BURT BOULTON & HAYWOOD LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31 December 2012

Registered number 3540326

BURT BOULTON & HAYWOOD LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2012

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BURT BOULTON & HAYWOOD LIMITED

COMPANY INFORMATION

Directors	W Clason R Allan (resigned 3rd Apnl 2012)
Company secretary	D J Clason
Registered office	Alexandra Docks Newport South Wales NP20 2WA
Independent auditor	KPMG LLP 1 Forest Gate Bnghton Road Crawley RH11 9PT
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 2012

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

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 2012 We anticipate that volumes across business streams will be maintained for 2013

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 £12,084,117 (2011 £10,956,699) and profit before tax of £302,776 (2011 £484,547)

Results and dividends

The profit for the year, after tax, amounted to £228,886 (2011 £348,087) The directors do not recommend payment of a dividend (2011 £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 3rd April 2012)
W Clason

Neither of the directors had any interest in the share capital of the company or any company within the Metsa Group at 31 December 2012 or at any time during the financial year

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

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 2012 (continued)

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

The dırectors are responsıble for preparıng the Dırectors' report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law the dırectors have prepared the financial statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) Under Company Law the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss of the company for that perıod

In preparıng these financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make ȷudgements and estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed, subȷect to any materıal departures dısclosed and explaıned ın the financıal statements, and
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınapproprıate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are sufficıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

Disclosure of information to auditor

So far as the dırectors are aware, there ıs no relevant audıt ınformatıon (that ıs, ınformatıon needed by the company's audıtor ın connectıon wıth preparıng theır report) of whıch the company's audıtor ıs unaware and the dırectors have taken all the steps that they each ought to have taken as a dırector ın order to make themselves aware of any relevant audıt ınformatıon and to establısh that the company's audıtor ıs aware of that ınformatıon

BURT BOULTON & HAYWOOD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 December 2012 (continued)

Independent auditor

During the year, KPMG LLP were appointed as auditor Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office

On behalf of the board

W Clason
Director
Burt Boulton & Haywood Limited
Registered number 3540326

12th September 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURT BOULTON AND HAYWOOD LIMITED

We have audited the financial statements of Burt Boulton and Haywood Limited for the year ended 31st December 2012, set out on pages 9 to 24 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements [1]

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

Martin Newsholme

Martin Newsholme (Senior Statutory Auditor)
for and on behalf of KPMG LLP , Statutory Auditor
Chartered Accountants
13th September 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

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

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

- select suitable accounting policies and then apply them consistently,
- make 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

BURT BOULTON & HAYWOOD LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 December 2012

	Note	2012 £	2011 £
Turnover	2	**12,084,117**	10,956,699
Cost of sales		**(9,956,592)**	(9,040,752)
Gross profit		**2,127,525**	1,915,947
Distribution costs		**(933,160)**	(842,429)
Administrative expenses		**(891,556)**	(587,546)
Operating profit	3	**302,809**	485,972
Interest payable and similar charges	6	**(14,033)**	(12,037)
Interest receivable and similar income	7	**14,000**	10,612
Profit on ordinary activities before taxation		**302,776**	484,547
Tax on profit on ordinary activities	8	**(73,890)**	(136,460)
Profit for the financial year	20	**228,886**	348,087

All activities relate entirely to continuing operations

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

The notes on pages 12 to 24 form part of these financial statements

BURT BOULTON & HAYWOOD LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 December 2012

	Notes	2012 £	2011 £
Profit for the financial year		**228,886**	348,087
Actuarial gain / (loss) on pension scheme	21	**53,000**	(24,000)
Movement on deferred tax relating to pension liability	14	**(12,190)**	6,000
Total recognised gains		**269,696**	330,087

BURT BOULTON & HAYWOOD LIMITED

BALANCE SHEET
AS AT 31 December 2012

	Notes	2012	2011
		£	£
Fixed assets			
Investments	9	**5,101**	505,100
Tangible assets	10	**1,378,394**	1,611,923
		1,383,495	2,117,023
Current assets			
Assets held for resale	11	**91,200**	91,200
Stocks	12	**3,795,684**	3,587,202
Debtors	13	**1,410,307**	1,314,931
Cash at bank and in hand		**9,097**	463,335
		5,306,288	5,456,668
Creditors: amounts falling due within one year	15	**3,214,406**	(4,245,626)
Net current assets		**2,091,882**	1,211,042
Total assets less current liabilities		**3,475,377**	3,328,065
Creditors amounts falling due after more than one year	16	**(364,694)**	(455,868)
Provisions for liabilities and charges	17	**(13,302)**	(26,702)
Net assets – excluding pension liability		**3,097,381**	2,845,495
Net pension liability	21	**(47,440)**	(65,250)
Net assets – including pension liability`		**3,049,941**	2,780,245
Capital and reserves			
Called up share capital	18	**8,000,002**	8,000,002
Profit and loss account	19	**(4,950,061)**	(5,219,757)
Total shareholders' funds	20	**3,049,941**	2,780,245

