

# **BURT BOULTON & HAYWOOD LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS 31 December 2011**

**Registered number 3540326**

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# **BURT BOULTON & HAYWOOD LIMITED**

## **DIRECTORS REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

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# **BURT BOULTON & HAYWOOD LIMITED**

## **COMPANY INFORMATION**

### **Directors**

W Clason  
R Allan (resigned 3<sup>rd</sup> April 2012)

### **Company secretary**

D J Clason

### **Registered office**

Alexandra Docks  
Newport  
South Wales  
NP20 2WA

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory  
Auditors  
One Kingsway  
Cardiff  
CF10 3PW

### **Bankers**

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

# **BURT BOULTON & HAYWOOD LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

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

### **Principal activities**

The principal activity of the company is the manufacture of telegraph and transmission poles and related timber preservation. The results for the year are satisfactory.

### **Business Review and Future Developments**

Increased demand in the utility sector improved results for 2011. We anticipate that volumes across business streams will be maintained for 2012 and profitability will be further improved as we focus on a single site operation which will deliver further cost saving opportunities.

### **Key performance indicators (KPIs)**

Management have identified Key Performance Indicators (KPI's) that are used to drive business performance and to set targets for departments and employees throughout the business that will deliver the desired strategic goals.

The performance indicators used by management to assess performance of the company are turnover and profit before taxation. The company has recognised turnover of £10,956,699 (2010 £8,820,822) and profit before tax of £484,547 (2010 (195,486)).

### **Results and dividends**

The profit for the year, after tax, amounted to £348,087 (2010 £172,277 loss). The directors do not recommend payment of a dividend (2010 £nil). The profit for the year has been transferred to reserves.

### **Directors and directors' interests**

The following directors served during the year and up to the date of signing the financial statements:

R Allan (resigned 3<sup>rd</sup> April 2012)  
W Clason

Neither of the directors had any interest in the share capital of the company or any company within the Metsaliitto Group at 31 December 2011 or at any time during the financial year.

# **BURT BOULTON & HAYWOOD LIMITED**

## **DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2011**

### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition and future legislation relating to Biocidal Products (preservatives)

### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in exchange rates, credit risk and interest rates. The company has in place a risk management programme that seeks to limit the adverse effects on financial performance of the company by monitoring the levels of debt finance and related finance cost. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring the financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

#### **Credit risk**

The company has implemented policies that require appropriate checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed on a periodic basis.

#### **Liquidity risk**

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Company has sufficient available funds for operations.

#### **Interest rate and cash flow risk**

The company reviews the appropriateness of interest rates risk on an annual basis, considering the treasury policies of the group that it is a member of. Interest bearing assets and liabilities are primarily bank balances.

#### **Exchange rate risk**

The company is exposed to exchange risk as a result of its operations. From time to time, forward contracts are entered into in order to hedge against exposure to currency movements. At the year end there are twelve open forward contracts with an unrealised loss of £50,718 at the balance sheet date.

#### **Price risk**

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will re-visit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

# **BURT BOULTON & HAYWOOD LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)**

### **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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company Law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

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

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

### **Disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware and the directors have taken all the steps that they each ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## **BURT BOULTON & HAYWOOD LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)**

#### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution to reappoint them will be proposed at the Annual General Meeting or Shareholders' Meeting

**On behalf of the board**



**W Clason  
Director  
Burt Boulton & Haywood Limited  
Registered number 3540326**

**1<sup>st</sup> June 2012**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BURT BOULTON & HAYWOOD LIMITED**

We have audited the financial statements of Burt Boulton & Haywood Limited for the year ended 31 December 2011 which comprise the Directors' report, the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 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



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BURT BOULTON & HAYWOOD LIMITED (continued)**

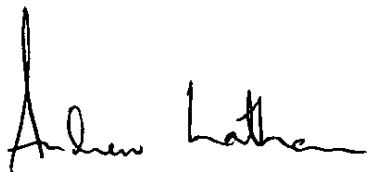
**Opinion on other matter prescribed by the Companies Act 2006**

