

Bostik Limited

**Directors' report and financial
statements**

Registered number 00068328

31 December 2012

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Directors' report

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

Principal activity

The principal activity of the company continues to be the manufacture of adhesives, sealants and other chemicals

The company continues to develop business in the Consumer and Industrial market place, in both its domestic and export markets

Business review

The company is a wholly owned subsidiary of Total SA and operates within Total's Chemical Division

As shown in the company's profit and loss account on page 5, the company's turnover has decreased by 3.3% from the prior year and profit after tax has decreased by 74%. This is due to drop in turnover, margin and impairment of investment property during the year. The trading environment is still challenging due to the economic conditions, however despite the challenges the business remained profitable and cash generative.

A property that is held for sale was impaired by £775k at the year end.

The balance sheet on page 6 of the financial statements shows that the company's financial position at the year end, excluding the funding of the company's pension obligations, is broadly consistent with the prior year.

On the 31 December 2012, via a sale and purchase agreement, the trade, assets and liabilities of Wetherby Building Products Limited, wholly owned subsidiary of Bostik Limited, were transferred to Bostik Limited.

There have been no significant events since the balance sheet date.

Principal risks and uncertainties

Competitive pressure in pricing raw materials is a continuing risk for the company, which it actively manages.

The company provides final salary-related benefits to its employees through the TotalFinaElf UK Pension Plan ('the Plan'). The employers participating in the Plan are grouped into Business Units and the assets and liabilities for each Business Unit are tracked separately. The information provided in these financial statements relates to the Bostik Findley Business Unit, the main employer of which is Bostik Limited.

The company is financed by Total SA, the details of which can be found in the Total SA annual report and accounts, and do not form part of this report.

Proposed dividend and reserves

No dividend was paid during 2012 (2011: £5 million).

The profit after tax for the period was £0.65 million (2011: £2.5 million).

Research and development

The company undertakes research and development activities, involving new product invention and new production service functions.

Directors and directors' interests

The directors who served during the year and subsequently were as follows:

JO Boyle

AP Davison (Resigned on 31 July 2012)

PJ Derby

No director has any interests in shares of the company. They do hold shares in the parent company through participation in group share option schemes.

Directors' report *(continued)*

Employees

Details of the number of employees and related costs can be found in note 6 to the financial statements

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

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Charitable donations

During the year £2,930 (2011 £2,540) was donated under deed of covenant to the Leicester Charity Link.


Disclosure of information to auditors

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

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed, and KPMG LLP will therefore continue in office.

By order of the board



JO Boyle
Director

Ulverscroft Road
Leicester, LE4 6BW

1 May 2013

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditors' report to the members of Bostik Limited

We have audited the financial statements of Bostik Limited for the year ended 31 December 2012 set out on pages 5 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out 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, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Borley (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Waterloo Way
Leicester
LE1 6LP

1 May 2013

Profit and loss account
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Turnover	2	122,219	126,401
Cost of sales		<u>(94,606)</u>	<u>(98,260)</u>
Gross profit		27,613	28,141
Net operating expenses	3	<u>(25,666)</u>	<u>(24,868)</u>
Operating profit		1,947	3,273
Operating profit excluding goodwill amortisation and exceptional costs		4,771	6,064
Amortisation of goodwill	8	<u>(1,656)</u>	<u>(1,656)</u>
Exceptional restructuring costs	3	<u>(1,168)</u>	<u>(1,135)</u>
Net interest payable and similar charges	4	<u>(104)</u>	<u>(106)</u>
Other finance (expense)/income	4	<u>(416)</u>	<u>846</u>
Profit on ordinary activities before taxation	5	1,427	4,013
Tax on profit on ordinary activities	7	<u>(781)</u>	<u>(1,499)</u>
Retained profit for the year	18	646	2,514

The above results were derived entirely from continuing operations

There are no differences between the reported profit before tax and the historic cost profit before tax

