Scapa UK Limited

Directors' report and financial statements

for the year ended 31 March 2009

Company number: 3261510

Contents

Scapa UK Limited

Directors and advisors

Directors

C J O'Connor
D C Sherwin
C I C Smith (resigned 31 May 2008)
M R Stirzaker
A D Woodward
B T Tenner
W Dickinson
M Fowler

Company secretary
M R Stirzaker

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Greater Manchester
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Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
101 Barbirolli Square
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Manchester
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Bankers
The Royal Bank of Scotland plc
38 Mosley Street
Manchester
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Company number: 3261510

Directors' report for the year ended 31 March 2009

Financial statements

The directors present their report and the audited financial statements of the company for the year ended 31 March 2009.

Principal activities and review of the business

The company's principal activity is the manufacture of adhesive foams and specialist tapes.

The profit before tax and exceptional items was £157,000 (2008: £1,653,000) for the company, with non-recurring exceptional items totalling £719,000 (2008: £328,000) resulting in a loss before tax of £562,000 (2008: profit of £1,325,000).

The exceptional tax credit for the year of £7,187,000 (2008: £nil) follows the recognition of previously unrecognised deferred tax assets on pension liabilities, tax losses and capital allowances, as a result of the directors' confidence in the continued positive outlook for the company.

The 2009 results were impacted by difficult economic conditions, in particular the unprecedented increase in raw material and utility costs, however trading remained buoyant and this was reflected in the continued profitability of the company. Exceptional non-recurring redundancy and shift compensation payments were incurred during the period as a result of restructuring following significant capital investment in new manufacturing technology during the year. The management team will continue to address the requirement to become ever more competitive and efficient to ensure that the business sustains its return to profitability.

Management have continued to place a heavy emphasis on maintaining and, where possible, improving margins despite the current year pressures on raw material and energy prices. Corresponding volumes have, through a sustained sales effort, continued to improve consistently throughout the year. Management remain confident that these actions place the business on a stronger basis for future periods.

Pensions continue to present challenges for the company for the foreseeable future, however significant steps were made in the prior year with the closure of the UK defined benefit schemes and a transfer of membership into the company defined contribution schemes. The FRS17 pension deficit on the defined benefit programs has, however, increased pre deferred tax by £1,587,000 (2008: gain of £3,675,000) as a result of the performance of the scheme investments and changes to assumptions underlying the present value of liabilities. The company, in conjunction with Scapa Group management, will continue to work closely with the scheme's trustees to address the future obligations of the schemes.

Despite the continual changes happening with the company, our employees continue to show tremendous commitment, determination and dedication to enable us to maintain a positive momentum. On behalf of the company, the directors would like to thank all our employees for their efforts.

Results and dividends

The profit after taxation for the year of £6,610,000 (2008: profit £916,000) has been transferred to reserves.

The directors do not recommend the payment of a dividend (2008: £nil).

Directors

The directors who held office during the year and up to the date of signing the financial statements are listed on page 1.

Directors' report for the year ended 31 March 2009 (continued)

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 52 days (2008: 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.

Employees and employment policies
Information concerning employees and their remuneration is given in Notes 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.

Directors' report for the year ended 31 March 2009 (continued)

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

B T Tenner
Director
28 May 2009

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 2009 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 2009 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 2009

Profit and loss account

For the year ended 31 March 2009

	Note	2009 Before exceptional items £'000	2009 Exceptional items (note 5) £'000	2009 Total £'000	2008 Before exceptional items £'000	2008 Exceptional items (note 5) £'000	2008 Total £'000
TURNOVER		**44,101**	**-**	**44,101**	43,326	-	43,326
OPERATING COSTS		**(43,590)**	**(934)**	**(44,524)**	(41,525)	(328)	(41,853)
OPERATING (LOSS)/PROFIT	4	**511**	**(934)**	**(423)**	1,801	(328)	1,473
Investment impairment		**-**	**(1,500)**	**(1,500)**			
Dividend received from subsidiary		**-**	**1,715**	**1,715**			
Net interest receivable	6	**519**	**-**	**519**	496	-	496
Other finance costs	22	**(873)**	**-**	**(873)**	(644)	-	(644)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		**157**	**(719)**	**(562)**	1,653	(328)	1,325
Taxation (charge) / credit for the year	7	**(250)**	**235**	**(15)**	(409)	-	(409)
Exceptional recognition of previously unrecognised deferred tax asset	7 7	**-**	**7,187**	**7,187**	-	-	-
Total tax credit		**(250)**	**7,422**	**7,172**	(409)	-	(409)
TOTAL PROFIT / (LOSS) FOR THE FINANCIAL YEAR		**(93)**	**6,703**	**6,610**	1,244	(328)	916

