

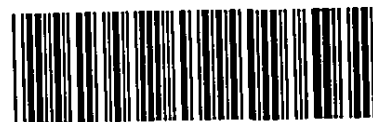
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## **R3 Polygon UK Ltd**

### **Annual Report and Financial Statements**

31 December 2011

WEDNESDAY



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25/04/2012

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COMPANIES HOUSE

**Directors**

J Sykes  
U Gimbringer  
M Berg

**Secretary**

P Taggar

**Auditors**

Ernst & Young LLP  
One Cambridge Business Park  
Cambridge  
CB4 0W2

**Bankers**

Nordea Bank AB  
8th Floor, City Place House  
55 Basinghall Street  
London EC2V 5NB

**Registered Office**

Blackstone Road  
Stukeley Meadows Industrial  
Huntingdon  
Cambridgeshire PE29 6EE

Registered No 402652

## Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2011

### Results and dividends

The profit for the year after taxation amounted to £1,478,000 (2010 – £5,585,000) The directors do not recommend the payment of a dividend (2010 – £nil)

### Principal activities and review of the business

The company's principal activity during the year was property and damage restoration services, temporary services for coatings, construction drying and climate control applications

The key performance indicators used by the company to monitor performance are turnover, operating profit, debtor days and staff turnover

	2011 £000	2010 £000
<b>Turnover</b>		
Continuing	23,363	18,081
Discontinued	–	4,490
Operating profit	1,706	632
Debtor days	69	67
Staff turnover	14.8%	23.9%

In 2011 the company achieved turnover of £23,363k, an increase of 29.2% compared to 2010. The key driver for this increase was the very high level of property damage claims resulting from the extended cold/freezing spell of weather at the end of 2010 and beginning of 2011.

The company operates in a very competitive environment with significant price pressure from its customers. The company believes strongly in the development of its people and the fostering of a continuous improvement culture and continues to invest in support of this aim. Investment also continued during the year to improve infrastructure and develop technology to support operational efficiency and future business growth, both within the core insurance market and beyond. The company continues to have strong long term relationships with its key suppliers and sub-contractors.

Operating profit in 2011 was £1,706k compared to £632k in 2010. The company debtor days increased to 69 days.

### Future developments

The future growth is dependent on maintaining the key accounts. Furthermore, efforts are being taken to win new customers and key accounts.

## **Directors' report (continued)**

### **Principal risks and uncertainties**

The principal risks and uncertainties facing the company are primarily competitive and credit risk

#### **Competitive risks**

The company is very dependent on major customers and key accounts, therefore future performance would be affected by the loss of a key account to a competitor. The company is also dependent on weather patterns

#### **Credit risks**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses. Details of the company's debtors are shown in note 14 to the financial statements

### **Going concern**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

### **Directors**

The directors who served the company during the year were as follows

J Sykes  
U Gimbringer  
M Berg

### **Directors' liabilities**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report

### **Policy and practice on payment of creditors**

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with. The company's average credit payment period at 31 December 2011 was 72 days (2010 – 46 days)

### **Disabled employees**

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim

### **Employee involvement**

The company operates a structured framework for employee information and consultation. During the year, the policy of providing employees with information about the company has taken place through the use of newsletters and our annual employee conference. Employees are encouraged to make suggestions on ways to improve the business and through the use of steering and project groups, we ensure that employees have an opportunity at every level to impact on how the business is managed

## Directors' report (continued)

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Purmpal Taggar  
Secretary

Date 20/4/2012

## Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 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 proper 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.

# **Independent auditor's report**

**to the members of R3 Polygon UK Ltd**

We have audited the financial statements of R3 Polygon UK Ltd for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 22. 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 auditor's 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 Directors' Responsibilities Statement set out on page 5, 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 Annual Report and Financial Statements 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 the 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 2011 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.

