Scapa UK Limited

Directors' report and financial statements

for the year ended 31 March 2010

Company number: 3261510

Contents

Directors and advisors

Directors

C J O'Connor (resigned 31 December 2009)
D C Sherwin
M R Stirzaker
A D Woodward (resigned 5 February 2010)
B T Tenner
W Dickinson
M Fowler
H R Chae (appointed 1 January 2010)
I Marchant (appointed 1 February 2010)
B M Andrew (appointed 22 March 2010)

Company secretary
M R Stirzaker

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

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

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

Company number: 3261510

Directors' report for the year ended 31 March 2010

Financial statements

The directors present their report and the audited financial statements of the company for the year ended 31 March 2010

Principal activities and review of the business

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

The company made a loss before tax and exceptional items of £578,000 (2009 profit of £157,000), with non-recurring exceptional items providing a gain of £3,757,000 (2009 loss of £719,000) resulting in a profit before tax of £3,179,000 (2009 loss of £562,000)

The tax credit for the year of £233,000 (2009 exceptional credit of £7,187,000) follows the recognition last year 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 2010 results were impacted by difficult economic conditions with turnover falling by £3,141,000 against the prior year however the restructuring and capital investment in new machinery over the last two years meant that the cost base of the company was much stronger with a significant reduction in operating costs The company continued to invest in new technology throughout the year, particularly in the Medical sector, and the UK manufacturing sites have commenced the roll-out of lean manufacturing processes 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 and remain confident that these actions place the business on a stronger basis for future periods

Following changes in the Board of Scapa Group plc, the Group undertook a restructuring exercise during the year of the European Regional Management Team with a number of senior redundancies resulting in an exceptional one-off charge for Scapa UK Ltd of £278,000 (2009 £646,000) offset somewhat by a release of a provision for potential shift changes of £205,000 The Company also benefited from inter-company debt-forgiveness during the year ended 31 March 2010, resulting in an exceptional gain of £3,830,000

Pensions continue to present challenges for the company for the foreseeable future, however significant steps were made two years ago 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 reduced pre deferred tax by £3,190,000 (2009 loss of £1,587,000) 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

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 profit after taxation for the year of £3,412,000 (2009 profit of £6,610,000) has been transferred to reserves

The directors do not recommend the payment of a dividend (2009 £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 2010 (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

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 prepared 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 judgements 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, 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 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 company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

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 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

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 2010 (continued)

Employees and employment policies (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

Approved by order of the Board

B T Tenner
Director
27 May 2010

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 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 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)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 3 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 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
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

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

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 2010 and of its profit 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

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

Ian Marsden
Ian Marsden (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
27 May 2010

Scapa UK Limited

Profit and loss account

For the year ended 31 March 2010

	Note	2010 Before exceptional items £'000	2010 Exceptional items (note 5) £'000	2010 Total £'000	2009 Before exceptional items £'000	2009 Exceptional items (note 5) £'000	2009 Total £'000
TURNOVER		**40,960**	**-**	**40,960**	44,101	-	44,101
OPERATING COSTS		**(40,540)**	**(73)**	**(40,613)**	(43,590)	(934)	(44,524)
OPERATING PROFIT/(LOSS)	4	**420**	**(73)**	**347**	511	(934)	(423)
Investment impairment		**-**	**-**	**-**	-	(1,500)	(1,500)
Dividend received from subsidiary		**-**	**-**	**-**	-	1,715	1,715
Net loan forgiveness		**-**	**3,830**	**3,830**	-	-	-
Interest receivable and similar income	6	**197**	**-**	**197**	522	-	522
Interest payable and similar charges	6	**(36)**	**-**	**(36)**	(3)	-	(3)
Other finance costs	21	**(1,159)**	**-**	**(1,159)**	(873)	-	(873)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		**(578)**	**3,757**	**3,179**	157	(719)	(562)
Taxation (charge) / credit for the year	7	**213**	**20**	**233**	(250)	235	(15)
Exceptional recognition of previously unrecognised deferred tax asset	7	**-**	**-**	**-**	-	7,187	7,187
Total tax credit		**213**	**20**	**233**	(250)	7,422	7,172
TOTAL PROFIT / (LOSS) FOR THE FINANCIAL YEAR		**(365)**	**3,777**	**3,412**	(93)	6,703	6,610