Statement of total recognised gains and losses

For the year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Profit for the financial year		**6,610**	916
Actuarial (loss) / gain on pension schemes	22	**(2,151)**	2,579
Deferred tax on pension scheme actuarial movement	7	**602**	-
TOTAL RECOGNISED GAINS FOR THE YEAR SINCE LAST ANNUAL REPORT		**5,061**	3,495

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 22 form part of these financial statements

Balance sheet

As at 31 March 2009

	Note	2009 £'000	2008 £'000
ASSETS			
Non-current assets			
Tangible assets	9	**6,709**	6,083
Investments	10	**-**	1,500
		6,709	7,583
Current assets			
Stocks	11	**3,132**	3,757
Debtors: including £9,853,000 (2008: £7,828,000) due after one year and deferred tax of £2,397,000 (2008: £nil)	12	**20,707**	17,044
Cash at bank and in hand		**4,026**	6,555
		27,865	27,356
CREDITORS: amounts falling due within one year	13	**(9,561)**	(9,408)
NET CURRENT ASSETS		**18,304**	17,948
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,013**	25,531
CREDITORS: amounts falling due after more than one year	14	**(8,956)**	(10,804)
PROVISIONS FOR LIABILITIES AND CHARGES	15	**(936)**	(936)
NET ASSETS EXCLUDING PENSION DEFICIT		**15,121**	13,791
PENSION DEFICIT	22	**(14,021)**	(17,886)
NET ASSETS / (LIABILITIES) INCLUDING PENSION DEFICIT		**1,100**	(4,095)
CAPITAL AND RESERVES			
Called up share capital	16	**-**	-
Share premium account	17	**11,946**	11,946
Profit and loss account	17	**(10,846)**	(16,041)
EQUITY SHAREHOLDERS' FUNDS / (DEFICIT)	18	**1,100**	(4,095)

The notes on pages 8 to 22 form part of these financial statements.

The financial statement on pages 6 to 22 were approved by the board of directors on 28 May 2009 and were signed on its behalf by:

W. Dickinson
Director

Notes to the financial statements for the year ended 31 March 2009

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.

(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 profit or loss.

Notes to the financial statements for the year ended 31 March 2009 (continued)

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.

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.

During the year there was a change in accounting policy in relation to FRS17 and the valuation of assets moving from mid to bid prices. The effect on the prior period has been calculated and is immaterial to the accounts.

ii) Defined Contribution Pension Schemes

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

b) Share-based compensation

The company follows 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.

Notes to the financial statements for the year ended 31 March 2009 (continued)

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 2009 (continued)

3 Segmental information

Turnover by destination:	2009 Total £'000	2008 Total £'000
External		
UK	**15,228**	16,331
Rest of Europe	**13,134**	12,454
North America	**47**	67
Other	**3,170**	2,807
Total external	**31,579**	31,659
Intra-group		
Rest of Europe	**9,052**	9,376
North America	**1,008**	1,148
Other	**2,462**	1,143
	12,522	11,667
	44,101	43,326

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 this has limited impact on the financial statements because internal reporting is performed by geographical region. Changes within the business may alter the way we report internally for the forthcoming financial year and the impact, if any, on the financial statements will be considered for the next financial year.

4 Operating (loss) / profit

	Note	2009 Total £'000	2008 Total £'000
Turnover	3	**44,101**	43,326
Cost of sales		**(36,095)**	(35,337)
Gross profit		**8,006**	7,989
Distribution costs		**(1,457)**	(1,409)
Administrative expenses		**(7,109)**	(5,249)
Other operating income - Government grants		**137**	142
Operating (loss) / profit		**(423)**	1,473

Notes to the financial statements for the year ended 31 March 2009 (continued)

4 Operating (loss) / profit (continued)

This is stated after charging:

	2009 £'000	2008 £'000
Depreciation of owned fixed assets	**1,069**	1,143
Services provided by the Company's auditor: fees payable for the audit	**25**	25
Research and development	**777**	466
Operating lease rentals		
- Plant and machinery	**325**	328
- Land and buildings	**1,090**	882

5 Exceptional items

The following non-recurring exceptional items were included within the stated operating profit:

	2009 £'000	2008 £'000
Operating exceptional items		
- Redundancy costs	**(646)**	(328)
- Shift Compensation	**(288)**	-
	(934)	(328)
Non-operating exceptional items		
- Impairment of investment in subsidiary undertakings (CCL)	**(1,500)**	-
- Dividend from subsidiary undertakings	**1,715**	-
	215	-
	(719)	(328)

The redundancy and shift compensation items were as a result of a restructuring and cost reduction programme following a significant investment programme in new machinery.

