Scapa UK Limited

Directors' report and financial statements

for the year ended 31 March 2008

Company number: 3261510

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Scapa UK Limited

Directors' report and financial statements

Directors

C J O'Connor
D C Sherwin
C I C Smith
M R Stirzaker
A D Woodward
I A Baxter (resigned 7 December 2007)
B T Tenner (appointed 7 December 2007)
W Dickinson (appointed 7 December 2007)
M Fowler (appointed 14 March 2008)

Company secretary
M R Stirzaker

Registered office
Manchester Road,
Ashton Under Lyne
Greater Manchester
OL7 0ED

Independent auditors
PricewaterhouseCoopers LLP
Chartered accountants and registered auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Bankers
The Royal Bank of Scotland plc
38 Mosley Street
Manchester
M60 2BE

Company number: 3261510

Directors' report for the year ended 31 March 2008

Financial statements
The dırectors present theır report and the audıted financıal statements of the company for the year ended 31 March 2008

Prıncipal actıvıtıes and revıew of the busıness

The company's prıncıpal actıvıty ıs the manufacture of adhesıve foams and specıalıst tapes

Followıng the prıor year dıvestment of the company's sealants and compounds operatıons whıch gave rıse to a profit on dısposal after costs of £12 3m, the company reported a current year operatıng profit on ıt's core contınuıng operatıons of £1 5m Thıs result ıs stated after non recurrıng redundancy costs totallıng £0 3m The underlyıng result reflects the contınuıng ımprovement ın performance of our core operatıons and the dırectors' remaın confident that the outlook for the company remaıns posıtıve

The customer servıce ımprovement measures ıntroduced durıng 2005/6 have contınued to ımprove year on year The ıncreased focus on our remaınıng core actıvıtıes followıng last year's dıvestments has further strengthened our abılıty to respond to our customers needs ın a proactıve and efficıent manner

Management have contınued to place a heavy emphasıs on maıntaınıng and, where possıble, ımprovıng margıns despıte the current year pressures on raw materıal and energy prıces Correspondıng volumes have, through a sustaıned sales effort, contınued to ımprove consıstently throughout the year Management remaın confident that these actıons place the busıness on a stronger basıs for future perıods

Cost control and ratıonalısatıon contınue to be a key focus of management, together wıth ıncreased capıtal ınvestment as an aıd to grow the busıness Followıng the dıvestments made last year, there have been further reductıons ın our central and operatıonal cost base to contınue to alıgn the overhead structure to the needs of the busıness actıvıtıes goıng forward The management team wıll contınue to address the requırement to become ever more competıtıve and efficıent to ensure that the busıness sustaıns ıts return to profitabılıty

Pensıons contınue to present challenges for the company for the foreseeable future, however sıgnıficant steps have been made ın the current year followıng the closure of the UK defined benefit schemes and a transfer of membershıp ınto the company defined contrıbutıon schemes The FRS17 pensıon deficıt on the defined benefit programs has reduced by £3 7m to £17 9m as a result of the performance of scheme ınvestments and changes to assumptıons underlyıng the present value of lıabılıtıes, despıte recognısıng an addıtıonal lıabılıty to fund the admınıstratıon expenses and PPF levy on behalf of the schemes The company, ın conjunctıon wıth Scapa Group management, wıll contınue to work closely wıth the scheme's trustees to address the future oblıgatıons of the schemes

Despıte the contınual changes happenıng wıth the company, our employees contınue to show tremendous commıtment, determınatıon and dedıcatıon to enable us to maıntaın a posıtıve momentum On behalf of the company, the dırectors would lıke to thank all our employees for theır efforts

Results and dividends
The profit after taxatıon for the year of £916,000 (2007 profit £9,567,000) has been transferred to reserves

The dırectors do not recommend the payment of a dıvıdend (2007 £nıl)

Dırectors
The dırectors who held office durıng the year and up to the date of sıgnıng the financıal statements are lısted on page 1

Basıs of preparatıon and going concern
Despıte reportıng net lıabılıtıes for the financıal year the dırectors remaın confident for the future prospects of the company and thıs ıs apparent by the current year return to operatıng profitabılıty However, ın order for us as dırectors to approve the accounts we are requıred to consıder the abılıty of the company to contınue ın operatıon

and be able to meet financial obligations for the foreseeable future In order for the directors to satisfy themselves of the future viability of the company the following assurances have been obtained from our parent, Scapa Group plc