## **Independent auditor's report**

**to the members of R3 Polygon UK Ltd**

### **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

*Ernst & Young LLP*

Rachel Wilden (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

Cambridge

Date *23 April 2012*

## Profit and loss account

for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
<b>Turnover</b>			
Continuing operations		23,363	18,081
Discontinued operations		–	4,490
	2	23,363	22,571
Cost of sales	3	(15,370)	(16,716)
<b>Gross profit</b>		<b>7,993</b>	<b>5,855</b>
Distribution costs	3	(3,219)	(2,688)
Administrative expenses – Exceptional	3	(659)	(157)
– Other	3	(2,409)	(2,378)
		<b>(6,287)</b>	<b>(5,223)</b>
<b>Operating profit</b>			
Continuing operations		1,706	437
Discontinued operations		–	195
Total operating profit	4	1,706	632
<b>Discontinued operations</b>			
Profit on sale of operations	5	–	5,174
<b>Profit on ordinary activities before interest and taxation</b>		<b>1,706</b>	<b>5,806</b>
Interest receivable and similar income	8	242	89
Interest payable and similar charges	9	–	(38)
Other finance (charges) net	10	(49)	(32)
<b>Profit on ordinary activities before taxation</b>		<b>1,899</b>	<b>5,825</b>
Tax on profit on ordinary activities	11	(421)	(240)
<b>Profit for the financial year</b>	17	<b>1,478</b>	<b>5,585</b>

## Statement of total recognised gains and losses

for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Profit for the financial year		1,478	5,585
Actuarial (loss)/gain recognised on defined benefit pension scheme	18	(265)	75
Movement on deferred tax relating to pension scheme liability	18	71	(21)
<b>Total recognised gains relating to the year</b>		<b>1,284</b>	<b>5,639</b>

## Balance sheet

at 31 December 2011

	Notes	2011 £000	2010 £000
<b>Fixed assets</b>			
Tangible fixed assets	12	1,047	1,386
		<u>1,047</u>	<u>1,386</u>
<b>Current assets</b>			
Stocks	13	1,050	1,061
Debtors – amount falling due within one year	14	10,607	4,886
– amount falling due after more than one year	14	–	3,871
Cash at bank and in hand		2,767	973
		<u>14,424</u>	<u>10,791</u>
<b>Creditors' amounts falling due within one year</b>	15	<u>(5,296)</u>	<u>(3,813)</u>
<b>Net current assets</b>		<u>9,128</u>	<u>6,978</u>
<b>Total assets less current liabilities</b>		<u>10,175</u>	<u>8,364</u>
Provisions for liabilities	19	(390)	–
<b>Net assets excluding pension liability</b>		<u>9,785</u>	<u>8,364</u>
Defined benefit pension liability	18	<u>(368)</u>	<u>(231)</u>
<b>Net assets</b>		<u>9,417</u>	<u>8,133</u>
<b>Capital and reserves</b>			
Called up share capital	16	250	250
Capital contribution	17	1,953	1,953
Profit and loss account	17	7,214	5,930
<b>Shareholders' funds</b>	17	<u>9,417</u>	<u>8,133</u>

Approved and signed on behalf of the board

Jeremy Sykes

Director

Date

  
20 Apr '12.

## Notes to the financial statements

at 31 December 2011

### 1. Accounting policies

#### ***Basis of preparation***

The financial statements are prepared under the historical cost convention and in accordance with UK applicable accounting standards

#### ***Statement of cash flows***

In accordance with FRS 1, no statement of cash flows is included in these financial statements, as the company is a wholly owned subsidiary of Polygon AB, a company registered in Sweden. A group statement of cash flows is prepared by Polygon AB.

#### ***Key sources of estimation uncertainty***

The key sources of estimation uncertainty that have a significant risk of causing material misstatement to the carrying amounts of assets and liabilities within the next financial year are the valuation of work in progress and the defined benefit pension liability.

#### ***Work in progress***

Valuation of work in progress requires estimation of project completion. All Polygon projects are assumed to be 50% complete.

#### ***Defined benefit plan***

Valuation of the defined benefit pension liability requires estimation of future changes in inflation, expected return on assets and the selection of suitable discount and mortality rates (see note 18).

