Registered number: 3261510

Scapa UK Limited

Directors' report and financial statements

For the year ended 31 March 2013

Scapa UK Limited

Company Information

Directors	H R Chae (resigned 30 April 2013) P Edwards M Fowler I Marchant (resigned 30 April 2013) W Dickinson T Sheedy (resigned 1 February 2013) C Thompson (resigned 30 April 2013)
Company secretary	R Smith (appointed 7 September 12)
Registered number	3261510
Registered office	Manchester Road Ashton Under Lyne Greater Manchester OL7 0ED
Independent auditors	Deloitte LLP Chartered Accountants and Stautory Auditor Manchester
Bankers	The Royal Bank of Scotland 38 Mosley Street Manchester M60 2BE

Scapa UK Limited

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Scapa UK Limited

Directors' report
For the year ended 31 March 2013

The directors present their report and the financial statements for the year ended 31 March 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions

Principal activities and review of the business

The company's principal activity is the manufacture of adhesive foams and specialist tapes into the industrial, healthcare and consumer markets
Profit before tax in the year ending 31 March 2013 was £3,432,000 (2012 £880,000) This included an exceptional gain in the year of £598,000 relating to a curtailment for past service costs in one of the UK defined benefit pension schemes (2012 £374,000)
The tax charge for the year of £5,015,000 (2012 £529,000) comprises corporation tax charge of £582,000 (2012 £377,000) and a deferred tax charge of £4,433,000 (2012 £152,000) – please see note 10 for further explanation

Business review

The 2013 results reflect a year of solid performance for the company The company strengthened its supply chain and as a result was able to significantly improve the gross profit whilst building upon the earlier years of restructuring in order to compete effectively in its markets The investment in the healthcare sector continued with particular focus on research and new product development Revenue fell by just over 1% (£468,000) but the focus on raw material price pressure and improved processes resulted in an improvement of 21% in gross profit (£1,588,000) Administrative expenses reflect the savings from previous restructuring and the operating profit improved to £3,460,000 (2012 £1,100,000)

Directors' report
For the year ended 31 March 2013

The directors are confident the future prospects of the company are good and we believe that the company is very well placed to meet any challenging external economic conditions and the management team continue to address the requirement to become ever more competitive and efficient whilst focusing on strong cash management

The Company operates a post retirement defined contribution scheme for qualifying employees and it also carries post retirement benefit liabilities relating to defined benefit schemes that are now closed to new members and future accrual

Overall the total FRS17 pension liabilities have increased by £8,456,000 to £81,182,000 (2012 £72,726) driven by a decrease in the corporate bond yields used to discount the liabilities Asset increases over the same period were £22,192,000 bringing assets to £77,579,000 (2012 £55,387,000) The main increase in the scheme assets came from the recognition of a special pension asset of £17,927,000, see below The net deficit in the pension scheme fell from £17,726,000 to £3,604,000

The Company continues on its programme to address the pension deficit During the first half of the year two of the UK schemes were merged into one resulting in a number of liabilities being extinguished and a settlement gain of £598,000 being recognised through the profit and loss account In the second half of the year Scapa Group plc reached agreement with the UK trustees for the implementation of an asset backed funding structure from March 2013 The UK pension funds of Scapa Group are now underpinned by an asset backed funding structure which will provide £3,750,000 cash contributions per annum to the pension fund, index linked to a maximum of 5% Of the total £3,750,000, the Company will contribute £1,832,633 The present value of the funding stream will be fully recognised as a pension fund asset in the 2012 triennial valuation and remove the deficit on a funding basis and in light of this transaction the company has derecognised the deferred tax asset relating to the deficit As part of the agreement, the Trustees have agreed in principle to merge the Plan with the other UK Pension Funds on a non-sectionalised basis The merger is currently in progress and subject to final trustee approval On completion of the merger, the Plan's share of the asset-backed funding income will transfer to the new merged scheme

As part of the above arrangement Scapa UK Ltd committed to make a special contribution of £17,927,000 to the Plan, who in turn invested this amount in a Scottish Limited Partnership (SLP) called Scapa Scottish Limited Partnership As a result of this, plan assets have increased by the amount of the contribution Further explanation on this arrangement is shown in note 19