- Scapa Group plc intends to continue to purchase products from the UK factories for distribution by its overseas affiliates, and

- the balances owing between Scapa UK Limited and fellow Group companies will not be required to be re-paid in such manner that may jeopardise Scapa UK Limited's abilities to meet ongoing liabilities

Consequently, with the continued support of Scapa Group plc, the directors believe it is appropriate to prepare the financial statements on a going concern basis

Payment of creditors
The company sets its terms of payment in accordance with its conditions of order All suppliers fulfilling these conditions of order will be paid in accordance with the terms of payment agreed Other suppliers will be paid in accordance with contractual terms as agreed from time to time in the absence of a formal order The average days' supplier payment at the year-end was 45 days (2007 45 days)

Directors' responsibilities
The directors are required by the Companies Act 1985 to prepare financial statements for each accounting period which give a true and fair view of the state of affairs of the company as at the end of the accounting period and of the profit or loss for that period In preparing those 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 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 ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for taking reasonable steps to safeguard the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Key performance indicators ("KPIs")
Given the straightforward nature of the business, the group's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Financial risk management
The directors of Scapa Group plc manage the Group's risk at a Group level, rather than at an individual business unit level For this reason, the company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of Scapa UK Limited's business The principal risks and uncertainties of the Scapa Group plc, which include those of the company, are discussed in the business review in the Group's annual report which does not form part of this report

Directors' report for the year ended 31 March 2008 (continued)

Employees and employment policies
Information concerning employees and their remuneration is given in Note 20 and 21

It is company policy to ensure that employees are aware of their individual roles and responsibilities and are informed about the trading performance and progress of the company

The company recognises the essential contribution made by its employees and, by encouraging progressive involvement and full use of individual skills, promotes the fulfilment of their potential in improving their own and corporate performance

Complementing these arrangements designed for specific purposes are the established institutions such as team briefings and permanent consultative committees Prominent amongst the latter are the health and safety committees, monitoring work-place procedures and practices, providing safety awareness, and contributing to effective responses to the growing body of health and safety legislation

It is company policy that the disabled continue to receive consideration for employment equal to that given to the able-bodied, taking account of their particular abilities and job requirements Every possible effort is made to maintain continuity of employment for existing employees who become disabled

Auditors and disclosure of information to auditors
So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware Each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Reappointment of auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment as auditors of the company will be proposed at the Annual General Meeting

Approved by order of the Board

M R Stirzaker
Company Secretary
28 May 2008

Independent auditors' report to the members of Scapa UK Limited

We have audited the financial statements of Scapa UK Limited for the year ended 31 March 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion
In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
28 May 2008

Profit and loss account

For the year ended 31 March 2008

	Note	2008 Before exceptional items £'000	2008 Exceptional items (note 5) £'000	2008 Total £'000	2007 Before exceptional items £'000	2007 Exceptional items (note 5) £'000	2007 Total £'000
TURNOVER							
Continuing operations	3	**43,326**	**-**	**43,326**	39,889	-	39,889
Discontinued operations	3	**-**	**-**	**-**	17,923	-	17,923
		43,326	**-**	**43,326**	57,812	-	57,812
OPERATING COSTS		**(41,525)**	**(328)**	**(41,853)**	(58,660)	(1,276)	(59,936)
OPERATING PROFIT /(LOSS)	4						
Continuing operations		**1,801**	**(328)**	**1,473**	(882)	(1,276)	(2,158)
Discontinued operations		**-**	**-**	**-**	34	-	34
		1,801	**(328)**	**1,473**	(848)	(1,276)	(2,124)
Profit on disposal of discontinued operations	5	**-**	**-**	**-**	-	12,297	12,297
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		**1,801**	**(328)**	**1,473**	(848)	11,021	10,173
Net interest receivable / (payable)	6			**496**			(415)
Other finance costs	22			**(644)**			(787)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION				**1,325**			8,971
Taxation (charge) / credit for year	7			**(409)**			596
PROFIT / (LOSS) FOR THE FINANCIAL YEAR				**916**			9,567