All amounts relate to continuing operations

Statement of total recognised gains and losses

For the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Profit for the financial year		**3,412**	6,610
Actuarial gain / (loss) on pension schemes	21	**2,891**	(2,151)
Deferred tax on pension scheme actuarial movement	7	**(810)**	602
TOTAL RECOGNISED GAINS FOR THE YEAR SINCE LAST ANNUAL REPORT		**5,493**	5,061

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

Scapa UK Limited

Balance sheet

As at 31 March 2010

	Note	2010 £'000	2009 £'000
ASSETS			
Non-current assets			
Tangible assets	8	**6,352**	6,709
Investments	9	**-**	-
		6,352	6,709
Current assets			
Stocks	10	**3,263**	3,132
Debtors including £8,833,000 (2009 £9,853,000) due after one year and deferred tax of £2,646,000 (2009 £2,397,000)	11	**19,803**	20,707
Cash at bank and in hand		**225**	4,026
		23,291	27,865
CREDITORS amounts falling due within one year	12	**(8,939)**	(9,561)
NET CURRENT ASSETS		**14,352**	18,304
TOTAL ASSETS LESS CURRENT LIABILITIES		**20,704**	25,013
CREDITORS: amounts falling due after more than one year	13	**(1,423)**	(8,956)
PROVISIONS FOR LIABILITIES AND CHARGES	14	**(936)**	(936)
NET ASSETS EXCLUDING PENSION DEFICIT		**18,345**	15,121
PENSION DEFICIT	21	**(11,724)**	(14,021)
NET ASSETS INCLUDING PENSION DEFICIT		**6,621**	1,100
CAPITAL AND RESERVES			
Called up share capital	15	**-**	-
Share premium account	16	**11,946**	11,946
Profit and loss account	16	**(5,325)**	(10,846)
EQUITY SHAREHOLDERS' FUNDS	17	**6,621**	1,100

Company number: 3261510

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 27 May 2010 and were signed on its behalf by

W. Dickinson
Director

Notes to the financial statements for the year ended 31 March 2010

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 2006 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 Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use 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 2010 (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

Deferred taxation
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

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

Employee Benefits

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

ii) Defined Contribution Pension Schemes
Amounts charged in respect of defined contribution schemes represent the contributions payable in the year

b) Share-based compensation
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 2010 (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 401 of the Companies Act 2006 these financial statements therefore present the results of he 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 "Cash flow statements" (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 2010 (continued)

3 Segmental information

Turnover by destination:	2010 Total £'000	2009 Total £'000
External		
UK	**14,939**	15,228
Rest of Europe	**12,410**	13,134
North America	**107**	47
Other	**2,214**	3,170
Total external	**29,670**	31,579
Intra-group		
Rest of Europe	**9,046**	9,052
North America	**584**	1,008
Other	**1,660**	2,462
	11,290	12,522
	40,960	44,101

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 profit / (loss)

	Note	2010 Total £'000	2009 Total £'000
Turnover	3	**40,960**	44,101
Cost of sales		**(33,797)**	(36,095)
Gross profit		**7,163**	8,006
Distribution costs		**(1,414)**	(1,457)
Administrative expenses		**(5,538)**	(7,109)
Other operating income			
- Government grants		**136**	137
Operating profit / (loss)		**347**	(423)

This is stated after charging

	Note	2010	2009
Depreciation of			
- Owned fixed assets	8	**1,049**	1,069
- Leased fixed assets	8	**59**	-
Services provided by the Company's auditor fees payable for the audit		**26**	26
Research and development		**782**	777
Operating lease rentals			
- Plant and machinery		**251**	325
- Land and buildings		**1,080**	1,069

Notes to the financial statements for the year ended 31 March 2010 (continued)

5 Exceptional items

The following non-recurring exceptional items were included within the stated operating profit/(loss)

	2010 £'000	2009 £'000
Operating exceptional items		
- Redundancy costs	**(278)**	(646)
- Release/(charge) shift compensation accrual	**205**	(288)
	(73)	(934)
Non-operating exceptional items		
- Debt forgiveness of loan receivable	**50**	-
- Debt forgiveness of loan payable	**(3,880)**	-
- Impairment of investment in subsidiary undertakings (CCL)	**-**	(1,500)
- Dividend from subsidiary undertakings	**-**	1,715
	3,830	215
	3,757	(719)

Redundancy costs incurred in the year result from the restructuring of the European Regional Management Team

The shift compensation accrual charged to the prior year was not fully utilised within the year and has been released in the accounts to 31 March 2010

During the year a loan payable to the immediate holding company Lindsey and Williams Limited has been forgiven and Scapa UK Ltd has forgiven a loan receivable from the subsidiary Boldscope Ltd