#### ***Revenue recognition***

Turnover represents the amount receivable for goods sold and services provided, excluding VAT.

- All projects are invoiced and revenue recognised when projects are complete.
- Interest income is recognised on an accruals basis.

#### ***Tangible fixed assets***

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Leasehold improvements	– 10% (per annum) or over term of lease
Rental fleet	– 15%-20% (per annum)
Fixtures and fittings	– 15%-25% (per annum)
Motor vehicles	– 25% (per annum)
Computer equipment	– 20%-33% (per annum)
Software	– 50% (per annum)

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

## Notes to the financial statements (continued)

at 31 December 2011

### 1. Accounting policies (continued)

#### ***Lease commitments***

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the assets have passed to the company are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### ***Stocks***

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Work in progress	Cost of direct materials and labour plus attributable overheads based on a normal level of activity
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#### ***Deferred taxation***

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

#### ***Foreign currencies***

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

## Notes to the financial statements (continued)

at 31 December 2011

### 1. Accounting policies (continued)

#### *Pensions*

The company operates both a defined contribution pension scheme and a defined benefit pension scheme

Contributions to defined contribution pension schemes are recognised in the profit and loss account in the period in which they become payable

The cost of providing benefits under the defined benefit pension scheme is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the profit and loss account on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the profit and loss account as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of total recognised gains and losses in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published mid-market price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

### 2. Turnover

Turnover is stated net of value added tax

An analysis of turnover by geographical market and division is given below

	2011 £000	2010 £000
UK	23,363	21,935
Rest of Europe	–	636
	<u>23,363</u>	<u>22,571</u>
Polygon (continuing operations)	23,363	18,081
DH (discontinued operations)	–	3,534
HC (discontinued operations)	–	956
	<u>23,363</u>	<u>22,571</u>

## Notes to the financial statements (continued)

at 31 December 2011

### 3 Cost of sales and operating expenses

	<i>Continuing</i>	<i>Discontinued</i>	<i>Total</i>	<i>Continuing</i>	<i>Discontinued</i>	<i>Total</i>
	<i>2011</i>	<i>2011</i>	<i>2011</i>	<i>2010</i>	<i>2010</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost of sales	15,370	–	15,370	13,764	2,952	16,716
Distribution costs	3,219	–	3,219	1,732	956	2,688
<b>Administrative expenses</b>						
Before exceptional items	2,409	–	2,409	2,033	345	2,378
Exceptional items	659	–	659	157	–	157

### 4. Operating profit

This is stated after charging/(crediting)

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Auditor's remuneration – audit of financial statements	27	25
– other assurance services	–	41
– tax compliance services	20	16
	<u>47</u>	<u>82</u>
Amortisation of intangible fixed assets	–	120
Depreciation of owned fixed assets	716	728
Restructuring costs (exceptional)	269	157
Dilapidation costs (exceptional)	390	–
Operating lease rentals – plant and machinery	902	1,088
– land and buildings	1,030	1,026

### 5 Profit on sale of operations

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Profit on sale of operations	<u>–</u>	<u>5,174</u>

Profit on sale of operations in the prior year relates to the profit made on the sale of the trade and the assets of DH and HC divisions to Munters MUK Limited (a wholly owned newly incorporated subsidiary of Munters AB prior to the change in ownership of the company) The tax effect of this transaction was £nil

## Notes to the financial statements (continued)

at 31 December 2011

### 6 Directors' remuneration

	2011 £000	2010 £000
Remuneration	160	105
Company contributions paid to defined contribution pension schemes	8	10

The above remuneration represents the total remuneration for 1 (2010 – 3) of the company directors

A management charge of £352,000 (2010 – £298,000) in respect of UK administration costs has been made by group undertakings, which includes the directors' remuneration for 2 (2010 – 4) of the company's directors which it is not possible to identify separately