On behalf of the company, the directors would like to thank all our employees for their tremendous commitment, determination and dedication to enable us to maintain a positive momentum

Results and dividends

The loss for the year, after taxation, amounted to £1,583,000 (2012 - profit £351,000)

Directors

The directors who served during the year were

H R Chae (resigned 30 April 2013)
P Edwards
M Fowler
I Marchant (resigned 30 April 2013)
W Dickinson
T Sheedy (resigned 1 February 2013)
C Thompson (resigned 30 April 2013)

Directors indemnities
The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

Going concern

The directors have considered the economic environment in which the business operates and the factors affecting the current and future performance and prospects of the business as set out in the their report Based on the company's forecasts, cash balances and facilities available to it and, having considered the opportunities and risks facing it together with reasonable possible changes in trading performance, the directors have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future Accordingly the directors continue to adopt the going concern basis in the preparation of the accounts

Principal risks and uncertainties

The directors of Scapa Group plc manage the Group's risk at a Group level, rather than at an individual business unit level The principal risks and uncertainties of 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

The key risks for the company are

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates The company uses foreign currency exchange forward contracts in order to fix the value of sales and purchases in foreign currencies thereby reducing the financial risk of exchange rate fluctuation

Credit risk

The company's principal financial assets are bank balances and trade and other receivables The company's credit risk is primarily attributable to its trade receivables The amounts presented in the balance sheet are net of allowances for doubtful receivables

The company has no significant concentration of credit risk with exposure spread over a number of counterparties and customers

Liquidity risk

In order to maintain liquidity and to ensure that sufficient funds are available for on-going operations and future developments, the company uses a mixture of inter group borrowings and bank overdraft

Pension risk

The company operates a number of pension schemes which includes defined benefit schemes The pension funds' liabilities are partially matched with a portfolio of assets, which leaves potential risk around the amount of the liabilities as a result of changes in life expectancy, inflation, future salary increases, risks regarding the value of investments, the returns derived from such investments and the Pension Protection Fund levy In addition, actions by the Pensions Regulators or the Trustees and/or any material revisions to the existing pension legislation could require increased contributions by the company to the pension funds

The pension trustees, in consultation with the company, regularly review the scheme's investment strategy to mitigate the volatility of liabilities and to diversify investment risk and the company takes professional advice regarding options to manage liability volatility

The asset backed arrangement entered into during the year provides certainty over contribution levels for a twenty five year period

Loss of major customer
The company operates in a competitive market which is a continuing risk to the company and could result in the loss of sales to its competitors The company manages this risk by providing a high standard of service to its customers, responding quickly to customers' requirements and maintaining strong relationships with them

Raw material pricing
The risk of increasing raw material prices and commodity market rises are a continuing risk to the company and could impact on gross margins in the future The company seeks to minimise the impact of increasing prices by utilising the Group's global supply chain function, using multi-sourcing arrangements for its key materials and the use of foreign exchange contracts

The environment
The company is committed to pursue policies that comply with the relevant legislation and standards applicable to its particular industry

Payment of creditors
The company sets its terms of payments 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

Employees and employment policies
Information concerning employees and their remuneration is given in Notes 5 and 19

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 fulfillment of their potential in improving their own and corporate performance

Complimenting 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

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

Auditor and disclosure of information to auditor
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor is aware of that information

Directors' report
For the year ended 31 March 2013

Key performance indicators ("KPIs")
Management uses a number of key performance indicators (KPI's) to monitor the performance of the business The financial KPI's comprise revenue growth, and operating profit before tax Additional non-financial KPI's are also used to measure the performance in other areas of the business including operational efficiency measurements

This report was approved by the board and signed on its behalf

W Dickinson
Director
Date 16 December 2013

Independent auditor's report to the shareholders of Scapa UK Limited

We have audited the financial statements of Scapa UK Limited for the year ended 31 March 2013, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and related notes 1 to 29 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on 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 March 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the shareholders of Scapa UK Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Patrick Loftus (Senior statutory auditor)
for and on behalf of
Deloitte LLP
Chartered Accountants and Stautory Auditor
Manchester