The notes on pages 8 to 24 form part of these financial statements

Balance sheet
at 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Fixed assets			
Intangible assets	8	27,991	28,883
Investments	9	262	262
Tangible assets	10	18,424	18,738
Tangible assets – Investment property	11	1,275	2,050
		<hr/> 47,952	<hr/> 49,933
Current assets			
Stocks	12	13,616	12,821
Debtors	13	43,382	32,382
Cash at bank and in hand		960	169
		<hr/> 57,958	<hr/> 45,372
Creditors amounts falling due within one year	14	(48,989)	(40,155)
Net current assets		<hr/> 8,969	<hr/> 5,217
Total assets less current liabilities		<hr/> 56,921	<hr/> 55,150
Creditors: amounts falling due after more than one year	15	(13,083)	(13,090)
Provisions for liabilities and charges	16	(993)	(1,081)
Net assets excluding pension (liability)/asset		<hr/> 42,845	<hr/> 40,979
Pension (liability)/asset	22	(6,994)	2,519
Net assets including pension (liability)/asset		<hr/> 35,851	<hr/> 43,498
Capital and reserves			
Called up share capital	17	7,882	7,882
Revaluation reserve	18	-	1,130
Profit and loss account	18	27,969	34,486
Shareholders' funds – all equity	19	<hr/> 35,851	<hr/> 43,498

These financial statements were approved by the board of directors on **1 May 2013**
and were signed on its behalf by

The notes on pages 8 to 24 form part of these financial statements



JO Boyle
Director

Registered company number 00068328

Statement of total recognised gains and losses
for the year ended 31 December 2012

	2012	2011
	£000	£000
Profit for the financial year	646	2,514
Dividends on equity shares	-	(5,000)
Actuarial (loss) recognised in the pension scheme	(11,048)	(11,091)
Deferred tax credit thereon	2,608	3,036
Capital contribution from parent undertaking	147	166
	<hr/>	<hr/>
Total recognised (losses) for the financial year	(7,647)	(10,375)
	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below

Basis of preparation

The financial statements have been prepared under the historical cost convention modified to include the revaluation of land and buildings, and in accordance with applicable accounting standards

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors

The company has considerable financial resources together with long term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to produce group financial statements because it is a wholly owned subsidiary of Total SA, registered in France. These financial statements present information about the company as an individual undertaking and not about its group

Total SA has prepared consolidated financial statements that incorporate the results of the company, and are publicly available. For this reason, no cash flow statement has been included in these financial statements in accordance with the exemption in FRS 1

As a subsidiary undertaking of Total SA, the company has taken advantage of the exemption in FRS 8 'Related party disclosures' from disclosing transactions with other members of the group headed by Total SA

Intangible and tangible fixed assets

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised to nil by equal annual instalments over its useful life

Land and buildings are shown at original historical cost or subsequent valuation, net of depreciation and any provision for impairment, as set out in note 10. Other fixed assets are shown at cost, net of depreciation and any provision for impairment

Depreciation of tangible and intangible fixed assets, apart from freehold land, is calculated on the cost of the assets so as to write off the cost or valuation, less estimated residual value, over the expected useful lives in equal annual instalments over the following periods:

Covenant not to compete	- 7 years
Goodwill	- 15-40 years
Plant and machinery	- 12 years
Office machinery, fixtures and fittings	- 10 years
Computer equipment	- 5 years
Commercial vehicles	- 4 years
Freehold buildings	- 20-45 years

No depreciation is provided on freehold land or assets in the course of construction

Residual values are determined at the date of acquisition

Notes (continued)

1 Accounting policies (continued)

Investments

Fixed asset investments are stated at cost less any provision for impairment. Provisions for impairment are charged to the profit and loss account as they arise. Income from investments is included in the financial statements for the financial year in which it is receivable.

In accordance with Statement of Standard Accounting Practice No 19

- investment properties are revalued at open market values. All surpluses and deficits arising on valuation are taken directly to revaluation reserve except that any permanent diminution in the value of an investment property is taken to the profit and loss account for the year, and
- no depreciation or amortisation is provided in respect of freehold investment properties

This treatment, as regards the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or qualified.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is based on

Raw materials	- purchase cost on first-in, first-out basis, including transport
Work in progress and finished goods	- cost of direct materials and labour, plus a reasonable proportion of manufacturing overheads based on normal levels of activity

Net realisable value is based on estimated normal 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.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date. The taxation liabilities of certain group companies may be reduced wholly, or in part, by the surrender of losses by fellow group companies. No payments are made for such relief.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen, but not reversed, by the balance sheet date, except as otherwise required by FRS 19.