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



**Andrew Latham (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans**

6<sup>th</sup> June 2011

# BURT BOULTON & HAYWOOD LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
Turnover	2	10,956,699	8,820,822
Cost of sales		(9,040,752)	(7,495,863)
<b>Gross profit</b>		<b>1,915,947</b>	<b>1,324,959</b>
Distribution costs		(842,429)	(709,428)
Administrative expenses		(587,546)	(789,922)
<b>Operating profit/(loss)</b>	3	<b>485,972</b>	<b>(174,391)</b>
Interest payable and similar charges	6	(12,037)	(21,095)
Interest receivable and similar income	7	10,612	-
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>484,547</b>	<b>(195,486)</b>
Tax on profit/(loss) on ordinary activities	8	(136,460)	23,209
<b>Profit/(loss) for the financial year</b>	19	<b>348,087</b>	<b>(172,277)</b>

All activities relate entirely to continuing operations

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the year as stated above, and their historical cost equivalents

The notes on pages 11 to 25 form part of these financial statements

# BURT BOULTON & HAYWOOD LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
<b>Profit/(loss) for the financial year</b>		<b>348,087</b>	<b>(172,277)</b>
Actuarial (loss)/gain on pension scheme	21	<b>(24,000)</b>	90,000
Movement on deferred tax relating to pension liability	14	<b>6,000</b>	<b>(24,300)</b>
<b>Total recognised gains/(losses)</b>		<b>330,087</b>	<b>(106,577)</b>

# BURT BOULTON & HAYWOOD LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Investments	9	505,100	505,100
Tangible assets	10	1,611,923	1,822,837
		<u>2,117,023</u>	<u>2,327,937</u>
<b>Current assets</b>			
Assets held for resale	11	91,200	91,200
Stocks	12	3,587,202	2,899,437
Debtors	13	1,314,931	894,418
Cash at bank and in hand		463,335	14,350
		<u>5,456,668</u>	<u>3,899,405</u>
<b>Creditors amounts falling due within one year</b>	15	(4,245,626)	(3,034,868)
<b>Net current assets</b>		<u>1,211,042</u>	<u>864,537</u>
<b>Total assets less current liabilities</b>		<u>3,328,065</u>	<u>3,192,474</u>
<b>Creditors amounts falling due after more than one year</b>	16	(455,868)	(547,041)
<b>Provisions for liabilities and charges</b>	17	(26,702)	(101,835)
<b>Net assets – excluding pension liability</b>		<u>2,845,495</u>	<u>2,543,598</u>
Net pension liability	21	(65,250)	(93,440)
<b>Net assets – including pension liability</b>		<u>2,780,245</u>	<u>2,450,158</u>
<b>Capital and reserves</b>			
Called up share capital	18	8,000,002	8,000,002
Profit and loss account	19	(5,219,757)	(5,549,844)
<b>Total shareholders' funds</b>	20	<u>2,780,245</u>	<u>2,450,158</u>

These financial statements on page 8 to 25 were approved by the board of directors and signed on its behalf by

W Clason 1st June 2012.

W Clason  
Director  
Burt Boulton & Haywood Limited

Registered number 3540326

The notes on pages 11 to 25 are an integral part of these financial statements

# **BURT BOULTON & HAYWOOD LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

### **1 ACCOUNTING POLICIES**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006, subsequent amendments and applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently are set out below.

The financial statements contain information about Burt Boulton & Haywood Limited as an individual company and do not contain financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, as it and its subsidiaries are included by full consolidation in the financial statements of its parent, Metsalitto Co-operative. The subsidiary of the Company is dormant, and therefore would not be material for consolidated financial statements if prepared.

#### **Turnover**

Turnover consists of the invoiced value (excluding VAT) for goods supplied to third parties in the United Kingdom. Turnover is recognised upon delivery of goods by the Company to the customer.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a weighted average price basis and includes transport and handling costs, less trade discounts. In the case of finished goods, cost includes an appropriate proportion of production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective stock based upon a line by line review of individual stock lines held.

#### **Tangible fixed assets**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on tangible fixed assets on a straight line basis, so as to write them off over their estimated useful lives. For short term leasehold properties, the depreciation period is not longer than the length of the lease.