16 December 2013

Scapa UK Limited

Profit and loss account
For the year ended 31 March 2013

	Note	2013 £000	2012 £000
TURNOVER	2	**44,130**	44,599
Cost of sales		**(35,113)**	(37,169)
GROSS PROFIT		**9,017**	7,430
Distribution costs		**(1,252)**	(1,187)
Administrative expenses		**(4,903)**	(5,517)
Exceptional administrative income	7	**598**	374
Total administrative expenses		**(4,305)**	(5,143)
OPERATING PROFIT		**3,460**	1,100
Interest receivable and similar income	8	**213**	230
Interest payable and similar charges	9	**(24)**	(59)
Other finance costs	19	**(217)**	(391)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	**3,432**	880
Tax on profit on ordinary activities	10	**(5,015)**	(529)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	23	**(1,583)**	351

All amounts relate to continuing operations

The notes on pages 11 to 29 form part of these financial statements

Scapa UK Limited

Statement of total recognised gains and losses
For the year ended 31 March 2013

	Note	2013 £000	2012 £000
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(1,583)**	351
Actuarial loss related to pension scheme		**(5,812)**	(4,113)
Deferred tax movement on pension scheme and derecognition of deferred tax		**1,147**	702
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		**(6,248)**	(3,060)

The notes on pages 11 to 29 form part of these financial statements

Scapa UK Limited
Registered number: 3261510

Balance sheet
As at 31 March 2013

	Note	£000	2013 £000	£000	2012 £000
FIXED ASSETS					
Tangible assets	11		**4,244**		4,404
Investments	12		**20,001**		-
			24,245		4,404
CURRENT ASSETS					
Stocks	13	**2,943**		3,241	
Debtors including £9,072,000 (2012 £9,256,000) due after one year and deferred tax of £2,483,000 (2012 £2,437,000)	14	**20,935**		19,974	
Cash at bank and in hand		**2,864**		2,919	
		26,742		26,134	
CREDITORS: amounts falling due within one year	15	**(9,325)**		(9,858)	
NET CURRENT ASSETS			**17,417**		16,276
TOTAL ASSETS LESS CURRENT LIABILITIES			**41,662**		20,680
CREDITORS: amounts falling due after more than one year	16		**(38,243)**		(652)
PROVISIONS FOR LIABILITIES					
Other provisions	18		**(1,075)**		(1,075)
NET ASSETS EXCLUDING PENSION DEFICIT			**2,344**		18,953
Pension deficit	19		**(2,775)**		(13,179)
NET ASSETS INCLUDING PENSION DEFICIT			**(431)**		5,774
CAPITAL AND RESERVES					
Called up share capital	22		**-**		-
Share premium account	23		**11,946**		11,946
Profit and loss account	23		**(12,377)**		(6,172)
EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS	24		**(431)**		5,774

The financial statements on pages 7 to 29 were approved and authorised for issue by the board and were signed on its behalf on 16 December 2013

W Dickinson
Director

1. Accounting policies

The principal accounting policies are summarised below They have all been applied consistently thoughout the year and the preceding year

1.1 Basis of preparation of financial statements
The financial statements have been prepared under the historical cost convention

1.2 Going concern
The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors Report on pages 1 and 2 The directors' report on page 3 describes the company's key risks The current economic conditions may create uncertainty going forward particularly over the level of demand for the company's products and the price of the company's raw materials

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash facilities Within this review the Directors have specifically sensitised turnover and gross margin

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resouces to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the financial statements Further detail is contained in the Directors report on page 2

1.3 Revenue recognition
Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts Revenue is recognised when all the risk and rewards of ownership transfer to the customer
Rebate income is recognised on a earned basis

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Short term 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

1.5 Fixed asset investments
In the accounts of the company, share in subsidiary undertakings are stated at cost less provisions provision for impairment