These financial statements on page 9 to 24 were approved by the board of directors and signed on its behalf by

W Clason
Director
Burt Boulton & Haywood Limited
12th September 2013

Registered number 3540326

The notes on pages 12 to 24 are an integral part of these financial statements

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2012

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, Metsaliitto Co-operative The subsidiary of the Company is dormant, and therefore would not be material for consolidated financial statements if prepared

The directors have reviewed the financial position of the company at the balance sheet date, as well as forecasts for twelve months from the date of signing these accounts and conclude that the going concern basis of preparation is appropriate

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 that 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

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 December 2012

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

2 TURNOVER

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

3 OPERATING PROFIT

Operating profit is stated after charging/(crediting)	2012 £	2011 £
Depreciation	**302,368**	300,582
Lease costs - Land and buildings	**215,003**	214,876
- Machinery	**51,049**	34,284
Amortisation of deferred income (note 16)	**(91,174)**	(91,173)
Profit on sale of tangible fixed assets	**500**	-

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

	2012 £	2011 £
Fees payable for the audit of the company	**23,133**	16,250
Fees paid for other services – tax compliance	**1,850**	5,700

4 EMPLOYEES

Employee costs including directors	2012 £	2011 £
Wages and salaries	**879,781**	852,763
Social security costs	**82,167**	80,614
Other pension costs	**108,360**	50,666
	1,070,308	984,043

The average monthly number of employees including directors was

	2012 Number	2011 Number
Production	**22**	23
Management and administration	**10**	10
	32	33

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 December 2012

5 DIRECTORS' EMOLUMENTS

	2012	2011
	£	£
Aggregate directors' emoluments	**88,864**	87,041

Retirement benefits are accruing for W Clason under the Metsa Wood UK Limited group's defined benefit pension scheme Aggregate pension contributions paid by the company in respect of the services of this director of £15,650 (2010 £12,464) are included in the aggregate emoluments above

The emoluments of R Allan were paid by the parent company The emoluments were deemed to be wholly attributable to his services to the parent company, and no recharge was 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 (2011 £nil)

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Interest on bank overdraft	**14,033**	12,037

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2012	2011
	£	£
Bank interest receivable	-	612
FRS 17 finance income (note 21)	**14,000**	10,000
	14,000	10,612

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 December 2012

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2012	2011
	£	£
Current tax:		
UK corporation tax charge at 24 5% on profit for the year (2011 26 5%)	-	44
Total current tax charge	-	44
Deferred tax:		
Origination and reversal of timing differences	64,832	101,713
Pension cost relief in excess of pension charge	-	17,219
Adjustment in respect of previous periods	84	1,621
Changes in tax rates	8,974	15,863
Total deferred tax charge	73,890	136,416
Tax charge on profit on ordinary activities	73,890	136,460

(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

	2012	2011
	£	£
Profit on ordinary activities before taxation	302,776	484,547
Profit on ordinary activities multiplied by rate of corporation tax of 24 5% (2011 26 5%)	74,172	128,357
Income not deductible for tax purposes	(10,134)	(9,010)
Accelerated capital allowances	36,336	7,599
Other Timing Differences	4,290	(18,919)
Utilisation of tax losses	(104,664)	(107,970)
Effects of other tax rates / credits	-	(13)
Current tax charge for the year	-	44

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 December 2012

9 FIXED ASSET INVESTMENT

	2012	2011
	£	£
Investment in subsidiary	1	500,000
Investment in associated company	5,100	5,100
	5,101	505,100

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 During the year the share capital was reduced from £500,000 to £1 and the value of the investment is supported by inter-company debt due to the subsidiary from he Company Application has been made to Companies House to wind up Timbera Limited

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

10 TANGIBLE ASSETS

	Short leasehold property	Plant and equipment	Total
	£	£	£
Cost			
At 1 January 2011	1,341,374	3,362,659	4,704,033
Additions		68,839	68,839
Disposals	-	(17,319)	(17,319)
As at 31 December 2012	**1,341,374**	**3,414,179**	**4,755,553**
Accumulated depreciation			
At 1 January 2011	389,872	2,702,238	3,092,110
Charge for the year	25,621	276,747	302,368
Disposals	-	(17,319)	(17,319)
As at 31 December 2012	**415,493**	**2,961,666**	**3,377,159**
Net book value			
At 31 December 2012	925,881	452,513	1,378,394
At 31 December 2011	951,502	660,421	1,611,923

11 ASSETS HELD FOR RESALE

	Freehold land and buildings £
At 1 January 2012 and 31 December 2012	**91,200**

12 STOCKS

	2012 £	2011 £
Raw materials and consumables	**2,419,796**	2,311,061
Finished goods	**1,375,888**	1,276,141
	3,795,684	3,587,202