Prior year 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 Interest receivable and similar income

	2010 £'000	2009 £'000
Interest receivable from group undertakings	**197**	382
Bank interest receivable	**-**	140
	197	522

Interest payable and similar charges

	2010 £'000	2009 £'000
Interest payable on bank overdrafts	**(12)**	(3)
Interest payable on finance leases	**(24)**	-
	(36)	(3)

Notes to the financial statements for the year ended 31 March 2010 (continued)

7 Taxation

Analysis of tax credit in the year

	2010 £'000	2009 £'000
Current tax.		
UK Corporation tax charge on operating profit for the year	(138)	310
UK Corporation tax credit on exceptional items in the year	-	(235)
Prior year adjustment to group relief	71	-
	(67)	75
Deferred tax·		
Deferred tax – exceptional recognition of deferred tax assets	-	(7,187)
Deferred tax movement on exceptional items in the year	(20)	-
Origination and reversal of timing differences	57	(60)
Prior year adjustment to deferred tax	(203)	-
	(166)	(7,247)
Tax credit for the year	(233)	(7,172)

UK corporation tax payable is in respect of group relief

The tax credit assessed for the year is lower (2009 lower credit) than the standard rate of Corporation Tax in the UK of 28% (2009 28%) The differences are explained below

	2010 £'000	2009 £'000
Profit / (loss) on ordinary activities before tax	3,179	(562)
Profit / (loss) on ordinary activities multiplied by standard rate in the UK 28% (2009 28%)	890	(157)
Effects of		
Income not taxable	(1,086)	(480)
Expenses not deductible for tax purposes	138	652
Pension deductions in excess of charge	(84)	(158)
Depreciation in excess of accelerated capital allowances	289	218
Prior year adjustment to group relief	71	-
Utilisation of brought forward tax losses	(288)	-
Tax (credit) / charge on profit / (loss) on ordinary activities	(67)	75

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

Deferred taxation

Deferred tax assets amounting to £7 2m were recognised in the year ended 31 March 2009 The deferred tax assets at 31 March 2010 at the Corporation tax rate of 28% are as follows

	Note	2010 £'000	2009 £'000
Deferred tax assets at 31 March 2010:			
Pension liabilities	21	4,559	5,452
Depreciation in excess of capital allowances		1,736	1,446
Losses		910	951
		2,646	2,397
		7,205	7,849

Notes to the financial statements for the year ended 31 March 2010 (continued)

7 Taxation (continued)

	Note	2010 £'000	2009 £'000
Movement in deferred tax asset in the year.			
At 1 April		**7,849**	-
Exceptional recognition of assets		**-**	7,187
Deferred taxation credit to the P&L		**166**	60
Pension movement to reserves		**(810)**	602
At 31 March		**7,205**	7,849

8 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 2009	3,817	19,648	890	24,355
Additions	-	566	188	754
Disposals	-	(213)	-	(213)
Brought into use	-	885	(885)	-
As at 31 March 2010	**3,817**	**20,886**	**193**	**24,896**
Depreciation				
As at 1 April 2009	2,515	15,131	-	17,646
Charge for the period	213	895	-	1,108
Disposals	-	(210)	-	(210)
As at 31 March 2010	**2,728**	**15,816**	**-**	**18,544**
Net book value as at 31 March 2010	**1,089**	**5,070**	**193**	**6,352**
Net book value as at 31 March 2009	1,302	4,517	890	6,709

Finance Leased Assets
Included within the net book value of £6,352,000 is £800,000 relating to assets held under finance lease The depreciation charge to the financial statements in the year in respect of such assets amounted to £59,000

Notes to the financial statements for the year ended 31 March 2010 (continued)

9 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

	2010 £'000	2009 £'000
Cost at 1 April	**2,642**	2,642
Reduction in investment	**(2,642)**	-
Cost at 31 March	**-**	2,642
Provision for impairment at 1 April	**(2,642)**	(2,642)
Reduction in impairment	**2,642**	-
Provision for impairment at 31 March	**-**	-
Net book value	**-**	-

During the year ended 31 March 2010 the investment in the above companies were reduced as the companies no longer have and will not have any significant assets

10 Stocks

	2010 £'000	2009 £'000
Raw materials and consumables	**889**	1,133
Work in progress	**1,059**	888
Finished goods	**1,315**	1,111
	3,263	3,132