1.6 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

1. Accounting policies (continued)

1.7 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 direct labour and an attributable portion of manufacturing overheads based on normal levels of activity Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal Provision is made for obsolete, slow moving or defective items where appropriate

1.8 Taxation

Corporation tax payable is provided on taxable profits at amounts expected to be paid (or receovered) using tax rates and laws which have been enacted or substantially enacted by the balance sheet date

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 the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

1.9 Employee benefits

a) Pension Costs

i)Defined Benefit Pension Schemes

For defined benefits 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

The company follows FRS20 'Share-based payments' and it's parent company Scapa Group plc operates an equity-settled share-based compensation plan The fair value of the employee services received in exchange for the grant options is calculated using the Binomial model and is recognised as an expense Where share options are granted to employees from the parent company, they are treated as capital contributions in reserves

1. Accounting policies (continued)

1.10 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

1.11 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

1.12 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

1.13 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

1.14 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 "Cash flow statements" (revised 1996) A consolidated cash flow statement is included in the Financial statements of Scapa Group plc

1.15 Consolidation

The company has taken advantage of the exemption not to prepare group financial statements on the basis that it is a wholly owned subsidiary of Scapa Group plc and is included together with its subsidiaries in the group financial statements of that company

These financial statements present infomation about the company as an individual undertaking and not about its group

2. Segmental information

	2013 £000	2012 £000
Turnover by destination:		
External		
UK	**15,939**	16,154
Rest of Europe	**12,386**	13,439
North America	**205**	217
Other	**1,809**	1,728
Total external	**30,339**	31,538
Intra-group		
Rest of Europe	**10,858**	10,335
North America	**1,068**	811
Other	**1,865**	1,915
Total intra-group	**13,791**	13,061
	44,130	44,599

Turnover by origin and net assets are all attributable to UK operations

3. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging

	2013 £000	2012 £000
Depreciation of tangible fixed assets		
-owned by the company	**850**	949
-held under finance leases	**59**	59
Impairment of owned tangible assets	**-**	250
Operating lease rentals		
-plant and machinery	**196**	185
-other operating leases	**1,066**	1,048
Research and development expenditure	**533**	266
Release of government grant	**153**	280

4. Auditor's remuneration

	2013 £000	2012 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**22**	23

There were no non-audit fees in the current year (2012 £nil)

5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2013 £000	2012 £000
Wages and salaries	**7,498**	8,012
Social security costs	**689**	739
Other pension costs (Note 19)	**288**	305
	8,475	9,056

The average monthly number of employees, including the directors, during the year was as follows

	2013 No.	2012 No
Employees	**223**	252

Included in the wages and salaries of £7,498,000 is share option charge of £43,000 (2012 £15,000) and redundancy payments of £385,000 (2012 £513,000)

6. Directors' remuneration

	2013	2012
	£000	£000
Aggregated emoluments	172	365
Company pension contributions to defined contribution pension schemes	6	7

During the year retirement benefits were accruing to 2 directors (2012 - 3) in respect of defined contribution pension schemes

The highest paid director received remuneration of £109,000 (2012 £237,000), and contributions of £3,399 (2012 £1,605) to money purchase pension schemes

Mr H R Chae, Mr P Edwards, Mr M Fowler, Mr I Marchant and Mrs T Sheedy received no remuneration for their services to the company The emoluments of Mr H R Chae and Mr P Edwards are disclosed in the report and accounts of Scapa Group plc

No share options were exercised by directors in the year ending 31 March 2013 (2012 none) - see note 25

7. Exceptional items

	2013	2012
	£000	£000
Pensions curtailment	598	374

During the year two defined benefit pension schemes were merged into one and a number of liabilities associated with the schemes were extinguished at an amount lower than their carrying value resulting in a settlement gain of £598,000 (2012 £nil) The prior year pension scheme exceptional gain of £374,000 related to a number of members who took a pension increase in exchange offer

8. Interest receivable

	2013	2012
	£000	£000
Interest receivable from group companies	213	230

9. Interest payable

	2013 £000	2012 £000
On bank loans and overdrafts	-	22
On finance leases and hire purchase contracts	24	37
	24	59