During the year ended 31 March 2009, one of the company's subsidiary undertakings, Cable Components Limited, paid a dividend of £1,715,000. This led to the impairment of the investment of £1,500,000 in that company.

6 Net interest receivable

	2009 £'000	2008 £'000
Interest payable on bank overdrafts	**(3)**	-
Interest receivable from group undertakings	**382**	198
Bank interest receivable	**140**	298
	519	496

Notes to the financial statements for the year ended 31 March 2009 (continued)

7 Taxation

Analysis of tax charge in the year

	2009 £'000	2008 £'000
Current tax:		
UK Corporation tax charge on operating profit for the year	**310**	149
UK Corporation tax credit on exceptional items in the year	**(235)**	-
Prior year adjustment to group relief	**-**	260
	75	409
Deferred tax:		
Deferred tax – exceptional recognition of deferred tax assets	**(7,187)**	-
Origination and reversal of timing differences	**(60)**	-
	(7,247)	-
Tax (credit) / charge for the year	**(7,172)**	409

UK corporation tax payable is in respect of group relief.

The tax credit assessed for the year is lower (2008: lower charge) than the standard rate of Corporation Tax in the UK of 28% (2008: 30%). The differences are explained below:

	2009 £'000	2008 £'000
(Loss) / profit on ordinary activities before tax	**(562)**	1,325
(Loss) / profit on ordinary activities multiplied by standard rate in the UK 28% (2008: 30%)	**(157)**	398
Effects of:		
Income not taxable	**(480)**	-
Expenses not deductible for tax purposes	**652**	84
Pension deductions in excess of charge	**(158)**	(284)
Depreciation in excess of accelerated capital allowances	**218**	320
Prior year adjustment to group relief	**-**	260
Utilisation of losses	**-**	(369)
Tax charge on (loss) / profit on ordinary activities	**75**	409

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

The previously unrecognised deferred tax assets of the company have been recognised in the year ending March 31 2009 on the basis that they are now expected to be utilised in future years.

Deferred tax assets amounting to £7.8m were recognised in the period (previously unrecognised in 2008 of £6.9m). The deferred tax asset at the Corporation tax rate of 28% are as follows:

	Note	2009 £'000	2008 £'000
Deferred tax assets at 31 March 2009:			
Pension liabilities	22	**5,452**	-
Depreciation in excess of capital allowances		**1,446**	-
Losses		**951**	-
		2,397	-
		7,849	-

Notes to the financial statements for the year ended 31 March 2009 (continued)

7 Taxation (continued)

	Note	2009 £'000	2008 £'000
Movement in deferred tax asset in the year:			
At 1 April		-	-
Exceptional recognition of assets		7,187	-
Deferred taxation credit to the P&L		60	-
Pension movement to reserves		602	-
At 31 March		7,849	-

8 Intangible assets

	£'000
Goodwill	
Cost	
As at 31 March 2009 and 31 March 2008	2,269
Amortisation	
As at 31 March 2009 and 31 March 2008	(2,269)
Net book value as at 31 March 2009 and 31 March 2008	-

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 2008	3,817	18,531	412	22,760
Additions		829	890	1,719
Disposals	-	(124)	-	(124)
Brought into use	-	412	(412)	-
As at 31 March 2009	3,817	19,648	890	24,355
Depreciation				
As at 1 April 2008	2,302	14,375	-	16,677
Charge for the period	213	856	-	1,069
Disposals	-	(100)	-	(100)
As at 31 March 2009	2,515	15,131	-	17,646
Net book value as at 31 March 2009	1,302	4,517	890	6,709
Net book value as at 31 March 2008	1,515	4,156	412	6,083

Notes to the financial statements for the year ended 31 March 2009 (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

	2009 £'000	2008 £'000
At 1 April and at 31 March:		
Cost	**2,642**	2,642
Provision for impairment	**(2,642)**	(1,142)
Net book value	**-**	1,500

During the year ended 31 March 2009, one of the company's subsidiary undertakings, Cable Components Limited, paid a dividend of £1,715,000. This led to the impairment of the investment of £1,500,000 in that company.