Statement of total recognised gains and losses

For the year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Profit for the financial year	17,18	**916**	9,567
Actuarial gain on pension schemes	22	**2,579**	5,205
TOTAL RECOGNISED PROFIT / (LOSSES) FOR THE YEAR SINCE LAST ANNUAL REPORT		**3,495**	14,772

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

The notes on pages 8 to 21 form part of these financial statements

Balance sheet

As at 31 March 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Tangible assets	9	**6,083**	6,580
Investments	10	**1,500**	1,500
		7,583	8,080
CURRENT ASSETS			
Stocks	11	**3,757**	3,851
Debtors including £7,828,000 (2007 £5,654,000) due after one year	12	**17,044**	17,182
Cash at bank and in hand		**6,555**	6,238
		27,356	27,271
CREDITORS: amounts falling due within one year	13	**(9,408)**	(9,894)
NET CURRENT ASSETS		**17,948**	17,377
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,531**	25,457
CREDITORS: amounts falling due after more than one year	14	**(10,804)**	(10,582)
PROVISIONS FOR LIABILITIES AND CHARGES	15	**(936)**	(936)
NET ASSETS EXCLUDING PENSION LIABILITY		**13,791**	13,939
PENSION LIABILITY	22	**(17,886)**	(21,561)
NET LIABILITIES INCLUDING PENSION LIABILITY		**(4,095)**	(7,622)
CAPITAL AND RESERVES			
Called up share capital	16	**-**	-
Share premium account	17	**11,946**	11,946
Profit and loss account	17	**(16,041)**	(19,568)
EQUITY SHAREHOLDERS' DEFICIT	18	**(4,095)**	(7,622)

The financial statement on pages 8 to 21 were approved by the board of directors on 28th May 2008 and were signed on its behalf by

C Smith
Director

The notes on pages 8 to 21 form part of these financial statements

Notes to the financial statements for the year ended 31 March 2008

1 Basis of preparation

The accounts have been prepared on a going concern basis, under the historic cost convention in accordance with the Companies Act 1985 and applicable accounting standards in the UK A summary of the principal accounting policies, which have been applied consistently throughout the year, are set out below

2 Accounting policies

Revenue recognition
Revenue comprises the fair value for the sale of goods and services, net of value added tax, rebates and discounts Revenue is recognised as follows

(a) Sale of goods
Sales of goods are recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and when the Company has no continuing managerial involvement nor effective control over the goods Sales are recognised at the point of despatch of goods to the customer

(b) Rebate income
Rebate income is recognised on a receipts basis

(c) Interest income
Interest income is recognised on an accruals basis

Research and development
Expenditure incurred on the development of new products and the cost of normal research work is charged against the profits of the year in which such expenditure or cost is incurred Plant and equipment acquired for this purpose is included within fixed assets and written off over its expected useful life

Fixed asset investments
In the accounts of the company, shares in subsidiary undertakings are stated at cost less provisions for any impairment in value

Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost, less depreciation Depreciation is provided on all tangible fixed assets, other than freehold land, at annual rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows

Freehold buildings and long leasehold land and buildings	-	over 40 years
Short leasehold land and buildings	-	over primary period of lease
Plant, fixtures and vehicles	-	between 5 and 15 years
Computer systems and software	-	between 3 and 5 years

Goodwill
Purchased goodwill arising on acquisitions since 1 April 1998 is capitalised Goodwill is amortised to nil on a straight-line basis over its estimated economic life, not exceeding 10 years In accordance with the requirements of FRS 10, goodwill is reviewed for evidence of impairment at the end of the first full financial year following the initial date of recognition

Impairment reviews
Where circumstances indicate that there may have been an impairment of the carrying value of a tangible or intangible fixed asset, an impairment review is carried out using value-in-use cash flows from Board-approved budgets, and projections discounted at the company's weighted average cost of capital The value of the impairment is included in arriving at operating loss

Leased assets
Items of plant, fixtures and vehicles subject to finance leases are shown as fixed assets and depreciated as indicated above The corresponding liability for the capital element is recorded as a loan and the interest element, which is calculated on the basis of the amount of the loan outstanding, is charged against profits over the primary lease period The rental costs of all other leased assets are charged against profits on a straight line basis over the lease term

Notes to the financial statements for the year ended 31 March 2008 (continued)