11 Debtors

	2010 £'000	2009 £'000
Trade debtors	**5,401**	5,529
Amounts due from parent undertaking	**9,105**	9,853
Amounts due from other Group undertakings	**2,139**	2,512
Deferred tax asset (note 7)	**2,646**	2,397
Group relief receivable	**138**	-
Prepayments and accrued income	**374**	416
	19,803	20,707

Of the amounts due from Parent and other Group undertakings £8,833,000 (2009 £9,853,000) is receivable after more than one year

Notes to the financial statements for the year ended 31 March 2010 (continued)

12 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	**4,631**	4,935
Amounts due to parent undertaking	**185**	645
Amounts owed to other Group undertakings	**2,124**	1,651
Obligations under finance leases	**146**	-
Group relief payable	**-**	75
Other taxes and social security costs	**272**	286
Other creditors	**119**	464
Accruals and deferred income	**1,462**	1,505
	8,939	9,561

13 Creditors: amounts falling due after more than one year

	2010 £'000	2009 £'000
Amounts owed to Group undertakings	**12**	7,939
Obligations under finance leases	**585**	-
Other creditors	**-**	57
Deferred government grants	**826**	960
	1,423	8,956

The amounts owed to group undertakings consist of loans with maturity dates of 31 March 2015

Obligations under finance leases payable

	2010 £'000	2009 £'000
Within one year	**146**	
Between two and five years	**585**	-
In over five years	**-**	-
	731	-

14 Provisions for liabilities and charges

	Dilapidations and Reinstatement £'000
As at 1 April 2009 and 31 March 2010	**936**

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

Notes to the financial statements for the year ended 31 March 2010 (continued)

15 Share capital

Authorised

	2010 £	2009 £
Ordinary shares of £1 each	100	100

Allotted, called up and fully paid	2010 No	2009 No	2010 £	2009 £
Ordinary shares of £1 each	2	2	2	2

16 Reserves

	Share premium £'000	Profit and loss account £'000
At 1 April 2009	11,946	(10,846)
Profit for the financial year	-	3,412
Actuarial gain on pension scheme	-	2,891
Deferred tax movement on pension schemes	-	(810)
Share option charge	-	28
As at 31 March 2010	11,946	(5,325)

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

	2010 £'000	2009 £'000
Profit for the financial year	3,412	6,610
Actuarial gain / (loss) on pension scheme	2,891	(2,151)
Deferred tax movement on pension schemes	(810)	602
Share options	28	134
Opening equity shareholders' funds / (deficit)	1,100	(4,095)
Closing equity shareholders' funds	6,621	1,100

18 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	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Expiry date.				
Within one year	-	17	28	28
Between two and five years	-	436	172	238
In over five years	1,079	647	-	-
	1,079	1,100	200	266

Capital Commitments

At 31 March 2010 the company was committed to capital expenditure of £5,000 (2009 £272,000)

Notes to the financial statements for the year ended 31 March 2010 (continued)

19 Directors' emoluments

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

	2010 £'000	2009 £'000
All directors		
Aggregate emoluments	**427**	366
Highest paid director		
Aggregate emoluments	**224**	209
Defined benefit pension scheme		
Accrued pension at end of year	**-**	20

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

Included in the aggregated emoluments of all directors £15,000 was payable to defined contribution pensions, of which £6,000 was payable for the highest paid director

No share options were exercised in the year ending 31 March 2010 – see note 22

20 Employees

(a) Number of employees

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

	2010 No.	2009 No
Number of employees	**288**	308

(b) Employment costs

	Note	2010 £'000	2009 £'000
Wages and salaries		**8,511**	8,664
Social security costs		**901**	1,033
Share option charge		**28**	134
Other pension costs	21	**341**	363
		9,781	10,194

In addition to the above, the company incurred costs of £278,000 (2009 £934,000) on redundancies and shift compensation payments as part of a rationalisation of the overhead structure, the company also released £205,000 of shift compensation accrual – see note 5

Notes to the financial statements for the year ended 31 March 2010 (continued)

21 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 2010 was £341,000 (2009 £363,000)

(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 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 2010 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 2010

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

	2010	2009	2008
Discount rate	**5.7%**	6 4%	6 2%
Salary increases per annum	**n/a**	n/a	n/a
Price inflation per annum	**3.4%**	2 8%	3 5%
Increases to pensions in payment	**2 8%-3.6%**	2 5% - 3 3%	3 0% - 3 7%
Increases to deferred pensions	**3 4%**	2 8%	3 5%