11 Stocks

	2009 £'000	2008 £'000
Raw materials and consumables	**1,133**	1,180
Work in progress	**888**	1,084
Finished goods	**1,111**	1,493
	3,132	3,757

12 Debtors

	2009 £'000	2008 £'000
Trade debtors	**5,529**	5,794
Amounts due from parent undertaking	**9,853**	7,828
Amounts due from other Group undertakings	**2,512**	2,444
Deferred tax asset (note 7)	**2,397**	-
Other debtors	**-**	453
Prepayments and accrued income	**416**	525
	20,707	17,044

Of the amounts due from Parent and other Group undertakings £9,853,000 (2008: £7,828,000) is receivable after more than one year.

Notes to the financial statements for the year ended 31 March 2009 (continued)

13 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	**4,935**	4,824
Amounts due to parent undertaking	**645**	1,882
Amounts owed to other Group undertakings	**1,651**	-
Group relief payable	**75**	150
Other taxes and social security costs	**286**	242
Other creditors	**464**	1,163
Accruals and deferred income	**1,505**	1,147
	9,561	9,408

14 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Amounts owed to Group undertakings	**7,939**	9,512
Other creditors	**57**	57
Deferred government grants	**960**	1,235
	8,956	10,804

15 Provisions for liabilities and charges

	Dilapidations and reinstatement £'000
As at 1 April 2008 and 31 March 2009	**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, with £140,000 anticipated to be payable in less than one year and £796,000 in more than 5 years.

16 Share capital

Authorised

	2009 £	2008 £
Ordinary shares of £1 each	**100**	100

Allotted, called up and fully paid	2009 No.	2008 No.	2009 £	2008 £
Ordinary shares of £1 each	**2**	2	**2**	2

Notes to the financial statements for the year ended 31 March 2009 (continued)

17 Reserves

	Share premium £'000	Profit and loss account £'000
At 1 April 2008	11,946	(16,041)
Profit for the financial year	-	6,610
Actuarial loss on pension scheme	-	(2,151)
Deferred tax movement on pension schemes	-	602
Share option charge	-	134
As at 31 March 2009	11,946	(10,846)

18 Reconciliation of movements in equity shareholders' funds / (deficit)

	2009 £'000	2008 £'000
Profit for the financial year	6,610	916
Actuarial (loss) / gain on pension scheme	(2,151)	2,579
Deferred tax movement on pension schemes	602	-
Share options	134	32
Opening equity shareholders' deficit	(4,095)	(7,622)
Closing equity shareholders' funds / (deficit)	1,100	(4,095)

19 Financial commitments

Operating leases
At 31 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land & buildings		Plant, fixtures & vehicles	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Expiry date:				
Within one year	17	-	28	30
Between two and five years	436	453	334	242
In over five years	647	647	-	-
	1,100	1,100	362	272

Capital Commitments
At 31 March 2009 the company was committed to capital expenditure of £272,000 (2008: £279,600).

Notes to the financial statements for the year ended 31 March 2009 (continued)

20 Directors' emoluments

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

	2009 £'000	2008 £'000
All directors		
Aggregate emoluments	**366**	317
Highest paid director		
Aggregate emoluments	**209**	153
Defined benefit pension scheme:		
Accrued pension at end of year	**20**	20

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.

No share options were exercised in the year ending 31 March 2009 – see note 23.

21 Employees

(a) Number of employees

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

	2009 No.	2008 No.
Number of employees	**308**	314

(b) Employment costs

	Note	2009 £'000	2008 £'000
Wages and salaries		**8,664**	9,079
Social security costs		**1,033**	854
Share option charge		**134**	32
Other pension costs	22	**363**	394
		10,194	10,359

In addition to the above, the company incurred costs of £934,000 (2008: £328,000) on redundancies and shift 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 2009 (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 £363,000 (2008: £394,000).

(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 were closed to future accrual in the prior year and are funded 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 has received an amount of £0.7m with respect to a debt arising on the disposal of a Group subsidiary two years ago. The assets of the schemes are held separately from company assets under Trust.