Stocks

Stocks have been valued at the lower of cost and net realisable value on a first-in, first-out basis Cost includes the cost of materials together with labour and appropriate overheads

Taxation

The charge for taxation is based on the taxable profits and losses for the year and also takes into account deferred taxation Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation Deferred tax assets are only recognised to the extent that their recoverability is regarded as more likely than not Deferred tax assets and liabilities are not discounted

Foreign currencies

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency') Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account unless forward contract hedging instruments are in place

Employee Benefits

a) Pension costs

i) Defined Benefit Pension Schemes

For defined benefit schemes, the cost of benefits accruing during the year in respect of current and past service is charged against operating profit The expected return on the schemes' assets and the increase in the present value of the schemes' liabilities arising from the passage of time, are included in other finance income Actuarial gains and losses are recognised in the statement of total recognised gains and losses The balance sheet includes the surplus/deficit in schemes, taking assets at their year-end market values and liabilities at their actuarially-calculated values, discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

ii) Defined Contribution Pension Schemes

Amounts charged in respect of defined contribution schemes represent the contributions payable in the year

b) Share-based compensation

During the year the company adopted FRS20 'Share-based payments' and operates an equity-settled share-based compensation plan The fair value of the employee services received in exchange for the grant of options is calculated using the Binomial model and is recognised as an expense

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned

Consolidated financial statements

The company has not prepared consolidated financial statements as, being a wholly owned subsidiary of Scapa Group plc and included in the consolidated financial statements of that company, it is exempt under section 228 of the Companies Act 1985 these financial statements therefore present the results of the company as a stand alone entity

Cash flow statement

A cash flow statement has not been prepared because the company is a wholly owned subsidiary of Scapa Group plc and consequently is exempt from publishing a cash flow statement under FRS1 (revised 1996) A consolidated cash flow statement is included in the financial statements of that Scapa Group plc

Notes to the financial statements for the year ended 31 March 2008 (continued)

3 Segmental information

Turnover by destination:	2008 Continuing operations £'000	2008 Discontinued operations £'000	2008 Total £'000	2007 Continuing operations £'000	2007 Discontinued operations £'000	2007 Total £'000
External						
Home	16,331	-	16,331	15,170	5,078	20,248
Export	15,328	-	15,328	14,110	10,182	24,292
Total external	31,659	-	31,659	29,280	15,260	44,540
Intra-group						
Export	11,667	-	11,667	10,609	2,663	13,272
	43,326	-	43,326	39,889	17,923	57,812

Further analysis of turnover between geographical markets is not provided, as, in the opinion of the directors, such disclosure would seriously prejudice the company's interests Turnover by origin and net assets are all attributed to UK operations

No analysis is provided of turnover between the different classes of business, as, in the opinion of the directors, such disclosure would seriously prejudice the company's interests

4 Operating profit / (loss)

	Note	2008 Continuing operations £'000	2008 Discontinued operations £'000	2008 Total £'000	2007 Continuing operations £'000	2007 Discontinued operations £'000	2007 Total £'000
Turnover	3	43,326	-	43,326	39,889	17,923	57,812
Cost of sales		(35,337)	-	(35,337)	(33,191)	(14,144)	(47,335)
Gross profit		7,989	-	7,989	6,698	3,779	10,477
Distribution costs		(1,409)	-	(1,409)	(1,316)	(860)	(2,176)
Administrative expenses		(5,249)	-	(5,249)	(7,697)	(2,885)	(10,582)
Other operating income - Government grants		142	-	142	157	-	157
Operating profit / (loss)		1,473	-	1,473	(2,158)	34	(2,124)

Notes to the financial statements for the year ended 31 March 2008 (continued)

4 Operating profit / (loss) (continued)

This is stated after charging

	2008 £'000	2007 £'000
Depreciation of owned fixed assets	1,143	1,800
Auditors' remuneration	25	47
Research and development	466	778
Operating lease rentals		
- Plant and machinery	328	425
- Land and buildings	882	1,027

5 Exceptional items

Restructuring costs

As a result of restructuring and cost reduction programme the following non recurring exceptional items were included within the stated operating loss

	2008 £'000	2007 £'000
- Redundancy costs	(328)	(423)
- Impairment of tangible fixed assets	-	(853)
	(328)	(1,276)