10. Taxation

	2013 £000	2012 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	629	397
Prior year adjustments in respect of group relief	(47)	(20)
Total current tax	582	377
Deferred tax		
Origination and reversal of timing differences	226	(8)
Effect of decrease in tax rate to 23% (2012 24%)	102	180
Prior year adjustment to deferred tax	(1)	(20)
Derecognition of deferred tax assets on pension deficit	4,106	-
Total deferred tax (see note 17)	4,433	152
Tax on profit on ordinary activities	5,015	529

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - higher than) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013	2012
	£000	£000
Profit on ordinary activities before tax	**3,432**	880
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	**824**	229
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**24**	236
Depreciation in excess of accelerated capital allowances	**218**	327
Utilisation of tax losses	**(37)**	(31)
Prior year adjustment to group relief	**(47)**	(20)
Pension deduction in excess of charge	**(389)**	(272)
Deductible items	**(11)**	(92)
Current tax charge for the year (see note above)	**582**	377

In addition to the change in rate of corporation tax disclosed in the note above, a number of further changes to the UK corporation tax system were announced in the March 2013 UK budget statement Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 is expected to be included in the Finance Act 2013 A further reduction to the main rate is proposed to reduce to 20% by 1 April 2015 These further changes had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements

The effect of the changes expected to be enacted in the Finance Act 2014 would be to reduce the deferred tax asset provided at the balance sheet date by £216,000 This £216,000 decrease in the deferred tax asset would decrease profit by £216,000

The effect of the proposed reduction in the rate of corporation tax to 20% from 1 April 2015 would be to reduce the deferred tax balance at the balance sheet date by a further £108,000

Notes to the financial statements
For the year ended 31 March 2013

11. Tangible fixed assets

	Short term Leasehold Property £000	Plant & machinery, computer systems & software £000	Assets in course of construction £000	Total £000
Cost				
At 1 April 2012	3,817	20,878	75	24,770
Additions	-	557	194	751
Disposals	-	(157)	-	(157)
Transfer between classes	-	19	(19)	-
At 31 March 2013	3,817	21,297	250	25,364
Depreciation				
At 1 April 2012	3,404	16,962	-	20,366
Charge for the year	162	747	-	909
On disposals	-	(155)	-	(155)
At 31 March 2013	3,566	17,554	-	21,120
Net book value				
At 31 March 2013	251	3,743	250	4,244
At 31 March 2012	413	3,916	75	4,404

In the prior year following a review of the useful economic life of assets a group of short term leasehold property assets were impaired by £250,000
The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2013 £000	2012 £000
Plant and machinery	683	741

12. Fixed asset investments

	Investments in associates £000
Cost	
At 1 April 2012	-
Additions	20,001
At 31 March 2013	20,001

12. Fixed asset investments (continued)

Participating interests

During the year Scapa UK Ltd invested £20,001,000 in a Scottish Limited Partnership (SLP) called Scapa Scottish Limited Partnership This investment made Scapa UK Ltd the limited partner in the SLP and additionally gives Scapa UK Ltd the capital rights to all partnership assets after a set order of income distributions This investment in the SLP is held as a fixed asset investment and is carried at cost less impairment

13. Stocks

	2013	2012
	£000	£000
Raw materials	**1,021**	895
Work in progress	**655**	1,013
Finished goods and goods for resale	**1,267**	1,333
	2,943	3,241

In the opinion of the directors there is no material differences between the carrying value of stocks and their replacement cost

14. Debtors

	2013	2012
	£000	£000
Trade debtors	**5,428**	4,729
Amounts due from parent undertaking	**9,726**	9,840
Amounts due from other group undertakings	**3,128**	2,682
Prepayments and accrued income	**170**	286
Deferred tax asset (see note 17)	**2,483**	2,437
	20,935	19,974

Of the amounts due from parent and other group undertakings £9,072,000 (2012 £9,256,000) is receivable after more than one year