Post-retirement benefits

Prior to 1 October 2003, Bostik Limited participated in the Bostik (UK) Limited Pension Fund and the Atofina Pension Scheme, both defined benefit pension schemes in the UK. On 1 October 2003, they merged with the other pension schemes of the TotalFinaElf Group in the UK to form the TotalFinaElf UK Pension Plan ('the Plan'). The employers participating in the Plan are grouped into Business Units, and the assets and liabilities for each Business Unit are tracked separately.

As the major employer for the Business Unit, Bostik Limited is required to account for the whole Business Unit on a defined benefit basis.

The defined benefit scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company.

Notes (continued)

1 Accounting policies (continued)

Post-retirement benefits (continued)

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Share-based payments

In preparing the financial statements the company has adopted FRS 20 "Share-Based Payments", for share-based payment transactions relating to restricted stock grants and options granted to company staff for shares in Total S.A. FRS 20 requires the fair value of options and share awards, which ultimately vest, to be charged to the profit and loss account over the vesting period or performance period. The options granted are equity settled transactions, the fair value of which is determined at the date of grant using the Black Scholes method. The expense is allocated on a straight-line basis between grant date and vesting date.

Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Leases

Assets held under finance leases are capitalised as tangible fixed assets, and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases in order to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term.

Revaluation reserve

The company has taken advantage of the transitional provisions of FRS 15 'Tangible fixed assets' and retained the book amounts of certain freehold properties, which were revalued prior to implementation of that standard. The properties were last revalued on 26 January 1990, and the valuations have not subsequently been updated.

Surpluses, which have arisen on the revaluation of individual fixed assets, were previously credited to a revaluation reserve (see note 18). Where depreciation charges have been increased following a revaluation, an amount equal to this increase is transferred annually from this reserve to the profit and loss account as a movement on reserves. On the disposal of a revalued fixed asset, any remaining revaluation surplus corresponding to the item is also transferred to the profit and loss account.

Notes (continued)

2 Turnover

Geographical analysis of turnover is as follows

	2012 £000	2011 £000
United Kingdom	100,856	100,992
Rest of Europe	15,029	14,881
United States	3,688	4,784
Other	2,646	5,744
	<hr/>	<hr/>
Total	122,219	126,401
	<hr/> <hr/>	<hr/> <hr/>

3 Net operating expenses

	2012 £000	2011 £000
Distribution costs	17,827	17,956
Administrative expenses (including exceptional expenses of £1,168,000 (2011 £1,135,000)) and including amortisation of goodwill of £1,656,000 (2011 £1,656,000))	7,839	6,912
	<hr/>	<hr/>
	25,666	24,868
	<hr/> <hr/>	<hr/> <hr/>

Exceptional restructuring costs

These costs relate to a group restructure during the year. Costs include redundancy and assets write off. The costs in 2011 related to the restructuring of warehouse facilities to an outsourced provider and these costs include redundancy and assets write off.

4 Net interest payable and similar charges

Net interest payable

	2012 £000	2011 £000
Interest payable and similar charges	118	119
Less: Interest receivable and similar income	(14)	(13)
	<hr/>	<hr/>
	104	106
	<hr/> <hr/>	<hr/> <hr/>

Other finance (costs)/income

Analysis of the amounts that have been (charged)/credited to the profit and loss account under FRS 17

	2012 £000	2011 £000
Expected return on pension scheme assets	4,163	5,198
Interest on pension scheme liabilities	(4,579)	(4,352)
	<hr/>	<hr/>
	(416)	846
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2012 £000	2011 £000
Depreciation and other amounts written off tangible fixed assets		
– Owned	2,397	2,153
Impairment of investment property	775	-
Amortisation of goodwill	1,656	1,656
Hire of other assets – operating leases	839	761
Research and development expenditure	1,377	1,285
Auditors' remuneration for audit services	42	42
	<hr/>	<hr/>