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 2009. 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 2009. 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:

	2009	2008	2007
Discount rate	**6.4%**	6.2%	5.3%
Salary increases per annum	**n/a**	n/a	3.9%
Price inflation per annum	**2.8%**	3.5%	3.1%
Increases to pensions in payment	**2.5% - 3.3%**	3.0% - 3.7%	2.3% - 3.5%
Increases to deferred pensions	**2.8%**	3.5%	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 2009		At 31 March 2008		At 31 March 2007	
	Expected rate of return %	**Market value £m**	Expected rate of return %	Market value £m	Expected rate of return %	Market value £m
Equities	**7.9%**	**15,479**	7.9%	18,690	7.8%	21,462
Bonds	**6.4%**	**23,428**	6.2%	25,177	5%	13,849
Other	**3.6% - 4%**	**929**	4.4% - 5%	1,101	4.4% - 4.5%	8,445
Total market value of assets		**39,836**		44,968		43,756
Present value of scheme liabilities		**(59,309)**		(62,854)		(65,317)
Net deficit in the schemes		**(19,473)**		(17,886)		(21,561)
Deferred tax asset		**5,452**		-		-
Net pension deficit		**(14,021)**		(17,886)		(21,561)

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 2009 in respect of the company's defined benefit schemes:

	2009 £'000	2008 £'000
Reconciliation of present value of scheme liabilities		
1 April	**62,854**	65,317
Interest cost	**3,708**	3,383
Curtailment gain	**-**	(326)
Benefits paid	**(2,449)**	(2,771)
Actuarial loss	**(4,804)**	(2,749)
31 March	**59,309**	62,854
Reconciliation of fair value of scheme assets		
1 April	**44,968**	43,756
Expected return on scheme assets	**2,835**	2,739
Actuarial losses	**(6,955)**	(170)
Benefits paid	**(2,449)**	(2,771)
Contributions paid by employer	**1,437**	1,414
31 March	**39,836**	44,968
Analysis of the amount charged to the profit and loss are as follows:		
Expected return on pension scheme assets	**(2,835)**	(2,739)
Interest on pension scheme liabilities	**3,708**	3,383
Total	**873**	644

Amounts for current and previous four years	**2009 £'000**	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Defined benefit obligation	**(59,309)**	(62,854)	(65,317)	(68,536)	(49,642)
Plan assets	**39,836**	44,968	43,756	41,984	31,718
(Deficit) / surplus	**(19,473)**	(17,886)	(21,561)	(26,552)	(17,924)
Experienced adjustments on plan assets					
- Amount (£'000)	**(6,955)**	(170)	15	6,225	107
- Percentage of scheme assets	**(17.5%)**	0.4%	0.0%	14.8%	0.3%
Experience (losses) / gains on scheme liabilities:					
- Amount (£'000)	**(57)**	(1,411)	2,903	(2,477)	(1,521)
- Percentage of scheme liabilities	**0.0%**	(2.2%)	4.4%	(3.6%)	(3.1%)
Total amount recognised in statement of total recognised gains and losses:					
- Amount (£'000)	**(2,151)**	2,579	5,205	(9,330)	(2,898)
- Percentage of scheme liabilities	**(3.6%)**	4.1%	8.0%	(13.6%)	(5.8%)

Notes to the financial statements for the year ended 31 March 2009 (continued)

23 Share options

The directors who held office at 31 March 2009 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 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 2009	2008
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	**150,000**	100,000
Executive share option plan	2007	32.75p	up to 10 Dec 2017	**50,000**	100,000
Performance share plan	2004	nil p per share	up to 15 Aug 2014	**-**	-
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**	100,000
Performance share plan	2007	nil p per share	up to 10 Dec 2018	**50,000**	50,000
Sharesave option plan 3 year	2007	24.60p	up to 1 Sept 2011	**426,901**	770,305
Sharesave option plan 5 year	2007	24.60p	up to 1 Sept 2013	**454,820**	864,568
Sharesave option plan 3 year	2008	24.60p	up to 1 Sept 2013	**1,240,371**	
Sharesave option plan 5 year	2008	24.60p	up to 1 Sept 2013	**640,519**	
				3,412,611	2,284,873

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.

Notes to the financial statements for the year ended 31 March 2009 (continued)

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 2009, there was £nil (2008: £nil) drawn down under the group overdraft facility.