Following a detailed exercise to map pensioners to postcode area, the company has changed the assumptions in relation to mortality future projections have been adjusted to allow for the "medium cohort" projection and minimum improvements of 1% per annum The change in mortality assumptions is considered entirely appropriate

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 2010		At 31 March 2009		At 31 March 2008	
	Expected rate of return %	**Market value £m**	Expected rate of return %	Market value £m	Expected rate of return %	Market value £m
Equities	**7 9%**	**21,876**	7 9%	15,479	7 9%	18,690
Bonds	**5 7%**	**27,260**	6 4%	23,428	6 2%	25,177
Other	**4%-4 4%**	**784**	3 6% - 4%	929	4 4% - 5%	1,101
Total market value of assets		**49,920**		39,836		44,968
Present value of scheme liabilities		**(66,203)**		(59,309)		(62,854)
Net deficit in the schemes		**(16,283)**		(19,473)		(17,886)
Deferred tax asset		**4,559**		5,452		-
Net pension deficit		**(11,724)**		(14,021)		(17,886)

Notes to the financial statements for the year ended 31 March 2010 (continued)

21 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 2010 in respect of the company's defined benefit schemes

	2010 £'000	2009 £'000
Reconciliation of present value of scheme liabilities		
1 April	**59,309**	62,854
Interest cost	**3,558**	3,708
Benefits paid	**(3,870)**	(2,449)
Change in assumptions	**(1,713)**	-
Actuarial (gain)/loss	**8,919**	(4,804)
31 March	**66,203**	59,309
Reconciliation of fair value of scheme assets		
1 April	**39,836**	44,968
Expected return on scheme assets	**2,399**	2,835
Actuarial gains/(losses)	**10,097**	(6,955)
Benefits paid	**(3,870)**	(2,449)
Contributions paid by employer	**1,458**	1,437
31 March	**49,920**	39,836
Analysis of the amount charged to the profit and loss are as follows:		
Expected return on pension scheme assets	**(2,399)**	(2,835)
Interest on pension scheme liabilities	**3,558**	3,708
Total	**1,159**	873

Amounts for current and previous four years	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Defined benefit obligation	**(66,203)**	(59,309)	(62,854)	(65,317)	(68,536)
Plan assets	**49,920**	39,836	44,968	43,756	41,984
(Deficit) / surplus	**(16,283)**	(19,473)	(17,886)	(21,561)	(26,552)
Experienced adjustments on plan assets					
- Amount (£'000)	**10,097**	(6,955)	(170)	15	6,225
- Percentage of scheme assets	**20.2%**	(17 5%)	0 4%	0 0%	14 8%
Experience (losses) / gains on scheme liabilities					
- Amount (£'000)	**(724)**	(57)	(1,411)	2,903	(2,477)
- Percentage of scheme liabilities	**(1 1%)**	0 0%	(2 2%)	4 4%	(3 6%)
Total amount recognised in statement of total recognised gains and losses					
- Amount (£'000)	**2,891**	(2,151)	2,579	5,205	(9,330)
- Percentage of scheme liabilities	**4.4%**	(3 6%)	4 1%	8 0%	(13 6%)

Notes to the financial statements for the year ended 31 March 2010 (continued)

22 Share options

The number of shares subject to options that relate to UK employees and 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 2010	2009
Executive share option plan	2000 – 2002	49p – 139p	up to 20 June 2012	**26,000**	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	**50,000**	150,000
Executive share option plan	2007	32 75p	up to 10 Dec 2017	**100,000**	50,000
Performance share plan	2006	nil p per share	up to 31 Aug 2016	**-**	100,000
Performance share plan	2007	nil p per share	up to 20 Aug 2018	**50,000**	100,000
Performance share plan	2007	nil p per share	up to 10 Dec 2018	**50,000**	50,000
Sharesave option plan 3 year	2008	24 60p	up to 1 Sept 2011	**309,838**	426,901
Sharesave option plan 5 year	2008	24 60p	up to 1 Sept 2013	**323,701**	454,820
Sharesave option plan 3 year	2009	13 00p	up to 1 Sept 2012	**1,091,815**	1,240,371
Sharesave option plan 5 year	2009	13 00p	up to 1 Sept 2014	**570,735**	640,519
				2,672,089	3,412,611

The directors who held office at 31 March 2010 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 139 pence per share under the share options schemes approved by the shareholders of Scapa Group plc

No options were exercised in the period, all movements relate to leavers from the share schemes

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 2010 (continued)

23 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

24 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

25 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 2010, there was £nil (2009 £nil) drawn down under the group overdraft facility