No other professional fees were paid to the auditors during the year (2011 £nil)

6 Staff costs

The aggregate payroll costs of employees (including executive directors) are shown below

	2012 £000	2011 £000
Wages and salaries	12,500	14,428
Share-based payments	147	166
Social security costs	1,237	1,322
Pension current service costs (see note 22)	1,936	1,263
Pension current curtailment gain (see note 22)	-	(601)
	<hr/>	<hr/>
	15,820	16,578
	<hr/>	<hr/>

The average number of employees during the year was as follows

	2012 Number	2011 Number
Manufacturing	290	352
Non-manufacturing	168	179
	<hr/>	<hr/>
	458	531
	<hr/>	<hr/>

Director's remuneration

The remuneration of the directors was as follows

	2012 £000	2011 £000
Emoluments	334	290
	<hr/>	<hr/>

One director exercised group share options in the year

One director received shares in the year under group share option schemes

Notes (continued)

6 Staff costs (continued)

Pensions

The number of directors who were members of pension schemes was as follows

	2012 Number	2011 Number
Defined benefit schemes	1	1
Defined contribution schemes	1	1
	<hr/>	<hr/>

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director

	2012 £000	2011 £000
Emoluments	188	182
	<hr/>	<hr/>

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 31 December 2012 was £nil (2011 £49,066). The highest paid director exercised share options in the year

7 Tax on profit on ordinary activities

Analysis of charge in the year

	2012 £000	2011 £000
<i>UK corporation tax</i>		
Current tax on income for the period	1,421	1,232
Adjustments in respect of prior periods	(106)	(46)
	<hr/>	<hr/>
Total current tax charge	1,315	1,186
<i>Deferred tax</i>		
Pension scheme deferred tax movement	(321)	315
Movement on timing differences (see note 16)	(213)	(2)
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	781	1,499
	<hr/>	<hr/>

The tax credit in respect of overpayments in prior years mainly represents group relief surrendered to the company by fellow group undertakings without payment

Notes (continued)

7 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2011 higher) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,427	4,013
	<hr/>	<hr/>
Current tax at 24.5% (2011 26.5%)	350	1,063
Effects of		
Expenses not deductible for tax purposes	15	101
Release of non-deductible provision	(64)	-
Depreciation on non-qualifying assets	106	115
Depreciation on investment properties	190	-
Industrial building allowances	-	(3)
Non allowable intangible fixed asset amortisation	383	415
Additional tax credit for research and development costs	(26)	(18)
Depreciation for period (less than)/in excess of capital allowances	141	(24)
Share-based payments	(8)	(23)
Other short term timing differences	(7)	(60)
Pension timing differences	341	(334)
Adjustments in respect of prior periods	(106)	(46)
	<hr/>	<hr/>
Total current tax charge (see above)	1,315	1,186
	<hr/>	<hr/>

Factors that may affect future tax charges

On 17 July 2012, the Finance Act 2012 was enacted reducing the UK corporation tax rate to 24% effective from 1 April 2012 and to 23% effective from 1 April 2013. These tax rate changes will affect the amount of future cash corporation tax payments to be made by the company.

The deferred tax liability as at 31 December 2012 has been calculated based on the 23% tax rate which was substantively enacted at the balance sheet date.

On 5 December 2012 and 20 March 2013 the Chancellor also proposed further changes to reduce the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015. However, these changes have not been reflected in the figures above as they were not substantively enacted at the balance sheet date.

