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# R3 Polygon UK Ltd

## Annual Report and Financial Statements

31 December 2012

**Directors**
J Sykes
U Gimbringer
C J M Berg

**Secretary**
P Taggar

**Auditors**
Ernst & Young LLP
One Cambridge Business Park
Cambridge CB4 0WZ

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

**Registered Office**
Blackstone Road
Stukeley Meadows Industrial
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Cambridgeshire PE29 6EE

Registered No 402652

# Directors' report

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

## Results and dividends

The profit for the year after taxation amounted to £ 2,424k (2011 – profit of £1,478k) The directors paid a dividend of £5,600k during the year (2011 – £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

| | *2012* | *2011* |
|---|---|---|
| | *£000* | *£000* |
| Turnover | 23,928 | 23,363 |
| Operating profit | 2,812 | 1,706 |
| Debtor days | 53 | 69 |
| Staff turnover | 10 4% | 14 8% |

In 2012 the company achieved turnover of £23,928k, an increase of 2 4% compared to 2011 Sales were supported by high level of property damage claims resulting from the extensive and extended flooding throughout the year, as well as growth in the company's technical services

The company operates in a very competitive environment with significant price pressure from its customers The company continues to invest in its people and aims to develop a culture of continuous improvement

Key investments were made in the company's equipment with the goal of improving the services offered to customers, reducing the environmental impact of the business and for growth The company continues to have strong long term relationships with its key suppliers and sub-contractors

The company continues to make great efforts to improve its operational efficiency and to reduce waste in the business

Operating profit in 2012 was £2,812k compared to £1,706k in 2011 The increase was due to both improved margin along with reduced administration expenses

The company debtor days decreased to 53 days as a result of improved credit control

Staff turnover improved as the effects of organisation changes made in prior years impacted as well as the launch of the group wide Polygon Employee Survey

# Directors' report (continued)

## Future developments

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

## 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 11 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
C J 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

## 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

## 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

# Directors' report (continued)

have been complied with The company's average credit payment period at 31 December 2012 was 99 days (2011 – 72 days)

## 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, each director has taken all the steps that they are obliged to take as a director 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

P Taggar

P Taggar
Secretary
Date 21/3/2013

# 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 2012 which comprise Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 19 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 2012 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 (continued)

**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 25 March 2013

# Profit and loss account

**for the year ended 31 December 2012**

| | | Notes | 2012 £000 | 2011 £000 |
|---|---|---|---|---|
| ***Turnover*** | | 2 | 23,928 | 23,363 |
| Cost of sales | | | (15,431) | (15,370) |
| ***Gross profit*** | | | 8,497 | 7,993 |
| Distribution costs | | | (2,969) | (3,219) |
| Administrative expenses | – Exceptional | | (289) | (659) |
| | – Other | | (2,427) | (2,409) |
| | | | (5,685) | (6,287) |
| ***Operating profit*** | | 3 | 2,812 | 1,706 |
| Interest receivable and similar income | | 6 | 363 | 242 |
| Other finance (charges) net | | 7 | (10) | (49) |
| ***Profit on ordinary activities before taxation*** | | | 3,165 | 1,899 |
| Tax on profit on ordinary activities | | 8 | (741) | (421) |
| ***Profit for the financial year*** | | 15 | 2,424 | 1,478 |

All amounts relate to continuing activities

# Statement of total recognised gains and losses

**for the year ended 31 December 2012**

| | Notes | 2012 £000 | 2011 £000 |
|---|---|---|---|
| Profit for the financial year | | 2,424 | 1,478 |
| Actuarial loss recognised on defined benefit pension scheme | 15 | (345) | (265) |
| Movement on deferred tax relating to pension scheme liability | 15 | 85 | 71 |
| ***Total recognised gains and loss relating to the year*** | | 2,164 | 1,284 |