	2011 No	2010 No
Number of directors accruing benefits under defined benefit pension schemes	–	–
Number of directors who received shares in respect of qualifying services	–	–
Number of directors who exercised options over shares in ultimate parent undertaking	–	–
Number of directors accruing benefits under defined contribution pension schemes	1	1

### 7. Staff costs

	2011 £000	2010 £000
Wages and salaries	6,047	7,439
Social security costs	612	865
Other pension costs	198	439
	6,857	8,743

The average monthly number of employees during the year was made up as follows

	No	No
Selling	173	216
Management and administration	40	50
	213	266

## Notes to the financial statements (continued)

at 31 December 2011

### 8. Interest receivable and similar income

	2011 £000	2010 £000
Bank interest receivable	–	4
Group interest receivable	242	64
Other	–	21
	<u>242</u>	<u>89</u>

### 9. Interest payable and similar charges

	2011 £000	2010 £000
Group interest payable	–	38
	<u>–</u>	<u>38</u>

### 10. Other finance (charges) (net)

	2011 £000	2010 £000
Exported return on pension scheme assets	133	132
Interest on pension scheme liabilities	(182)	(164)
	<u>(49)</u>	<u>(32)</u>

### 11. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2011 £000	2010 £000
<b>Current tax</b>		
UK corporation tax on the profit for the year	413	226
Adjustment in respect of previous periods	3	1
Total current tax (note 11(b))	<u>416</u>	<u>227</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1	13
Effects of changes in tax rate	4	–
Total deferred tax	<u>5</u>	<u>13</u>
Tax on profit on ordinary activities	<u>421</u>	<u>240</u>

## Notes to the financial statements (continued)

at 31 December 2011

### 11. Tax (continued)

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26.5% (2010 – 28%)  
The differences are explained below

	2011 £000	2010 £000
Profit on ordinary activities before tax	1,899	5,825
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 – 28%)	503	1,631
<i>Effects of</i>		
Expenses not deductible for tax purposes	18	21
Decelerated capital allowances	53	44
Short-term timing differences	(37)	(21)
Group relief received	(124)	–
Tax under provided in previous years	3	1
Non-taxable profit on disposal of DH and HC divisions	–	(1,449)
Current tax for the year (note 11(a))	416	227

(c) Deferred tax

The deferred tax asset recognised in the balance sheet is as follows

	2011 £000	2010 £000
Included in debtors (note 14)	185	157
Included in defined benefit pension liability (note 18)	123	86
	308	243
Decelerated capital allowances	162	119
Other timing differences	23	38
Pension costs	123	86
Deferred tax asset	308	243

The movement in the deferred tax asset is as follows

	£000
At 1 January 2011	243
Deferred tax charged in the profit and loss account	(5)
Amount credited to Statement of total recognised gains and losses	71
Adjustments in respect of prior years	(1)
At 31 December 2011	308

The deferred tax asset in relation to decelerated capital allowances and other timing differences is recoverable against the expected future profits of the company. The deferred tax asset in relation to the pension liability is recoverable against the pension liability. There was no unrecognised deferred tax in the current or preceding year.

## Notes to the financial statements (continued)

at 31 December 2011

### 11. Tax on profit on ordinary activities (continued)

(d) Factors that may affect future tax charges

In his budget of 21 March 2012, the Chancellor of the Exchequer announced tax rate changes, which, if enacted in the proposed manner, will have an effect on the company's future tax position. As at 31 December 2011, the tax rate changes announced in the Budget had not yet been 'substantively enacted' and as such, in accordance with accounting standards, the changes have not been reflected in the company's financial statements as at 31 December 2011.

Finance Act 2011, enacted on 19 July 2011, reduced the main rate of corporation tax to 26% from 1 April 2011 and to 25% from 1 April 2012. Deferred tax has been restated accordingly in these financial statements.

Additional changes to the main rate of UK Corporation Tax announced in the budget will reduce the main rate to 24% from 1 April 2012 and by 1% per annum to 22% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements. The effect of these announced reductions is not likely to be material.