Notes (continued)

8 Intangible fixed assets

	Covenant not to compete £000	Goodwill £000	Total £000
Cost			
At 1 January 2012	1,652	41,321	42,973
Transfer from Wetherby Building Products Limited	-	1,145	1,145
	<hr/>	<hr/>	<hr/>
At 31 December 2012	1,652	42,466	44,118
	<hr/>	<hr/>	<hr/>
Accumulated amortisation			
At 1 January 2012	1,652	12,438	14,090
Transfer from Wetherby Building Products Limited	-	381	381
Charged for year	-	1,656	1,656
	<hr/>	<hr/>	<hr/>
At 31 December 2012	1,652	14,475	16,127
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2012	-	27,991	27,991
	<hr/>	<hr/>	<hr/>
At 31 December 2011	-	28,883	28,883
	<hr/>	<hr/>	<hr/>

After considering the strength of the Evode brand and product range when purchased in 2001, the directors considered, and continue to consider, an estimated life of 40 years from date of acquisition to be appropriate

Goodwill acquired on the acquisition of the trade and assets of Biscem, Laybond, Sealocrete and Wetherby is being amortised over a period of 20 years, being the directors' best estimate of the useful economic life

Intangible assets (including goodwill) acquired on the acquisition of part of the Dupont business are being amortised over a period of 20 years, being the directors' best estimate of the useful economic life

9 Fixed asset investments

	Shares in subsidiary undertakings £000
Cost and net book value	
At 1 January 2012 and 31 December 2012	12,971
	<hr/>
Impairment	
At 1 January 2012 and 31 December 2012	12,709
	<hr/>
Net book value	
At 31 December 2012	262
	<hr/>
At 1 January 2012	262
	<hr/>

Notes (continued)

	Principal activities	Country of registration	Class of shares held	Proportion
The Laybond Group Limited	Dormant	England	Ordinary	100%
Wetherby Building Products Limited	Manufacturer of adhesives	England	Ordinary	100%
Sealocrete (Holdings) Limited	Dormant	England	Ordinary	100%

The trade and assets of Wetherby Building Products Limited were transferred to Bostik Limited on 31 December 2012

10 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Total £000
Cost or valuation			
At 1 January 2012	14,705	74,174	88,879
Adjustment to opening cost		(3,077)	(3,077)
Additions	-	1,089	1,089
Transfer from Wetherby Building Products Limited		2,423	2,423
Disposals	-	(2,729)	(2,729)
	<hr/>	<hr/>	<hr/>
At 31 December 2012	14,705	71,880	86,585
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2012	7,966	62,175	70,141
Adjustment to opening accumulated depreciation		(3,077)	(3,077)
Depreciation on assets transferred from Wetherby Building Products Limited	-	1,162	1,162
Charge for year	433	1,964	2,397
Eliminated on disposals	-	(2,462)	(2,462)
	<hr/>	<hr/>	<hr/>
At 31 December 2012	8,399	59,762	68,161
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2012	<u>6,306</u>	<u>12,118</u>	<u>18,424</u>
	<hr/>	<hr/>	<hr/>
At 31 December 2011	<u>6,739</u>	<u>11,999</u>	<u>18,738</u>
	<hr/>	<hr/>	<hr/>

Depreciation has not been charged on freehold land, which is stated at its cost or revalued amount of £3,791,650 (2011 £3,791,650)

On 26 January 1990, Snow & Astill Chartered Surveyors undertook a revaluation of freehold property on an open market value basis. The property, with a cost of £768,235, was re-valued at £1,829,815 and was fully depreciated by the year ended 31 December 2008.

Notes (continued)

11 Investment properties

Valuation and net book value

	£000
At 1 January 2012	2,050
Impairment loss	(775)
	<hr/>
At 31 December 2012	1,275
	<hr/> <hr/>

The above relates to a property that is no longer used by the company and is held for resale. The property was revalued on an open market value basis on 13 November 2012 by BNP Paribas Real Estate.

12 Stocks

	2012 £000	2011 £000
Raw materials and consumables	4,107	4,224
Work-in-progress	486	338
Finished goods and goods for resale	9,023	8,259
	<hr/>	<hr/>
	13,616	12,821
	<hr/> <hr/>	<hr/> <hr/>

In the opinion of the directors, the replacement cost of stocks is not materially different from book value.