# Balance sheet

**at 31 December 2012**

| | Notes | 2012 £000 | 2011 £000 |
|---|---|---|---|
| ***Fixed assets*** | | | |
| Tangible fixed assets | 9 | 825 | 1,047 |
| | | 825 | 1,047 |
| ***Current assets*** | | | |
| Stocks | 10 | 1,708 | 1,050 |
| Debtors | 11 | 10,029 | 10,607 |
| Cash at bank and in hand | | 1,042 | 2,767 |
| | | 12,779 | 14,424 |
| ***Creditors.*** amounts falling due within one year | 12 | (6,400) | (5,296) |
| ***Net current assets*** | | 6,379 | 9,128 |
| ***Total assets less current liabilities*** | | 7,204 | 10,175 |
| Provisions for liabilities | 13 | (679) | (390) |
| ***Net assets excluding pension liability*** | | 6,525 | 9,785 |
| Defined benefit pension liability | 16 | (544) | (368) |
| ***Net assets*** | | 5,981 | 9,417 |
| ***Capital and reserves*** | | | |
| Called up share capital | 14 | 250 | 250 |
| Capital contribution | 15 | 1,953 | 1,953 |
| Profit and loss account | 15 | 3,778 | 7,214 |
| ***Shareholders' funds*** | 15 | 5,981 | 9,417 |

Approved and signed on behalf of the board

Jeremy Sykes J K Sykes

Director

Date 21 March 2013

# Notes to the financial statements

**at 31 December 2012**

## 1. Accounting policies

***Basis of preparation***

The financial statements are prepared under the historical cost convention and in accordance with 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 (note 16)

***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

***Revenue recognition***

Turnover represents the amount receivable for services provided, excluding VAT

Interest income is recognised on an accruals basis

***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 |

# Notes to the financial statements

**at 31 December 2012**

## 1. Accounting policies (continued)

***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

***Leasing and hire purchase 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

***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

# Notes to the financial statements

**at 31 December 2012**

## 1. Accounting policies (continued)

***Pensions (continued)***

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

| | *2012* | *2011* |
|---|---|---|
| | *£000* | *£000* |
| UK | 23,928 | 23,363 |
| Rest of Europe | – | – |
| | 23,928 | 23,363 |

# Notes to the financial statements

**at 31 December 2012**

## 3. Operating profit

This is stated after charging/(crediting)

| | | 2012 £000 | 2011 £000 |
|---|---|---|---|
| Auditor's remuneration | – audit of financial statements | 24 | 27 |
| | – tagging of the financial statements | 2 | 2 |
| | – tax compliance services | 20 | 20 |
| | | 46 | 49 |
| Depreciation of owned fixed assets | | 490 | 716 |
| Restructuring costs (exceptional) | | – | 269 |
| Dilapidation costs (exceptional) | | 122 | 390 |
| Onerous lease (exceptional) | | 167 | – |
| Operating lease rentals | – plant and machinery | 804 | 902 |
| | – land and buildings | 1,024 | 1,030 |

# Notes to the financial statements

**at 31 December 2012**

## 4. Directors' remuneration

| | 2012 £000 | 2011 £000 |
|---|---|---|
| Remuneration | 163 | 160 |
| Company contributions paid to defined contribution pension scheme | 9 | 8 |

The above remuneration represents the total remuneration for 1 (2011 – 1) of the company directors

A management charge of £460,000 (2011 – £352,000) in respect of UK administration costs has been made by group undertakings, which includes the directors' remuneration for 2 (2011 – 2) of the company's directors which it is not possible to identify separately

| | No | No |
|---|---|---|
| Number of directors accruing benefits under defined benefit pension schemes | 3 | 3 |
| 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 |

## 5. Staff costs

| | 2012 £000 | 2011 £000 |
|---|---|---|
| Wages and salaries | 6,825 | 6,047 |
| Social security costs | 694 | 612 |
| Other pension costs | 204 | 198 |
| | 7,723 | 6,857 |

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

| | No | No |
|---|---|---|
| Selling | 190 | 173 |
| Management and administration | 31 | 40 |
| | 221 | 213 |