Finance Act 2011 also enacted a reduction from 1 April 2012 in the rate of capital allowances applicable to plant and machinery and to integral features from 20% to 18% and from 10% to 8% respectively.

The above changes to the rates of corporation tax and capital allowances will impact the amount of future cash tax payments to be made by the company.

## Notes to the financial statements (continued)

at 31 December 2011

### 12. Tangible fixed assets

	<i>Leasehold improvements</i>	<i>Rental fleet</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Computer equipment</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost						
At 1 January 2011	461	7,597	491	64	1,850	10,463
Additions	–	305	–	–	72	377
At 31 December 2011	461	7,902	491	64	1,922	10,840
Depreciation						
At 1 January 2011	209	6,582	407	63	1,816	9,077
Charge for the year	130	521	32	–	33	716
At 31 December 2011	339	7,103	439	63	1,849	9,793
Net book value						
At 31 December 2011	122	799	52	1	73	1,047
At 1 January 2011	252	1,015	84	1	34	1,386

### 13. Stocks

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Work in progress	1,050	1,061
	<u>1,050</u>	<u>1,061</u>

The difference between purchase price of stocks and their replacement value cost is not material

## Notes to the financial statements (continued)

at 31 December 2011

### 14. Debtors

	2011 £000	2010 £000
Amounts falling due within one year		
Trade debtors	3,828	4,166
Amounts owed by group undertakings	5,979	10
Prepayments and accrued income	615	553
Deferred taxation (note 11(c))	185	157
	<u>10,607</u>	<u>4,886</u>

	2011 £000	2010 £000
Amounts falling due after one year		
Amount owed by group undertakings	–	3,824
Prepayment and accrued income	–	47
	<u>–</u>	<u>3,871</u>

### 15. Creditors: amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	2,440	2,112
Corporation tax	316	236
Other taxes and social security costs	517	363
Accruals and deferred income	2,023	1,102
	<u>5,296</u>	<u>3,813</u>

### 16. Issued share capital

	No	2011 £000	No	2010 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	250,000	<u>250</u>	250,000	<u>250</u>

## Notes to the financial statements (continued)

at 31 December 2011

### 17. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Capital contribution</i>	<i>Profit and loss account</i>	<i>Total share-holders' funds</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2010	250	1,953	291	2,494
Profit for the year	–	–	5,585	5,585
Actuarial gain on pension scheme	–	–	75	75
Deferred tax on pension scheme	–	–	(21)	(21)
At 1 January 2011	250	1,953	5,930	8,133
Profit for the year	–	–	1,478	1,478
Actuarial loss on pension scheme	–	–	(265)	(265)
Deferred tax on pension scheme	–	–	71	71
At 31 December 2011	250	1,953	7,214	9,417

### 18. Pensions

#### **Defined contribution scheme**

The company operates a defined contribution Group Personal Pension (GPP) Scheme. Employer contributions into the GPP scheme during 2011 totalled £202,000 (2010 – £439,000). The unpaid contributions outstanding at the year end amounted to £nil (2010 – £nil).

#### **Defined benefit scheme**

The above scheme replaced a defined benefit pension scheme, the Munters Retirement Benefits Scheme (MRB). The MRB scheme offered a defined benefit pension in respect of service prior to May 1991. The benefit structure was changed in May 1991 to a defined contribution basis. For service between May 1991 and March 1997, the Scheme was required to provide members with pensions that are not less than the "Guaranteed Minimum Pensions" that must be provided by a Scheme that had contracted out of the State Earnings Related Pension Scheme. The Scheme was closed to new members and closed to further accrual of benefits with effect from 31 December 2002. Consequently, the current service cost will rise significantly as the scheme members approach retirement. The figures below relate to the MRB Scheme as a whole and not just the Scheme's defined benefit elements.

Employer contributions commenced on 1 April 2007 at the rate of £140,000 per annum. In addition the employer pays insurance premiums in respect of death in service benefits.