13 Debtors

Amounts falling due within one year

	2012 £000	2011 £000
Trade debtors	30,332	28,665
Amounts owed by group undertakings	12,097	2,767
Other debtors	149	316
Prepayments and accrued income	804	610
Corporation tax	-	24
	<hr/>	<hr/>
	43,382	32,382
	<hr/> <hr/>	<hr/> <hr/>

14 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	21,561	18,722
Amounts owed to group undertakings	16,150	11,596
Other creditors		
- VAT	1,537	1,186
- Social security and PAYE	459	509
Corporation tax	906	-
Accruals and deferred income	8,376	8,142
	<hr/>	<hr/>
	48,989	40,155
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

15 Creditors: amounts falling due after more than one year

	2012 £000	2011 £000
Loan from group undertaking	13,000	13,000
Other long-term liability	83	90
	<u>13,083</u>	<u>13,090</u>

The loan from the group undertaking is on a rolling 12 month ("evergreen") repayment agreement until further notice. This agreement is automatically renewed for a further 12 months on every 8th of January. Earlier repayment is at the discretion of the company. Interest is charged at LIBOR plus a margin of 27.5 basis points per annum.

16 Provisions for liabilities and charges

Movement on deferred tax liability during the year

	Deferred taxation 2012 £000	£000
At 1 January 2012		1,081
Movement in the period	(127)	
Effect of decreased tax rate	(86)	
	<u></u>	
Credit to profit and loss account		(213)
		<u>868</u>
Deferred tax on accelerated capital allowances transferred from Wetherby		125
		<u>993</u>
At 31 December 2012		<u>993</u>

The deferred taxation liability is as follows

	2012 £000	2011 £000
Accelerated capital allowances	990	1,214
Other timing differences	(122)	(133)
	<u>868</u>	<u>1,081</u>
Deferred tax on accelerated capital allowances transferred from Wetherby	125	-
	<u>993</u>	<u>1,081</u>

The deferred tax liability as at 31 December 2011 was calculated based on the 25% tax rate which was substantively enacted at the previous balance sheet date.

The deferred tax liability as at 31 December 2012 has been calculated based on the 23% tax rate which was substantively enacted at the balance sheet date.

On 5 December 2012 and 20 March 2013 the Chancellor proposed further changes to reduce the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015. However, these changes have not been reflected in the figures above as they were not substantively enacted at the balance sheet date.

Notes (continued)

17 Called up share capital

	2012 £000	2011 £000
<i>Allotted, called up and fully paid</i>		
7,882,001 ordinary shares of £1 each	7,882	7,882

18 Reserves

	Revaluation reserve £000	Profit and loss account £000
At beginning of year	1,130	34,486
Reallocation of opening revaluation reserve	(1,130)	1,130
Profit for the year	-	646
Actuarial loss recognised in the pension scheme	-	(11,048)
Deferred tax credit thereon (Current and prior year rate change)	-	2,608
Capital contribution from parent undertaking	-	147
At end of year	-	27,969

	2012 £000	2011 £000
Profit and loss reserve excluding pension asset/liability	34,963	31,967
Pension asset/(liability)/(net)	(6,994)	2,519
Profit and loss reserve including pension asset/liability	27,969	34,486

19 Reconciliation of movements in shareholders' funds

	2012 £000	2011 £000
Profit for the year	646	2,514
Dividend in respect of equity shares	-	(5,000)
Actuarial loss recognised in the pension scheme	(11,048)	(11,091)
Deferred tax credit thereon (Current and prior year rate change)	2,608	3,036
Capital contribution from parent undertaking	147	166
Net movement in shareholders' funds	(7,647)	(10,375)
Opening shareholders' funds	43,498	53,873
Closing shareholders' funds (equity interests)	35,851	43,498

Notes (continued)

20 Share-based payments

Total SA (the ultimate parent company) operates a share ownership programme that allows group employees to acquire shares in the company. A share option scheme for senior management was established in March 1997. The fair value of services received in return for shares and share options granted to employees is measured by reference to the fair value of shares and share options granted.

As permitted by FRS 20, the company has applied the requirements of this standard to all share-based payment awards granted after 7 November 2003. The estimate of the fair value of services received is measured based on the Black Scholes formula.