# Notes to the financial statements

**at 31 December 2012**

## 6 Interest receivable and similar income

| | *2012* *£000* | *2011* *£000* |
|---|---|---|
| Group interest receivable | 363 | 242 |
| | 363 | 242 |

## 7. Other finance (charges)/(net)

| | *2012* *£000* | *2011* *£000* |
|---|---|---|
| Expected return on pension scheme assets | 151 | 133 |
| Interest on pension scheme liabilities | (161) | (182) |
| | (10) | (49) |

## 8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

| | *2012* *£000* | *2011* *£000* |
|---|---|---|
| ***Current tax.*** | | |
| UK corporation tax on the profit for the year | 710 | 413 |
| Adjustment in respect of previous periods | (20) | 3 |
| Total current tax (note 8(b)) | 690 | 416 |
| ***Deferred tax*** | | |
| Origination and reversal of timing differences | 45 | 1 |
| Effect of increased tax rate on opening liability | 6 | 4 |
| Total deferred tax | 51 | 5 |
| Tax on profit on ordinary activities | 741 | 421 |

# Notes to the financial statements

**at 31 December 2012**

## 8. Tax (continued)

(b) Factors affecting the current tax on profit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24 5% (2011 – 26 5%) The differences are explained below

| | *2012* | *2011* |
|---|---|---|
| | *£000* | *£000* |
| Profit on ordinary activities before tax | 3,165 | 1,899 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 5% (2011 – 26 5%) | 775 | 503 |
| *Effects of* | | |
| Expenses not deductible for tax purposes | 17 | 18 |
| Capital allowances in advance of depreciation | 35 | 53 |
| Short-term timing differences | (28) | (37) |
| Group relief received | (89) | (124) |
| Tax under provided in previous years | (20) | 3 |
| Current tax for the year (note 8(a)) | 690 | 416 |

(c) Deferred tax

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

| | *2012* | *2011* |
|---|---|---|
| | *£000* | *£000* |
| Included in debtors (note 11) | 179 | 185 |
| Included in defined benefit pension liability (note 16) | 162 | 123 |
| | 341 | 308 |
| Decelerated capital allowances | 154 | 162 |
| Other timing differences | 25 | 23 |
| Pension costs | 162 | 123 |
| Deferred tax asset | 341 | 308 |

The movement in the deferred tax asset is as follows

| | *£000* |
|---|---|
| At 1 January 2012 | 308 |
| Deferred tax charged in the profit and loss account | (21) |
| Amount credited to Statement of total recognised gains and losses | 85 |
| Adjustments in respect of prior years | (31) |
| At 31 December 2012 | 341 |

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

**at 31 December 2012**

## 8. Tax (continued)

(d) Factors that may affect future tax charges

The main rate of UK corporation tax was reduced from 26% to 24% from 1 April 2012 The Finance Act 2012, enacted in July 2012, reduced further the UK main rate of corporation tax to 23% from 1 April 2013 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 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 above changes to the rate of corporation tax will impact the amount of future cash tax payments to be made by the company

## 9. Tangible fixed assets

| | *Leasehold improvements* | *Rental fleet* | *Fixtures and fittings* | *Motor vehicles* | *Computer equipment* | *Total* |
|---|---|---|---|---|---|---|
| | *£000* | *£000* | *£000* | *£000* | *£000* | *£000* |
| Cost | | | | | | |
| At 1 January 2012 | 461 | 7,902 | 491 | 64 | 1,922 | 10,840 |
| Additions | – | 302 | – | – | – | 302 |
| Disposals | (67) | – | – | – | – | (67) |
| At 31 December 2012 | 394 | 8,204 | 491 | 64 | 1,922 | 11,075 |
| Depreciation | | | | | | |
| At 1 January 2012 | 339 | 7,103 | 439 | 63 | 1,849 | 9,793 |
| Charge for the year | | 428 | 29 | – | 33 | 490 |
| Disposals | (33) | – | – | – | – | (33) |
| At 31 December 2012 | 306 | 7,531 | 468 | 63 | 1,882 | 10,250 |
| Net book value | | | | | | |
| At 31 December 2012 | 88 | 673 | 23 | 1 | 40 | 825 |
| At 1 January 2012 | 122 | 799 | 52 | 1 | 73 | 1,047 |