15. Creditors: Amounts falling due within one year

	2013 £000	2012 £000
Government grants	**153**	153
Net obligations under finance leases and hire purchase contracts	**192**	171
Trade creditors and accruals	**5,288**	4,804
Amounts owed to parent undertaking	**100**	419
Amounts owed to other group undertakings	**1,096**	2,415
Corporation tax	**629**	397
Social security and other taxes	**315**	295
Other creditors	**173**	161
Accruals and deferred income	**1,379**	1,043
	9,325	9,858

16. Creditors: Amounts falling due after more than one year

The amounts owed to group undertakings consist of a £3,000 loan with a maturity date of 31 March 2015 and a £37,927,000 loan with a maturity date of 31/12/38

	2013 £000	2012 £000
Net obligations under finance leases and hire purchase contracts	**73**	256
Amounts owed to Group undertakings	**37,930**	3
Government grants received	**240**	393
	38,243	652

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2013 £000	2012 £000
Between two and five years	**73**	256

17. Deferred tax asset

	2013 £000	2012 £000
At beginning of year	**2,437**	2,338
Released during year	**46**	99
At end of year	**2,483**	2,437

The deferred tax asset is made up as follows

	2013 £000	2012 £000
Accelerated capital allowances	**2,093**	2,006
Tax losses carried forward	**371**	421
Short term timing differences	**19**	10
	2,483	2,437

In addition to the deferred tax release in the year of £46,000 (2012 £99,000), £4,479,000 was charged (2012 £251,000 charged) to the profit and loss account, £4,106,000 in relation to derecognition of the deferred tax charge on pensions due to the reduction in the pension deficit - see note 19 and £373,000 in relation to current year movements

Deferred tax deducted from pensions deficit £829,000 (2012 £4,160,000) total deferred tax recognised in accounts amount to £3,312,000 (2012 £6,597,000)

18. Provisions for liabilities

	Dilapidation and Reinstatement £000
At 1 April 2012 and 31 March 2013	**1,075**

Dilapidation 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 £153,000 anticipated to be payable within 1 year and £922,000 in 2 to 5 years

19. Pension Schemes

The company operates a defined contribution schemes for employees in the UK The company also has the defined benefit schemes that have been closed to new members and future accrual since 2009

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 2013 was £288,000 (2012 £305,000)

(b) Defined benefit schemes
The company operates 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 year ending 2009 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 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 2013 The last actuarial valuations were performed in 2009 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 2013

Asset backed arrangement
On 11 March 2012 Scapa UK Ltd agreed an asset-backed funding arrangement with the trustees of the Scapa Tapes UK Pension Plan ("the Plan") The asset backed funding structure will provide £3,750,000 cash payments per annum to the combined UK Pension Funds, of the £3,750,000 the company will contribute £1,832,633 As part of the agreement, the Trustees have agreed in principle to merge the Plan with the other UK Pension Funds on a non-sectionalised basis The merger is currently in progress and subject to final trustee approval On completion of the merger, the Plan's share of the asset-backed funding income will transfer to the new merged scheme

The present value of this funding stream is recognised as an investment of the UK pension fund and will be considered as part of the 2012 triennial valuation and remove the funding deficit The arrangement will come into effect from April 2013, the key points of the arrangement are as follows

A limited partnership will be formed which will hold the income and capital rights to a Group asset
The partnership is controlled by and its results are consolidated by the Group
The partnership is structured such that the trustees of the UK Pension Funds will hold the income rights related to the asset over the life of the agreement with capital rights still ultimately controlled by the Group
The life of the agreement is 25 years
The arrangement replaces all existing funding arrangements in place for the UK Pension Funds

As part of the above arrangement Scapa UK Ltd committed to make a special contribution of £17,927,000 to the Plan, who in turn invested this amount in a Scottish Limited Partnership (SLP) called Scapa Scottish Limited Partnership This special contribution has been recognised as a plan asset