The annual rates of depreciation are as follows:

Freehold land	-nil
Buildings	-between 4% and 10%
Plant and Equipment	-between 5% and 25%

#### **Operating leases**

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease terms.

#### **Assets held for resale**

Assets are held within current assets, classified as assets held for resale, when the assets no longer satisfy the criteria for classification as a fixed asset. Assets are held at the lower of cost and net realisable value.

# **BURT BOULTON & HAYWOOD LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011**

### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

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

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

### **Pensions**

Payments to defined contribution pension schemes are charged in the period in which they relate

For defined benefit pension schemes, the obligation is calculated by independent actuaries. Actuarial gains and losses, which represent differences between the expected and actual return on the plan assets and the effect of changes in the actuarial assumptions, are recognised in full in the period in which they occur in the statement of total recognised gains and losses. All other gains and losses are taken to the profit and loss account

The defined retirement benefit obligation recognised in the balance sheet comprises the total for each plan of the present value of the benefit obligation using a discount rate determined by market yields on high quality corporate bonds, less the fair values of the scheme assets at the balance sheet date. This obligation is offset, where applicable, by the related deferred tax asset

### **Foreign currency translation**

Monetary foreign currency assets and liabilities held at the balance sheet date are translated into sterling at the rates ruling on the balance sheet date. Normal trading transactions denominated into foreign currency are recorded in sterling at the exchange rate on the date of the transaction. All exchange differences on monetary assets and liabilities are dealt with through the profit and loss account

### **Cash flow statements**

The company is exempt from the requirement of Financial Reporting Standard Number 1 (revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking. The consolidated financial statements of the parent company Metsaliitto Co-operative are publicly available

### **Government grants and assistance**

Grants towards the purchase of assets are treated as deferred income that is credited to the profit and loss account over the related asset's useful economic life, on a straight line basis

# BURT BOULTON & HAYWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

### Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

### Investment in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment

## 2 TURNOVER

All turnover arises in the UK and relates to the principal activity

## 3 OPERATING PROFIT/(LOSS)

	2011 £	2010 £
Operating profit/(loss) is stated after charging/(crediting)		
Depreciation	300,582	298,865
Lease costs - Land and buildings	214,876	192,207
- Machinery	34,284	34,284
Amortisation of deferred income (note 16)	(91,173)	(91,173)
Loss on sale of tangible fixed assets	-	140,521
	<u>          </u>	<u>          </u>

### Services provided by the company's auditor and network firms

During the year the company obtained the following services from the company's auditors as detailed below

	2011 £	2010 £
Fees payable for the audit of the company	16,250	17,140
Fees paid for other services – tax compliance	5,700	5,700
	<u>          </u>	<u>          </u>

## 4 EMPLOYEES

	2011 £	2010 £
Employee costs including directors		
Wages and salaries	852,763	850,731
Social security costs	80,614	77,923
Other pension costs	50,666	41,826
	<u>984,043</u>	<u>970,480</u>

# BURT BOULTON & HAYWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

### 4 EMPLOYEES (continued)

The average monthly number of employees including directors was

	2011 Number	2010 Number
Production	23	19
Management and administration	10	10
	<u>33</u>	<u>29</u>

### 5 DIRECTORS' EMOLUMENTS

	2011 £	2010 £
Aggregate directors' emoluments	<u>87,041</u>	<u>80,992</u>

Retirement benefits are accruing for W Clason under the Finnforest UK Limited group's defined benefit pension scheme. Aggregate pension contributions paid by the company in respect of the services of this director of £12,464 (2010 £12,245) are included in the aggregate emoluments above. The accrued pension for W Clason at 31 December 2011 is £22,164.

The emoluments of R Allan are paid by the parent company. The emoluments are deemed to be wholly attributable to his services to the parent company, and no recharge is made to Burt Boulton & Haywood Limited for these services. Accordingly, the above details include no emoluments in respect of this director. No pension contributions were paid by the company in respect of R Allan (2010 £nil).

