Molton, Devon, EX36 4HP.