# Notes to the financial statements

**at 31 December 2012**

## 10. Stocks

| | *2012* | *2011* |
|---|---|---|
| | *£000* | *£000* |
| Work in progress | 1,708 | 1,050 |

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

## 11. Debtors

| | *2012* | *2011* |
|---|---|---|
| | *£000* | *£000* |
| Amounts falling due within one year | | |
| Trade debtors | 3,555 | 3,828 |
| Amounts owed by group undertakings | 5,741 | 5,979 |
| Prepayments and accrued income | 554 | 615 |
| Deferred taxation (note 8(c)) | 179 | 185 |
| | 10,029 | 10,607 |

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

| | *2012* | *2011* |
|---|---|---|
| | *£000* | *£000* |
| Trade creditors | 2,989 | 2,440 |
| Corporation tax | 697 | 316 |
| Other taxes and social security costs | 884 | 517 |
| Accruals and deferred income | 1,830 | 2,023 |
| | 6,400 | 5,296 |

# Notes to the financial statements

**at 31 December 2012**

## 13. Provisions for liabilities

| | *Onerous lease provision* | *Provisions for Dilapidations* | *Total* |
|---|---|---|---|
| | *£000* | *£000* | *£000* |
| At 1 January 2012 | – | 390 | 390 |
| Arising during the period | 167 | 122 | 289 |
| At 31 December 2012 | 167 | 512 | 679 |

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

An onerous lease provision has been set up in respect of vacating one of the separable floors of the head office site in Huntingdon The provision is expected to be utilised over the period to fully vacating the property in 2014

## 14. Issued share capital

| | | *2012* | | *2011* |
|---|---|---|---|---|
| *Allotted, called up and fully paid* | *No* | *£000* | *No* | *£000* |
| Ordinary shares of £1 each | 250,000 | 250 | 250,000 | 250 |

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

| | *Share capital* | *Capital contribution* | *Profit and loss account* | *Total share-holders' funds* |
|---|---|---|---|---|
| | *£000* | *£000* | *£000* | *£000* |
| 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 1 January 2012 | 250 | 1,953 | 7,214 | 9,417 |
| | | | | |
| Profit for the year | – | – | 2,424 | 2,424 |
| Dividends paid | – | – | (5,600) | (5,600) |
| Actuarial loss on pension scheme | – | – | (345) | (345) |
| Deferred tax on pension scheme | – | – | 85 | 85 |
| At 31 December 2012 | 250 | 1,953 | 3,778 | 5,981 |

# Notes to the financial statements

**at 31 December 2012**

## 16. Pensions

***Defined contribution scheme***

The company operates a defined contribution Group Personal Pension (GPP) Scheme Employer contributions into the GPP scheme during 2012 totalled £204,000 (2011 – £198,000) The unpaid contributions outstanding at the year end amounted to £nil (2011 – £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 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 actuarial valuation, carried out as at 1 April 2012, 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

| | *31 December 2012* | *31 December 2011* |
|---|---|---|
| Discount rate | 4 1% | 4 7% |
| Retail price inflation | 2 8% | 2 9% |
| Consumer price index | 2 3% | 2 0% |
| Expected return on plan assets | 4 1% | 5 0% |
| **Post-retirement mortality;** | | |
| Life expectancy male age 65 | 23 4 | 23 3 |
| Life expectancy male age 65 in 20 years | 26 4 | 26 3 |
| Life expectancy female age 65 | 25 9 | 25 8 |
| Life expectancy female age 65 in 20 years | 28 9 | 28 7 |