19. Pension schemes (continued)

The assumptions relating to longevity underlying the pension liabilities at the Balance Sheet date are based on standard actuarial mortality tables, with adjustments to reflect actual experience For the year to 31 March 2013, the FRS17 calculations have been performed using standard actuarial tables known as S1PA with an adjustment to broadly reflect the membership profile of the individual schemes Future improvements in mortality have been allowed for using the core CMI 2011 model, with a long term rate of improvement of 1% per annum For a male, currently aged 65, this equates to a life expectancy of 86 3 years and for a female, currently aged 65, a life expectancy of 89 2 years A male and female reaching age 65 in 2030 would have a life expectancy at that time of 87 4 years and 90 5 years respectively This is a change from prior years and brings the FRS17 assumptions in line with the 2012 Triennial review assumptions

The financial assumptions used to calculate scheme liabilities under FRS17 for the UK defined benefit schemes are as follows

	2013	2012	2011
Discount Rate	**4.35%**	**4.75%**	**5.6%**
Price inflation per annum RPI	**3.45%**	**3%**	**3.4%**
Price inflation per annum CPI	**2.65%**	**2.2%**	**2.4%**
Increases to pensions in payment	**3%-3.6%**	**2.6%-3.4%**	**2.8%-3.6%**
Increases to deferred pensions	**2.65%**	**2.2%**	**2.4%**

	At 31 March 2013		At 31 March 2012		At 31 March 2011	
	Expected rate of return	**Market Value**	Expected rate of return	Market Value	Expected rate of return	Market Value
	%	**£000**	%	£000	%	£000
Equities	**7.5%**	**28,636**	7 9%	26,865	7 9%	25,648
Bonds	**3.5%**	**30,728**	4 7%	28,288	4 1% - 5 6%	25,841
Other	**3.1%**	**287**	3 1%	234	4%	364
Special Contribution	-	**17,927**	-	-	-	-
Total market value of assets		**77,575**		55,387		51,853
Present value of scheme liabilities		**(81,182)**		(72,726)		(66,124
Net deficit in the schemes		**(3,604)**		(17,339)		(14,271
Deferred tax asset		**829**		4,160		3,709
Net pension deficit		**(2,775)**		(13,179)		(10,562

19. Pension schemes (continued)

The annual return on scheme assets was £7,976,000 (2012 £5,873,000)
The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 loss of £8,872,000 (2012 loss of £3,060,000)

Reconciliation of present value of scheme liabilities	2013 £000	2012 £000
1 April	72,726	66,124
Interest cost	3,307	3,592
Benefits paid	(4,951)	(3,401)
Past service cost	(598)	(374)
Actuarial losses	10,698	6,785
31 March	81,182	72,726

Reconciliation of fair value of scheme assets	2013 £000	2012 £000
1 April	55,387	51,853
Expected return on pension scheme assets	3,090	3,201
Actuarial gains	4,886	2,672
Benefits paid	(4,951)	(3,401)
Contributions paid by employer	1,239	1,062
Special contribution	17,927	-
31 March	77,578	55,387

Analysis of the amount charged to the profit and loss are as follows.	2013 £000	2012 £000
Past service cost	(598)	(374)
Exceptional administrative income	(598)	(374)
Expected return on pension scheme assets	(3,090)	(3,201)
Interest on pension scheme liabilities	3,307	3,592
Other finance charge	217	391
Amount charged to profit and loss account	(381)	17

19. Pension schemes (continued)

Amounts for current and previous four years	**2013 £000**	2012 £000	2011 £000	2010 £000	2009 £000
Defined benefit obligation	**(81,182)**	(72,726)	(66,124)	(66,203)	(59,309)
Plan assets	**59,651**	55,387	51,853	49,920	39,836
Special contribution	**17,927**	-	-	-	-
Deficit	**(3,604)**	(17,339)	(14,271)	(16,283)	(19,473)
Experienced adjustments on plan assets					
-Amount (£'000)	**4,886**	2,672	1,553	10,097	(6,955)
-Percentage of scheme assets	**8.2%**	4 8%	3 0%	20 2%	(17 5%)
Experience (losses)/gains on scheme liabilities					
-Amount (£'000)	**(10,698)**	(6,785)	322	(8,919)	4,804
-Percentage of scheme liabilities	**(13.2%)**	(9 3%)	0 5%	(13 5%)	8 1%
Total amount recognised in statement of total recognised gains and losses					
-Amount (£'000)	**(5,812)**	(4,113)	1,870	2,891	(2,151)
-Percentage of scheme liabilities	**(7 2%)**	(5 7%)	2 8%	4 4%	(3 6%)