The last full actuarial valuation, carried out as at 1 April 2009, was updated to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at the balance sheet dates by a qualified independent actuary. The major assumptions used by the actuary were:

	<i>31 December 2011</i>	<i>31 December 2010</i>
Discount rate	4.7%	5.4%
Retail price inflation	2.9%	3.4%
Consumer price index	2.0%	2.9%
Expected return on plan assets	5.0%	4.3%

## Notes to the financial statements (continued)

at 31 December 2011

### 18. Pensions (continued)

#### Defined benefit scheme (continued)

The assets in the scheme and the expected rates of return were

	<i>Of return expected at</i>	<i>Long-term rate value at</i>	<i>Of return expected at</i>	<i>Long-term rate value at</i>
	<i>2011</i>	<i>2011</i>	<i>2010</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Equities	7.0%	1,773	5.5%	1,949
Government bonds	3.4%	553	5.1%	427
Cash	0.5%	617	0.5%	670
Total market value of assets		<u>2,943</u>		<u>3,046</u>

Scheme funding position and net pension liability

	<i>Value at 31 December 2011</i>	<i>Value at 31 December 2010</i>
	<i>£000</i>	<i>£000</i>
Total market value of scheme assets	2,943	3,046
Present value of scheme liabilities	(3,434)	(3,363)
Pension liability before deferred taxation	(491)	(317)
Related deferred tax asset	123	86
Net pension liability	<u>(368)</u>	<u>(231)</u>

Analysis of the movements in the liability during the year

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
At 1 January	(317)	(478)
Total other finance expense (net)	(49)	(32)
Contributions	140	118
Actuarial (loss)/gain	(265)	75
At 31 December	<u>(491)</u>	<u>(317)</u>
Expected return on pension scheme assets	133	132
Interest on pension scheme liabilities	(182)	(164)
Total other finance charge (net)	<u>(49)</u>	<u>(32)</u>
Actual return less expected return on pension scheme assets	(356)	481
Experience loss on scheme liabilities	(91)	(225)
Underlying present value of scheme liabilities	182	(181)
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	<u>(265)</u>	<u>75</u>

## Notes to the financial statements (continued)

at 31 December 2011

### 18. Pensions (continued)

#### *Defined benefit scheme (continued)*

History of experience gains and losses

	2011	2010	2009	2008	2007
	£000	£000	£000	£000	£000
Difference between the expected and actual return on scheme assets					
Amount (£000)	(356)	481	135	(949)	(122)
Percentage of scheme assets at end of year	12.1%	15.8%	2%	43%	4%
Experience gains and losses on scheme liabilities					
Amount (£000)	(91)	(225)	(2)	337	25
Percentage of scheme liabilities at end of year	2.6%	(7.4%)	0%	13%	1%
Total amount recognised in statement of total recognised gains and losses					
Amount (£000)	(265)	75	(110)	(417)	43
Percentage of scheme losses at end of year	9.0%	2.5%	5%	19%	1%

### 19. Provisions for liabilities

	<i>Provisions for dilapidation</i>	<i>Total</i>
	£000	£000
At 1 January 2011	—	—
Arising during the year	390	390
At 31 December 2011	<u>390</u>	<u>390</u>

A provision is recognised for dilapidations on leasehold properties which expire within two to five years

## Notes to the financial statements (continued)

at 31 December 2011

### 20. Other financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Operating leases which expire				
Within one year	97	10	156	140
In two to five years	502	664	471	535
Over five years	–	–	43	–
	<u>599</u>	<u>674</u>	<u>670</u>	<u>675</u>

### 21. Related party transactions

Transactions with wholly owned group companies have not been disclosed as permitted by FRS 8

### 22. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is R3 Polygon UK Holding Limited

In the directors' opinion, the company's ultimate parent undertaking is MuHa No2 incorporated in Luxemburg and Triton Investments is the company's controlling party

The smallest and largest group which consolidates the results of the company is Polygon AB. Copies of the group financial statements may be obtained from H1 Tech building 21 Sveavagen 9 3<sup>rd</sup> floor 101 52 Stockholm Sweden