### 6 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Interest on bank overdraft	12,037	19,095
FRS 17 finance expense	-	2,000
	<u>12,037</u>	<u>21,095</u>



# BURT BOULTON & HAYWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

### 7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £	2010 £
Bank interest receivable	612	-
FRS 17 finance income (note 21)	10,000	-
	<u>10,612</u>	<u>-</u>

### 8 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

#### (a) Analysis of charge/(credit) in the year

	2011 £	2010 £
<b>Current tax.</b>		
UK corporation tax charge at 26.5% on profit/(loss)/loss for the year (2010 28%)	44	-
<b>Total current tax charge</b>	<u>44</u>	<u>-</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	101,713	(45,357)
Pension cost relief in excess of pension charge	17,219	11,340
Adjustment in respect of previous periods	1,621	-
Changes in tax rates	15,863	10,808
<b>Total deferred tax charge/(credit)</b>	<u>136,416</u>	<u>(23,209)</u>
<b>Tax charge/(credit) on profit/(loss) on ordinary activities</b>	<u>136,460</u>	<u>(23,209)</u>

# BURT BOULTON & HAYWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

### 8 PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)

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

The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are explained below:

	2011 £	2010 £
Profit/(loss) on ordinary activities before taxation	484,547	(195,486)
Profit/(loss) on ordinary activities multiplied by rate of corporation tax of 26.5% (2010: 28%)	128,357	(54,736)
Expenses/(income) not deductible for tax purposes	(9,010)	19,459
Accelerated capital allowances	7,599	6,666
Other Timing Differences	(18,919)	39,951
Pension cost relief in excess of pension cost charge	-	(11,340)
Utilisation of tax losses	(107,970)	-
Effects of other tax rates / credits	(13)	-
<b>Current tax charge for the year</b>	<b>44</b>	<b>-</b>

### 9 FIXED ASSET INVESTMENT

	2011 £	2010 £
Investment in subsidiary	500,000	500,000
Investment in associated company	5,100	5,100
	<b>505,100</b>	<b>505,100</b>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The investment in subsidiary relates to the shares held in Timbera Limited, Company Number 441153, registered in England and Wales. Burt Boulton & Haywood Limited own 100% of the share capital of Timbera Limited which is a dormant company. The value of the investment is supported by inter-company debt due to the subsidiary from the Company.

The company holds an investment in a joint venture, BBH Powercom Limited, which is incorporated in the United Kingdom, the registered address is Alexandra Dock, Newport, South Wales NP20 2WA. The Company holds 51% of the ordinary share capital; however, the Company does not control this entity as both parties have equal voting rights. The company generated a loss after tax of £4,625 to the period 31 December 2011 (2010: £13,164). The aggregate capital and reserves at this date was (£36,279) (2010: (£31,654)).

# BURT BOULTON & HAYWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

### 10 TANGIBLE ASSETS

	Freehold land and buildings £	Short leasehold property £	Plant and equipment £	Total £
<b>Cost</b>				
At 1 January 2010	-	1,341,374	3,272,991	4,614,365
Additions			89,668	89,668
<b>As at 31 December 2011</b>	<b>-</b>	<b>1,341,374</b>	<b>3,362,659</b>	<b>4,704,033</b>
<b>Accumulated depreciation</b>				
At 1 January 2010	-	355,201	2,436,327	2,791,528
Charged in year		34,671	265,911	300,582
<b>As at 31 December 2011</b>	<b>-</b>	<b>389,872</b>	<b>2,702,238</b>	<b>3,092,110</b>
<b>Net book value</b>				
<b>At 31 December 2011</b>		<b>951,502</b>	<b>660,421</b>	<b>1,611,923</b>
At 31 December 2010	-	986,173	836,664	1,822,837

### 11 ASSETS HELD FOR RESALE

	Freehold land and buildings £
<b>At 1 January 2011 and 31 December 2011</b>	<b>91,200</b>

Following the closure of the Scottish operation in the prior year, the site has been re-classified from tangible fixed assets to assets held for resale. The site is valued at historic cost, which the Directors consider to be below the expected future sale price.