Actuarial assumption sensitivities

The calculation of the schemes' deficits is sensitive to changes in the underlying assumptions listed above The following tables show the approximate effect of changes in the key assumptions on the UK schemes' liabilities (and deficit) at the year end These are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same

	2013 £000
Rate of inflation	
Change in the year end liabilities from a 0 1% increase in the assumed rate of inflation	**(240,000)**
Change in the year end liabilities from a 0 1% decrease in the assumed rate of inflation	**240,000**
Discount rate	
Change in the year end liabilities from a 0 1% increase in the assumed rate of discount	**(490,000)**
Change in the year end liabilities from a 0 1% decrease in the assumed rate of discount	**490,000**
Mortality	
Long term rate of improvement increases	**(150,000)**

In terms of years, if the long term rate of improvement was changed to 1 25% per annum this would increase the life expectancy of both males and females, currently aged 65, by 0 3 years For a male and female, reaching age 65 in 2030, the same change would increase their life expectancy at that time by 0 6 years and 0 7 years respectively

20. Capital commitments

At 31 March 2013 the company had capital commitments as follows

	2013 £000	2012 £000
Contracted for but not provided in these financial statements	**114**	22

21. Operating lease commitments

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Expiry date:				
Within 1 year	**-**	75	**1**	54
Between 2 and 5 years	**1,031**	1,031	**148**	68
Total	**1,031**	1,106	**149**	122

22. Share capital

	2013 £	2012 £
Authorised, allotted, called up and fully paid		
2 Ordinary shares of £1 each	**2**	2

23. Reserves

	Share premium account £000	Profit and loss account £000
At 1 April 2012	**11,946**	**(6,172)**
Loss for the year		**(1,583)**
Pension reserve movement		**(4,665)**
Share option charge		**43**
At 31 March 2013	**11,946**	**(12,377)**

24. Reconciliation of movement in shareholders' (deficit)/funds

	2013	2012
	£000	£000
Opening shareholders' funds	**5,774**	8,819
(Loss)/profit for the year	**(1,583)**	351
Pensions reserve movement	**(4,665)**	(3,411)
Share options	**43**	15
Closing shareholders' (deficit)/funds	**(431)**	5,774

25. Share options

Scapa Group plc operates an equity-settled share-based compensation plan The number of shares subject to options that relate to UK employees and directors receiving emoluments from Scapa UK Ltd, 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 2013**	2012
Sharesave option plan 5 year	2008	24 60p	up to 01 Sep 2013	**13,658**	210,337
Sharesave option plan 5 year	2009	13 00p	up to 01 Sep 2014	**358,890**	358,890
Sharesave option plan 3 year	2012	42 6	up to 01 Sep 2015	**389,136**	515,384
Sharesave option plan 5 year	2012	42 6	up to 01 Sep 2017	**66,900**	118,305
				828,584	1,202,916

The directors who held office at 31 March 2013 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 42 6p pence per share under the share options schemes approved by the shareholders of Scapa Group plc

204,782 options were exercised in the year, all other movements relate to leavers from the share schemes

26. Derivatives not included at fair value

	Principal		Fair value	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Forward foreign exchange contracts	**5,653**	2,250	**(82)**	16
Raw material purchase contracts	**544**	-	**18**	-

27. Contingent liabilities

The company participates in a cross-guarantee arrangement with the ultimate holding company and certain fellow subsidiary undertakings in respect of a group banking facility As at 31 March 2013, there was £10,197,000 (2012 £9,375,000) drawn down under the group banking facility

28. 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 wholly owned companies within the group

There were no other related party transactions

29. Ultimate parent undertaking and controlling party

The company's immediate parent company is Lindsey & Williams Limited, a company incorporated in England and Wales
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 The directors consider Scapa Group plc, a company incorporated in England and Wales, as the ultimate controlling party
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