During the year ended 31 December 2012, the company recognised an expense of £147,000 (2011 £116,000) in respect of outstanding share options.

The fair values and the assumptions used in their calculations are detailed in the consolidated accounts of Total SA for the year ended 31 December 2012. These include assumptions on expected volatility, dividend yield and risk free interest rate.

Share options were granted under a service condition and a non-market performance condition. Such conditions are not taken into account in the fair value measurement at grant date. There are no market conditions associated with the share option grants. Share options vest two years after grant date and are exercisable at any time within six years of the vesting date.

The grant date, exercise price per share and number of shares put under option are as follows:

Grant date	Exercise price	Number of shares	Expiry date of options
2005	€10.02	3,660	2013
2006	€11.26	3,480	2014
2007	€13.90	3,420	2015
2008	€4.99	2,580	2016
2008 restricted shares	€30.91	3,324	N/A
2009	€8.38	2,580	2017
2009 restricted shares	€37.45	5,004	N/A
2010	€5.78	2,040	2018
2010 restricted shares	€35.03	5,252	N/A
2011 restricted shares	€27.34	5,640	N/A
2012 restricted shares	€31.41	5,050	N/A

The principal assumptions used in assessing the fair value of the options are as follows:

- vesting period - 2 years
- exercise period - 8 years
- expected volatility – N/A
- expected dividends – N/A
- risk-free interest rate – N/A

The total expense recognised for each year arising from share-based payments is as follows:

	2012 £000	2011 £000
Equity settled share-based payments	147	166

Notes (continued)

21 Guarantees and other financial commitments

a) Capital commitments

	2012 £000	2011 £000
Contracted for but not provided for	744	810

b) Contingent liabilities

	2012 £000	2011 £000
In respect of bonds and indemnities granted to or by banks	30	30

c) Lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2012 Plant and buildings £000	2011 Plant and buildings £000
Operating leases which expire		
Within one year	179	88
In the second to fifth years inclusive	660	673
Wetherby - Between two and five years	253	246
	<u>1,092</u>	<u>1,007</u>

22 Pension schemes

As explained in note 1 on page 9, the company provides final salary related benefits to its employees through the TotalFinaElf UK Pension Plan ('the Plan'). The employers participating in the Plan are grouped into Business Units and the assets and liabilities for each Business Unit are tracked separately.

The information provided below for FRS 17 purposes relates to the Bostik Findley Business Unit, the main employer of which is Bostik Limited.

The calculations for the liabilities of the Business Unit are based on an actuarial valuation provided by an independent qualified actuary as at 30 June 2011, rolled forward to 31 December 2012 employing assumptions that are consistent with the requirements of FRS 17. The asset value attributed to the Business Unit was based on a bid value of assets. The asset value for the plan provided excluded the value of AVCs and DC funds, and they are excluded from the liabilities as well for consistency.

Additional disclosures regarding the group's 2012 defined benefit pension scheme, the TotalFinaElf UK Pension Plan, are required under FRS 17 "Retirement benefits" and these are set out below.

The actuarial valuation described below has been updated at 31 December 2012 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

Notes (continued)

22 Pension scheme (continued)

The major assumptions used for the actuarial valuation were

	2012 %	2011 %	2010 %
Rate of increase in salaries	4.25	4.50	4.75
Rate of increase in pensions in payment	3.50	3.60	3.70
Discount rate	4.25	4.75	5.50
Inflation assumption - RPI	2.75	3.00	3.10
Inflation assumption - CPI	2.00	2.10	2.35

The mortality assumptions are based on standard mortality tables, which allow for the future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 23 years if male and for a further 24 years if female.