Prior year profit on disposal of discontinued operations

On 13 October 2006 the company completed the disposal of its Megolon compounding operations for a consideration of £16,795,000, giving rise to a profit on disposal after costs of £9,716,000

On 9 February 2007 the company completed the disposal of its sealant operations for a consideration of £4,910,000, giving rise to a profit on disposal after costs of £2,581,000

6 Net interest receivable / (payable)

	2008 £'000	2007 £'000
Interest payable on bank overdrafts	-	(187)
Interest receivable from / (payable to) group undertakings	198	(240)
Bank interest receivable	298	12
	496	(415)

Notes to the financial statements for the year ended 31 March 2008 (continued)

7 Taxation

Analysis of tax charge in the year

	2008 £'000	2007 £'000
Current tax:		
UK Corporation tax charge on profit for the year	**149**	(384)
Prior year adjustment to group relief	**260**	(212)
Charge / (credit) on profit on ordinary activities	**409**	(596)

The tax charge assessed for the year is higher (2007 lower) than the standard rate of Corporation Tax in the UK (30%) The differences are explained below

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	**1,325**	8,971
Profit on ordinary activities multiplied by standard rate in the UK 30% (2007 30%)	**398**	2,691
Effects of		
Expenses not deductible for tax purposes	**84**	290
Pension deductions in excess of charge	**(284)**	-
Depreciation in excess of accelerated capital allowances	**320**	324
Prior year adjustment to group relief	**260**	(212)
Utilisation of losses	**(369)**	(3,689)
Tax charge / (credit) on profit on ordinary activities	**409**	(596)

Any future profits are expected to be taxed at a rate lower than the standard rate due to the availability of tax losses.

Deferred taxation

Deferred tax assets amounting to £6 9m (2007 £8 1m) have not been recognised due to the uncertainty over the utilisation of the underlying tax losses The unrecognised tax assets are in respect of pension liabilities, tax losses and capital allowances The full potential deferred tax asset at the future Corporation Tax rate of 28% (2007 30%) is as follows

	Note	2008 £'000	2007 £'000
Deferred tax asset not recognised:			
Pension liabilities	22	**(5,008)**	(6,468)
Depreciation in excess of capital allowances		**(1,480)**	(903)
Losses		**(363)**	(758)
		(6,851)	(8,129)

Notes to the financial statements for the year ended 31 March 2008 (continued)

8 Intangible assets

	£'000
Goodwill	
Cost	
As at 31 March 2008 and 31 March 2007	2,269
Amortisation	
As at 31 March 2008 and 31 March 2007	(2,269)
Net book value as at 31 March 2008 and 31 March 2007	-

Following an impairment review of the company's investments in its subsidiary undertakings, in accordance with FRS11 Impairment of Fixed Assets and Goodwill, an impairment provision of £1,554,000 was reflected in the company's accounts for the year ended 31 March 2006

9 Tangible fixed assets

	Short leasehold land and buildings £'000	Plant, fixtures and vehicles £'000	Assets in course of construction £'000	Total £'000
Cost				
As at 1 April 2007	3,817	18,317	336	22,470
Additions	-	267	382	649
Disposals	-	(359)	-	(359)
Brought into use	-	306	(306)	-
As at 31 March 2008	**3,817**	**18,531**	**412**	**22,760**
Depreciation				
As at 1 April 2007	2,089	13,581	220	15,890
Charge for the period	213	930	-	1,143
Impairment	-	-	-	-
Disposals	-	(356)	-	(356)
Reclassification	-	220	(220)	-
As at 31 March 2008	**2,302**	**14,375**	-	**16,677**
Net book value as at 31 March 2008	**1,515**	**4,156**	**412**	**6,083**
Net book value as at 31 March 2007	1,728	4,736	116	6,580

Notes to the financial statements for the year ended 31 March 2008 (continued)

10 Investments

Details of the company's investments are as follows

Name of company	Holding	Proportion of voting rights held	Nature of business
Boldscope Limited	Ordinary shares	100%	Non-trading company
Cable Components Limited	Ordinary shares	100%	Non-trading company

	Total £'000
Cost	
As at 31 March 2008 and 31 March 2007	2,642
Provision for impairment	
As at 31 March 2008 and 31 March 2007	(1,142)
Net book value as at 31 March 2008 and 31 March 2007	**1,500**