### 12 STOCKS

	2011 £	2010 £
Raw materials and consumables	2,311,061	2,090,507
Finished goods	1,276,141	808,930
	<b>3,587,202</b>	<b>2,899,437</b>

# BURT BOULTON & HAYWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

### 13 DEBTORS

	2011 £	2010 £
Trade debtors	1,051,958	501,942
Other debtors	44,770	65,770
Deferred tax asset (note 14)	149,363	266,969
Prepayments and accrued income	68,840	59,737
	<u>1,314,931</u>	<u>894,418</u>

### 14 DEFERRED TAX

	Capital Allowances & Other Timing Differences £	Pension scheme deficit £	Total £
Asset at 1 January 2011	(266,969)	(34,560)	(301,529)
Charged to profit and loss account	115,985	18,810	134,795
Adjustments in respect of prior years	1,621	-	1,621
Actuarial movements			
Movement in current year	-	(6,000)	(6,000)
<b>Asset at 31 December 2011</b>	<u><b>(149,363)</b></u>	<u><b>(21,750)</b></u>	<u><b>(171,113)</b></u>

There are no unrecognised deferred tax assets (2010 £nil)

### 15 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Bank overdraft (see below)	1,131,167	1,117,903
Trade creditors	1,975,529	973,431
Amounts owed to group companies	516,886	512,666
Other creditors	6,056	58,307
Taxation and social security	365,256	240,563
Accruals and deferred income	250,732	131,998
	<u>4,245,626</u>	<u>3,034,868</u>

The bank overdraft is unsecured

# BURT BOULTON & HAYWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

### 16 CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The company has received reimbursement of costs for site relocation following a compulsory purchase order being brought on the land at the Newport site in 2001. Where such monies have been utilised on capital expenditure, the monies received are being released over the life of the relevant fixed assets purchased.

	2011 £	2010 £
At 1 January 2011	547,041	638,214
Released to profit and loss account	(91,173)	(91,173)
At 31 December 2011	<u>455,868</u>	<u>547,041</u>

### 17 PROVISIONS FOR LIABILITIES AND CHARGES

	Restoration £
As at 1 January 2011	101,835
Charged to profit and loss account	48,000
Utilised	(123,133)
At 31 December 2011	<u><u>26,702</u></u>

A provision is held for environmental restoration at the Company's leasehold site, based upon a schedule of forecasted future costs. Anticipated future costs expected until 2025, are dependant on site surveys commissioned at periodic intervals.

### 18 CALLED UP SHARE CAPITAL

The share capital comprises	2011	2010
Authorised 25,000,000 preference shares of £1	25,000,000	25,000,000
25,000,000 ordinary shares of £1	25,000,000	25,000,000
	<u>50,000,000</u>	<u>50,000,000</u>
Issued 8,000,000 preference shares of £1 each	8,000,000	8,000,000
2 ordinary shares of £1 each	2	2
	<u>8,000,002</u>	<u>8,000,002</u>

All ordinary and preference shares are held by Metsalitto Co-operative (note 24). The terms of the preference shares entitle the holders to a fixed cumulative preferential dividend at a rate of 7%. Redemption is at the option of the company. The holders have signed an indefinite waiver to their rights to these dividends, as such no dividend had been accrued and the share capital under the terms of FRS25 has been disclosed within equity.

# BURT BOULTON & HAYWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

### 19 PROFIT AND LOSS ACCOUNT

	£
As at 1 January 2010	(5,549,844)
Profit for the financial year	348,087
Actuarial loss on pension scheme	(24,000)
Movement on deferred tax relating to pension deficit	6,000
At 31 December 2011	<u>(5,219,757)</u>

### 20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit/(loss) for the financial year	348,087	(172,277)
Actuarial (loss)/gain on pension scheme	(24,000)	90,000
Movement on deferred tax relating to actuarial (loss)/gain on pension scheme	6,000	(24,300)
Net increase/(decrease) in shareholders' funds	<u>330,087</u>	<u>(106,577)</u>
Opening shareholders' funds	2,450,158	2,556,735
Closing shareholders' funds	<u>2,780,245</u>	<u>2,450,158</u>

### 21 PENSIONS

The company participates in the Finnforest UK Pension Plan which is made up of a defined contribution scheme and a defined benefit scheme, both administered by JLT Benefit Solutions Limited. The disclosures below relate solely to the proportion of this scheme attributable to Burt Boulton & Haywood Limited employees. The company also makes contributions to the Group Personal Pension Plan administered by Standard life.