The fair value of the assets attributed to the Business Unit, and the present value of the liabilities and the expected rate of return at each balance sheet date were

	2012 %	2012 £000	2011 %	2011 £000	2010 %	2010 £000
Property	6.74	4,243	7.14	3,940	7.19	3,880
Government bonds	3.06	59,398	3.06	59,550	4.45	52,069
Corporate bonds	4.76	5,174	4.66	4,697	5.00	4,300
Equities	7.50	31,872	7.90	28,992	8.12	31,322
Cash	0.89	2,794	1.75	3,839	1.39	2,047
		<hr/>		<hr/>		<hr/>
Total fair value of assets		103,481		101,018		93,618
Present value of scheme liabilities		(112,564)		(97,659)		(80,428)
		<hr/>		<hr/>		<hr/>
(Deficit)/Surplus in the scheme		(9,083)		3,359		13,190
Related deferred tax asset/(liability) at 23% (2011: 25%)		2,089		(840)		(3,561)
		<hr/>		<hr/>		<hr/>
Net pension (liability)/asset		(6,994)		2,519		9,629
		<hr/>		<hr/>		<hr/>

Analysis of the amount that has been charged to operating profit under FRS 17

	2012 £000	2011 £000
Current service cost	1,936	1,263
	<hr/>	<hr/>

Analysis of the amount that has been (debited)/credited to net finance income under FRS 17

	2012 £000	2011 £000
Expected return on pension scheme assets	4,163	5,198
Interest on pension scheme liabilities	(4,579)	(4,352)
	<hr/>	<hr/>
	(416)	846
	<hr/>	<hr/>

Notes (continued)

22 Pension schemes (continued)

Analysis of the actuarial loss that has been recognised in the statement of total recognised gains and losses

	2012 £000	2011 £000
Actual return less expected return on pension scheme assets	710	3,304
Experience gains arising on pension scheme liabilities	(4,171)	(1,778)
Changes in assumptions underlying the present value of the scheme liabilities	(7,587)	(12,617)
	<u>(11,048)</u>	<u>(11,091)</u>

Movement during the year

	2012 £000	2011 £000
Scheme at beginning of the year	3,359	13,190
Current service cost	(1,936)	(1,263)
Employer contributions	958	1,076
Other finance income	(416)	846
Curtailments	-	601
Actuarial (loss)	(11,048)	(11,091)
	<u>(9,083)</u>	<u>3,359</u>

Movements in present value of defined benefit obligation

	2012 £000	2011 £000
Opening defined benefit obligation	97,659	80,428
Current service cost	1,936	1,263
Interest cost	4,579	4,352
Contributions by members	396	435
Actuarial losses	11,758	14,395
Benefits paid	(3,764)	(2,613)
Curtailments	-	(601)
	<u>112,564</u>	<u>97,659</u>

Movements in fair value of plan assets

	2012 £000	2011 £000
Opening fair value of plan assets	101,018	93,618
Expected return on plan assets	4,163	5,198
Actuarial gains	710	3,304
Contributions by employer	958	1,076
Contributions by members	396	435
Benefits paid	(3,764)	(2,613)
	<u>103,481</u>	<u>101,018</u>

Notes (continued)

22 Pension schemes (continued)

History of experience gains and losses

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Difference between the expected and actual return on scheme assets					
Amount (£)	710	3,304	5,131	5,525	(10,473)
Percentage of scheme assets	0.7%	3.2%	5.5%	7.4%	(13.7%)
Experience losses on scheme liabilities					
Amount (£)	(4,171)	(1,778)	498	129	2,152
Percentage of the present value of scheme liabilities	(3.7%)	(1.8%)	0.6%	1.6%	3.1%
Total actuarial (loss)/gain recognised in the statement of total recognised gains and losses					
Amount (£)	(11,048)	(11,091)	7,320	(1,585)	(4,225)
Percentage of the present value of scheme liabilities	(9.8%)	(11.4%)	9.1%	(2.0%)	(6.1%)

23 Ultimate parent company

The directors regard Total S A , a company registered in France, as being the ultimate parent company. Total S A heads the largest group in which the financial statements of the company are consolidated. Copies of the ultimate parent company's consolidated financial statements may be obtained from Total S A , 2 Place Jean Millier, La Defense 6, 92078 Paris, La Defense Cedex, France.

The directors regard Total Holdings UK Limited, a company registered in England and Wales, as the company's immediate parent undertaking and immediate controlling party by virtue of its holding all the company's issued share capital.