11 Stocks

	2008 £'000	2007 £'000
Raw materials and consumables	**1,180**	1,134
Work in progress	**1,084**	1,063
Finished goods	**1,493**	1,654
	3,757	3,851

12 Debtors

	2008 £'000	2007 £'000
Trade debtors	**5,794**	6,880
Amounts due from parent undertaking	**7,828**	7,077
Amounts due from other Group undertakings	**2,444**	1,704
Group relief receivable	**-**	596
Other debtors	**453**	673
Prepayments and accrued income	**525**	252
	17,044	17,182

Of the amounts due from Parent and other Group undertakings £7,828,000 (2007 £5,654,000) is receivable after more than one year

Notes to the financial statements for the year ended 31 March 2008 (continued)

13 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	4,824	4,466
Amounts due to parent undertaking	1,882	1,070
Amounts owed to other Group undertakings	-	1,826
Group relief payable	150	-
Other taxes and social security costs	242	257
Other creditors	1,163	835
Accruals and deferred income	1,147	1,440
	9,408	9,894

14 Creditors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Amounts owed to Group undertakings	9,512	9,205
Other creditors	57	-
Deferred government grants	1,235	1,377
	10,804	10,582

15 Provisions for liabilities and charges

	Dilapidations and reinstatement £'000
As at 1 April 2007 and 31 March 2008	936

Dilapidations and reinstatement

The company leases a number of its properties and in certain instances the company is required to complete dilapidation and reinstatement work before the end of the tenancy The amount shown above represents the company's best estimate of the expected obligation arising from the reinstatement of the property, accrued in full, and anticipated to be payable in more than 5 years

16 Share capital

Authorised

	2008 £	2007 £
Ordinary shares of £1 each	100	100

Allotted, called up and fully paid	2008 No.	2007 No.	2008 £	2007 £
Ordinary shares of £1 each	2	2	2	2

Notes to the financial statements for the year ended 31 March 2008 (continued)

17 Reserves

	Share premium £'000	Profit and loss account £'000
At 1 April 2007 as previously reported	11,946	(19,568)
Profit for the financial year	-	916
Actuarial gains on pension scheme	-	2,579
Share option charge	-	32
As at 31 March 2008	11,946	(16,041)

18 Reconciliation of movements in equity shareholders' deficit

	2008 £'000	2007 £'000
Profit for the financial year	916	9,567
Other recognised gains and losses relating to the year	2,579	5,205
Share options	32	-
Opening equity shareholders' deficit	(7,622)	(22,394)
Closing equity shareholders' deficit	(4,095)	(7,622)

19 Financial commitments

Operating leases

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as follows

	Land & buildings		Plant, fixtures & vehicles	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Expiry date:				
Within one year	-	20	30	85
Between two and five years	453	70	242	268
In over five years	647	1,030	-	2
	1,100	1,120	272	355

Capital Commitments

At 31 March 2008 the company was committed to capital expenditure of £279,600 (2007 £nil)

Notes to the financial statements for the year ended 31 March 2008 (continued)

20 Directors' emoluments

The emoluments of the directors for their services to the company were

	2008 £'000	2007 £'000
All directors		
Aggregate emoluments	**317**	218
Highest paid director		
Aggregate emoluments	**153**	149
Defined benefit pension scheme		
Accrued pension at end of year	**20**	15

Mr C J O'Connor, Mr M R Stirzaker, Mr B T Tenner, Mr M Fowler and Mr D C Sherwin received no remuneration for their services to the company The emoluments of Mr C J O'Connor and Mr B T Tenner are disclosed in the report and accounts of Scapa Group plc

21 Employees

(a) Number of employees

The average number of persons, including directors, employed by the company during the year was

	2008 No.	2007 No
Number of employees	**314**	441

(b) Employment costs

	Note	2008 £'000	2007 £'000
Wages and salaries		**9,079**	11,723
Social security costs		**854**	1,106
Share option charge		**32**	-
Other pension costs	21	**394**	1,324
		10,359	14,153

In addition to the above, the company incurred costs of £328,000 (2007 £423,000) on redundancies and compensation payments as part of a rationalisation of the overhead structure – see note 5