#### Finnforest UK Pension Plan – Defined Contribution Scheme

The pension cost for the scheme, which represents contributions payable by Burt Boulton & Haywood Limited, amounted to £5,816 (2010 £5,690). There were £486 of outstanding contributions at the balance sheet date (2010 £479).

# BURT BOULTON & HAYWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

### 21 PENSIONS (continued)

#### Group Personal Pension Plan

The pension cost for the scheme, which represents contributions payable by Burt Boulton & Haywood Limited, amounted to £9,850 (2010 £8,289) There were £843 of outstanding contributions at the balance sheet date (2010 £700)

#### Finnforest UK Pension Plan – Defined Benefit Scheme

The company participates in the Finnforest UK Pension Plan which contains a funded defined benefit arrangement The Finnforest UK Pension Plan is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities for past and present employees The level of retirement benefit is principally based on salary earned in the last three years of employment

The trustees of the scheme are required to act in the best interest of the scheme's beneficiaries The appointment of the trustees is determined by the scheme's trust documentation It is policy that one third of all trustees should be nominated by the members

A full actuarial valuation was carried out as at 6 April 2008 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is agreed between the company and the trustees in line with those requirements In particular these require the deficit to be calculated using prudent, as opposed to best estimate, actuarial assumptions

This actuarial valuation showed a deficit of £6,442,000 for the whole scheme Finnforest UK Limited has agreed with the trustees that it will aim to eliminate the deficit over a period of 9 years from 6 April 2009 by the part payment of annual contributions of £798,000 in respect of the deficit In addition and in accordance with the actuarial valuation, Finnforest UK Limited has agreed with the trustees that it will pay 21.8% of pensionable earning in respect of the cost of accruing benefits and will meet its share of the expenses of the scheme and levies to the Pension Protection Fund

The next valuation is due as at 6 April 2011

For the purposes of FRS17 the actuarial valuation as at 6 April 2008, which was carried out by a qualified independent actuary, has been updated to 31 December 2011

#### FRS 17 retirement benefits

##### Assumptions

A valuation of the Finnforest UK pension scheme was carried out at 31 December 2011 by Pension Capital Strategies Actuaries (a member of the Jardine Lloyd Thompson Group) The major assumptions used were

	As at 31 December 2011	As at 31 December 2010	As at 31 December 2009
Inflation (RPI)	3.0%	3.5%	3.6%
Inflation (CPI)	2.0%	n/a	n/a
Salary increases	3.0%	4.5%	4.6%
Rates of discount	4.7%	5.4%	5.8%
Pension in payment increases	3.0%	3.5%	3.6%

# BURT BOULTON & HAYWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

### 21 PENSIONS (continued)

The mortality assumptions adopted at 31 December 2011 are 100% of the standard tables Px92. These imply the following life expectancies

	As at 31 December 2011	As at 31 December 2010
Male currently aged 65 in 2011	22.2	22 1
Female currently aged 65 in 2011	25.0	25 0
Male retiring at age 65 in 2031	23.2	23 1
Female retiring at age 65 in 2031	26.0	25 9

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

#### Assets

	As at 31 December 2011 £	As at 31 December 2010 £	As at 31 December 2009 £
Equities	849,000	690,000	601,000
Bonds	1,244,000	831,000	770,000
Property	212,000	173,000	154,000
Cash	15,000	28,000	20,000
	<u>2,320,000</u>	<u>1,722,000</u>	<u>1,545,000</u>
Present value of scheme liabilities	(2,407,000)	(1,850,000)	(1,805,000)
Pension deficit	<u>(87,000)</u>	<u>(128,000)</u>	<u>(260,000)</u>
Deferred tax asset	21,750	34,560	72,800
Net pension deficit	<u>(65,250)</u>	<u>(93,440)</u>	<u>(187,200)</u>

#### Expected long term rate of return

	As at 31 December 2011	As at 31 December 2010	As at 31 December 2009
Equities	7.20%	7.40%	7.40% p a
Bonds	5.40%	5.80%	6.50% p a
Property	7.20%	7.40%	7.40% p a
Cash	3.00%	3.00%	3.00% p a

The long term expected rate of return on cash is determined by the rate of return on bonds less a margin. The long term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long term expected rate of return on equities is based on the rate of return on bonds with an allowance for out performance.