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

| | *Of return expected at 2012* | *Long-term rate value at 2012* | *Of return expected at 2011* | *Long-term rate value at 2011* |
|---|---|---|---|---|
| | *£000* | *£000* | *£000* | *£000* |
| Equities | 6 3% | 1,771 | 7 0% | 1,773 |
| Government bonds | 2 7% | 633 | 3 4% | 553 |
| Cash | 0 5% | 840 | 0 5% | 617 |
| Fair value of assets | | 3,244 | | 2,943 |

# Notes to the financial statements

**at 31 December 2012**

## 16. Pensions (continued)

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

Scheme funding position and net pension liability

| | *Value at 31 December 2012* | *Value at 31 December 2011* |
|---|---|---|
| | *£000* | *£000* |
| Total market value of scheme assets | 3,244 | 2,943 |
| Present value of scheme liabilities | (3,950) | (3,434) |
| Pension liability before deferred taxation | (706) | (491) |
| Related deferred tax asset | 162 | 123 |
| Net pension liability | (544) | (368) |

Analysis of the movements in the pension scheme liability during the period are as follows

| | *2012* | *2011* |
|---|---|---|
| | *£000* | *£000* |
| At 1 January | (3,434) | (3,363) |
| Interest cost | (161) | (182) |
| Actuarial (loss)/gain | (359) | 91 |
| Benefits paid | 4 | 20 |
| At 31 December | (3,950) | (3,434) |

Analysis of the movements in the fair value of plan assets are as follows

| | *2012* | *2011* |
|---|---|---|
| | *£000* | *£000* |
| At 1 January | 2,943 | 3,046 |
| Expected return on plan assets | 151 | 133 |
| Contributions | 140 | 140 |
| Actuarial gain/(loss) | 14 | (356) |
| Benefits paid | (4) | (20) |
| At 31 December | 3,244 | 2,943 |

# Notes to the financial statements

**at 31 December 2012**

## Pensions (continued)

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

The amounts recognised in the profit and loss account and the statement of total recognised gains and losses are as follows

| | 2012 £000 | 2011 £000 |
|---|---|---|
| **Recognised in the profit and loss account** | | |
| Expected return on pension scheme assets | 151 | 133 |
| Interest on pension scheme liabilities | (161) | (182) |
| **Total recognised in the profit and loss account** | (10) | (49) |
| **Taken to the statement of total recognised gains and losses** | | |
| Actual return less expected return on pension scheme assets | 14 | (356) |
| Experience loss on scheme liabilities | (359) | 91 |
| **Actuarial loss recognised in the statement of total recognised gains and losses** | (345) | (265) |

History of experience gains and losses

| | 2012 £000 | 2011 £000 | 2010 £000 | 2009 £000 | 2008 £000 |
|---|---|---|---|---|---|
| Difference between the expected and actual return on scheme assets | | | | | |
| Amount (£000) | 14 | (356) | 481 | 135 | (949) |
| Percentage of scheme assets at end of year | 0 4% | (12 1%) | 15 8% | 2% | (43%) |
| Experience gains and losses on scheme liabilities | | | | | |
| Amount (£000) | 359 | (91) | (225) | (2) | 337 |
| Percentage of scheme liabilities at end of year | 9 1% | (2 6%) | (7 4%) | (0%) | 13% |
| Total amount recognised in statement of total recognised gains and losses | | | | | |
| Amount (£000) | (345) | (265) | 75 | (110) | (417) |
| Percentage of scheme losses at end of year | 10 6% | 9 0% | 2 5% | 5% | 19% |

## 17. Other financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

# Notes to the financial statements

**at 31 December 2012**

| | | 2012 | | 2011 |
|---|---|---|---|---|
| | *Land and buildings* | *Other* | *Land and buildings* | *Other* |
| | *£000* | *£000* | *£000* | *£000* |
| Operating leases which expire | | | | |
| Within one year | 13 | 14 | 97 | 10 |
| In two to five years | 543 | 715 | 502 | 664 |
| Over five years | – | – | – | – |
| | 556 | 729 | 599 | 674 |

## 18. Related party transactions

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

## 19. 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 Hi Tech building 21 Sveavagen 9 3rd floor 101 52 Stockholm Sweden