Notes to the financial statements for the year ended 31 March 2008 (continued)

22 Pension schemes

The company operates several defined benefit and defined contribution schemes for employees in the UK

(a) Defined contribution schemes

The company operates a number of defined contribution schemes in the UK Employer's contributions are charged to the profit and loss account as incurred The total pension cost for the company in respect of these schemes for the year ended 31 March 2008 was £394,000 (2007 £205,000)

(b) Defined benefit schemes

The company operates three defined benefit schemes and, as permitted by FRS 17, Retirement Benefits, disclosure has been aggregated for all the schemes The UK defined benefit schemes are funded by contributions from members as defined in the scheme rules, and by the employing company at a rate assessed by the scheme independent actuary as sufficient to meet the balance of costs determined following the triennial fund reviews including an estimate of the annual costs of administration of the schemes In addition, the Scapa Tapes UK Ltd pension plan will receive an amount of £0 7m in each of the next two years with respect to a debt arising on the disposal of a Group subsidiary in the prior year The assets of the schemes are held separately from company assets under Trust A credit of £0 3m was taken to operating profit in the year for UK schemes (charge in 2007 of £1 1m), following the schemes' closure to future accrual

The FRS 17 Retirement Benefits valuations have been updated by the scheme actuaries, in order to assess the liabilities of the schemes at 31 March 2008 The last actuarial valuations were performed in 2006 by the schemes' actuaries, each using the projected unit method as the basis of their valuations Scheme assets are stated at their market value at 31 March 2008 The scheme funding position and company contributions will be reviewed again as at 1 April 2009

The financial assumptions used to calculate scheme liabilities under FRS 17 for the UK defined benefit schemes are as follows

	2008	2007	2006
Discount rate	**6.2%**	5 3%	5 0%
Salary increases per annum	**n/a**	3 9%	3 8%
Price inflation per annum	**3.5%**	3 1%	3 0%
Increases to pensions in payment	**3.0% - 3.7%**	2 3% - 3 5%	3 0%
Increases to deferred pensions	**3.5%**	3 0%	3 0%

The market value of assets in the schemes at the balance sheet date, and the expected rates of return and the present value of the scheme liabilities at each balance sheet date are as follows

	At 31 March 2008		At 31 March 2007		At 31 March 2006	
	Expected rate of return %	**Market value £m**	Expected rate of return %	Market value £m	Expected rate of return %	Market value £m
Equities	7 9%	**18,690**	7 8%	21,462	7 8%	22,255
Bonds	6 2%	**25,177**	5%	13,849	5%	7,522
Other	4 4% - 5%	**1,101**	4 4% - 4 5%	8,445	4 4% - 4 5%	12,207
Total market value of assets		**44,968**		43,756		41,984
Present value of scheme liabilities		**(62,854)**		(65,317)		(68,536)
Net deficit in the schemes		**(17,886)**		(21,561)		(26,552)
Net pension liability		**(17,886)**		(21,561)		(26,552)

Notes to the financial statements for the year ended 31 March 2008 (continued)

22 Pension schemes (continued)

The following amounts have been recognised in the profit and loss account and statement of total recognised gains and losses for the year ended 31 March 2008 in respect of the company's defined benefit schemes

	2008 £'000	2007 £'000
Analysis of the amount charged to operating profit:		
(Curtailment gain) / current service cost	**(326)**	1,119
Total (credit) / charge to operating profit	**(326)**	1,119
Analysis of the amount charged to other finance costs:		
- expected return on pension scheme	**2,739**	2,613
- interest on pension scheme liabilities	**(3,383)**	(3,400)
Net finance cost	**(644)**	(787)
Statement of total recognised gains and losses		
Actual return less expected return on scheme assets	**(170)**	15
Experience (losses) / gains arising on scheme liabilities	**(1,411)**	2,903
Changes in assumptions underlying the present value of scheme liabilities	**4,160**	2,287
Net actuarial gain recognised in the statement of total recognised gains and losses	**2,579**	5,205
Movement in deficit pre deferred tax during the year		
Net deficit in schemes at beginning of year	**(21,561)**	(26,552)
Movement in year		
- curtailment gain / (current service cost)	**326**	(1,119)
- contributions	**1,414**	1,692
- net finance cost	**(644)**	(787)
- actuarial gain	**2,579**	5,205
Net deficit in schemes at end of year	**(17,886)**	(21,561)