# BURT BOULTON & HAYWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

### 21 PENSIONS (continued)

#### Analysis of the amounts credited to operating profit/(loss):

	31 December 2011 £	31 December 2010 £
Current service cost	35,000	25,000

#### Analysis of the amounts credited/(charged) to interest payable and similar charges:

	31 December 2011 £	31 December 2010 £
Expected return on pension scheme assets	110,000	103,000
Interest on pension scheme liabilities	(100,000)	(105,000)
Net interest receivable/(payable) and similar charges	10,000	(2,000)

#### Reconciliation of opening and closing balances of the present value of the scheme liabilities

	31 December 2011 £000	31 December 2010 £000
Scheme liabilities at start of year	1,850	1,805
Current service cost	35	25
Interest cost	100	105
Contributions by scheme participants	7	7
Actuarial losses/(gains)	63	35
Benefits paid and death in service insurance premiums	(19)	(18)
Adjustment for Finnforest UK Limited membership	371	(109)
Scheme liabilities at end of year	2,407	1,850

# BURT BOULTON & HAYWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

### 21 PENSIONS (continued)

#### Reconciliation of opening and closing balances of the fair value of scheme assets

	31 December 2011 £000	31 December 2010 £000
Fair value of scheme assets at start of year	1,722	1,545
Expected return on scheme assets	110	103
Actuarial gains / (losses)	39	125
Contributions by employer	90	69
Contributions by scheme participants	7	7
Benefits paid and death in service insurance premiums	(19)	(18)
Adjustment for Finnforest UK Limited membership	371	(109)
	<hr/>	<hr/>
Fair value of scheme assets at end of year	2,320	1,722

The actual return on the scheme assets over the year ending 31 December 2011 was £148,847 (2010 £228,000)

#### History of experience gains and losses

A history of the amounts recognised in the statement of total recognised gains and losses for the previous five years ending 31 December are as follows

	2011	2010	2009	2008	2007
Differences between expected and actual return of scheme assets					
Amount	£39,000	£125,000	£238,000	(£303,000)	(£15,000)
Percentage of scheme assets	2%	7%	15%	(28%)	(1%)
Experience gains and losses on scheme liabilities					
Amount	(£66,000)	£49,000	(£41,000)	£49,000	£75,000
Percentage of the present value of the scheme liabilities	3%	3%	2%	4%	4%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities					
Amount	£3,000	(£84,000)	(£232,000)	£255,000	(£120,000)
Percentage of the present value of the scheme liabilities	0%	(5%)	(13%)	19%	(7%)
Total actuarial gain or loss					
Amount	(£24,000)	£90,000	(£35,000)	£1,000	(£60,000)
Percentage of the present value of the scheme liabilities	(1%)	5%	(2%)	0%	(3%)

The cumulative amount of actuarial gains/(losses) recognised in the statement of total recognised gains and losses since adoption of FRS17 is (£191,000) (2010 (£167,000))

# BURT BOULTON & HAYWOOD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

### 22 OPERATING LEASE COMMITMENTS

At 31 December the company had annual commitments under non-cancellable leases expiring as follows

	2011	2011	2010	2010
	Land and	Vehicles,	Land and	Vehicles,
	Buildings	plant and	Buildings	plant and
	£	equipment	£	equipment
Within one year	-	34,284	-	-
Within two to five years	-	-	-	34,284
After five years	214,900	-	214,900	-

There are no annual commitments under non-cancellable operating leases for other assets

### 23 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Metsalitto Co-operative, the Company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by Metsalitto Co-operative

### 24 IMMEDIATE AND ULTIMATE PARENT UNDERTAKING AND RELATED PARTIES

The immediate and ultimate holding company is Metsalitto Co-operative, a co-operative established in Finland which owns 100% of the ordinary share capital of the company. Metsalitto Co-Operative is the only company to consolidate the company's financial statements and copies of consolidated financial statements are available from Metsalitto Cooperative, Revontulentie 6, FIN-02100 ESPOO, Finland