	2008 £'000	2007 £'000	2006 £'000
Details of experience (gains) and losses			
Difference between the expected and actual return on scheme assets			
- Amount (£'000)	**(170)**	15	6,225
- Percentage of scheme assets	**0.0%**	0 0%	14 8%
Experience (losses) / gains on scheme liabilities			
- Amount (£'000)	**(1,411)**	2,903	(2,477)
- Percentage of scheme liabilities	**(2.2%)**	4 4%	(3 6%)
Total amount recognised in statement of total recognised gains and losses			
- Amount (£'000)	**2,579**	5,205	(9,330)
- Percentage of scheme liabilities	**4.1%**	8 0%	(13 6%)

Notes to the financial statements for the year ended 31 March 2008 (continued)

23 Share options

The directors who held office at 31 March 2008 had no interest in the shares of the company and held options in the shares of the ultimate parent company, Scapa Group plc, at prices ranging from nil pence per share to 171 pence per share under the share options schemes approved by the shareholders of Scapa Group plc The number of shares subject to options that relate to both UK directors receiving emoluments from Scapa UK Limited , the periods in which they were granted, and the periods in which they may be exercised are given below

Scheme	Year of grant	Average exercise price per share	Exercise period	Numbers 2008	2007
Executive share option plan	1997 – 2002	49p – 171p	up to 20 June 2012	**100,000**	100,000
Executive share option plan	2006	22 25p	up to 31 Aug 2016	**100,000**	100,000
Executive share option plan	2007	29 25p	up to 20 Aug 2017	**100,000**	-
Executive share option plan	2007	32 75p	up to 10 Dec 2017	**100,000**	-
Performance share plan	2004	nil p per share	up to 15 Aug 2014	-	300,000
Performance share plan	2006	nil p per share	up to 31 Aug 2016	**100,000**	100,000
Performance share plan	2007	nil p per share	up to 20 Aug 2018	**100,000**	-
Performance share plan	2007	nil p per share	up to 10 Dec 2018	**50,000**	-
Sharesave option plan 3 year	2007	24 60p	up to 1 Sept 2011	**770,305**	-
Sharesave option plan 5 year	2007	24 60p	up to 1 Sept 2013	**864,568**	-
				2,284,873	600,000

The options issued in 2004 under the performance share plan lapsed on 16 August 2007 due to a failure to meet the performance criteria No options were exercised in the period

The ability to exercise the options issued under the Executive share option plans is dependent upon the achievement of predetermined performance targets based on growth in adjusted earnings per share (EPS) over changes in the retail price index (RPI) The current target set by the Committee is compound annual growth of RPI plus 4% per annum at which 50% of the options will vest At RPI plus 5% per annum 75% of the options will vest and at RPI plus 6% per annum 100% of the options will vest

A minimum level of performance must be achieved for any award to vest under the Performance share plans The performance targets for the awards made in 2006 and 2007 require the Scapa Group plc's TSR performance when measured against the FTSE All Share Index to be at least at the median level for any portion of the award to vest, at which level 25% of the award will vest 75% of the award will vest for top quartile performance, and 100% of the award will vest for top decile performance Awards vest on a straight line basis for performance between these levels

24 Ultimate parent company

The company's immediate parent company is Lindsey & Williams Limited, a company incorporated in England

The ultimate parent undertaking is Scapa Group plc, which is the parent undertaking of the smallest and the largest group to consolidate these financial statements

Copies of the Group Accounts of Scapa Group plc may be obtained from the Company Secretary, Scapa Group plc, Manchester Road, Ashton Under Lyne, OL7 0ED

25 Related party transactions

The ultimate controlling party is Scapa Group plc In accordance with the exemptions available under Financial Reporting Standard Number 8 "Related party transactions", the company has not disclosed transactions with other companies within the group, as the consolidated financial statements of Scapa Group plc, in which the company is included, are available at the address shown above

There were no other related party transactions

26 Contingent liability

The company participates in a cross-guarantee arrangement with the ultimate holding company and certain fellow subsidiary undertakings in respect of a group overdraft facility As at 31 March 2008, there was £nil (2007 £425,681) drawn down under the group overdraft facility