13 DEBTORS

	2012 £	2011 £
Trade debtors	**1,058,665**	1,051,958
Other debtors	**44,770**	44,770
Deferred tax asset (note 14)	**149,363**	149,363
Prepayments and accrued income	**147,509**	68,840
Short Term Loan	**10,000**	-
	1,410,307	1,314,931

14 DEFERRED TAX

	Capital Allowances & Other Timing Differences £	Pension scheme deficit £	**Total £**
Asset at 1 January 2012	(149,363)	(21,750)	**(171,113)**
Charged to profit and loss account	71,637	2,170	**73,807**
Adjustments in respect of prior years	83	-	**83**
Actuarial movements			
Movement in current year	-	12,190	**12,190**
Asset at 31 December 2012	**(77,643)**	**(7,390)**	**(85,033)**

There are no unrecognised deferred tax assets (2011 £nil)

15 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Bank overdraft (see below)	**1,058,988**	1,131,167
Trade creditors	**1,506,845**	1,975,529
Amounts owed to group companies	**25,855**	516,886
Other creditors	**7,509**	6,056
Taxation and social security	**452,923**	365,256
Accruals and deferred income	**162,286**	250,732
	3,214,406	4,245,626

The bank overdraft is unsecured

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

	2012 £	2011 £
At 1 January 2012	**455,868**	547,041
Released to profit and loss account	**(91,174)**	(91,173)
At 31 December 2012	**364,694**	455,868

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Restoration £
As at 1 January 2012	26,702
Charged to profit and loss account	48,000
Utilised	(61,400)
At 31 December 2012	**13,302**

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 dependent on site surveys commissioned at periodic intervals

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 December 2012

18 CALLED UP SHARE CAPITAL

The share capital comprises		2012	2011
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
		50,000,000	50,000,000
Issued	8,000,000 preference shares of £1 each	**8,000,000**	8,000,000
	2 ordinary shares of £1 each	**2**	2
		8,000,002	8,000,002

All ordinary and preference shares are held by Metsaliitto 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

19 PROFIT AND LOSS ACCOUNT

	£
As at 1 January 2012	(5,219,757)
Profit for the financial year	228,886
Actuarial loss on pension scheme	53,000
Movement on deferred tax relating to pension deficit	(12,190)
At 31 December 2012	**4,950,061**

20 PROFIT AND LOSS ACCOUNT

	2012 £	2011 £
Profit for the financial year	**228,886**	348,087
Actuarial gain/ (loss) on pension scheme	**53,000**	(24,000)
Movement on deferred tax relating to actuarial (loss)/gain on pension scheme	**(12,190)**	6,000
Net increase in shareholders' funds	**269,696**	330,087
Opening shareholders' funds	**2,780,245**	2,450,158
Closing shareholders' funds	**3,049,941**	2,780,245

21 PENSIONS

The company participates in the Metsa Wood 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

Metsa Wood UK Pension Plan – Defined Contribution Scheme
The pension cost for the scheme, which represents contributions payable by Burt Boulton & Haywood Limited, amounted to £5,396 (2011 £5,816) There were £542 of outstanding contributions at the balance sheet date (2011 £486)

Group Personal Pension Plan
The pension cost for the scheme, which represents contributions payable by Burt Boulton & Haywood Limited, amounted to £9,850 (2011 £9,850) There were £1,297 of outstanding contributions at the balance sheet date (2011 £843)

Metsa Wood UK Pension Plan – Defined Benefit Scheme
The Company participates in the Finnforest UK Limited Pension Plan which is a defined benefit pension scheme An analysis of the Company's share of the Plan's financial position was carried out as at 31st December 2012 by a qualified independent actuary

The present value of the liabilities in respect of Burt Boulton and Haywood Ltd's share of the Finnforest UK Pension Plan is measured by discounting the best estimate of future cash flows to be paid out by the plan using the projected unit method using updated membership information

FRS 17 retirement benefits

Assumptions
A valuation of the Metsa Wood pension scheme was carried out at 31 December 2012 by PricewaterhouseCoopers LLP The major assumptions used were

	As at 31 December 2012	As at 31 December 2011	As at 31 December 2010
Inflation (RPI)	**2.8%**	3 0%	3 5%
Inflation (CPI)	**2.0%**	2 0%	n/a
Salary increases	**2.5%**	3 0%	4 5%
Rates of discount	**4.35%**	4 7%	5 4%
Pension in payment increases	**2.8%**	3 0%	3 5%
Expected Return on Scheme Assets	**5.34%**	5 52%	5 13%

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The mortality assumptions adopted at 31 December 2012 are 110% of the standard tables PNXA00 These imply the following life expectancies

	As at 31 December 2012	As at 31 December 2011
Male currently aged 65 in 2011	**22.4**	22 2
Female currently aged 65 in 2011	**25.0**	25 0
Male retiring at age 65 in 2031	**23.7**	23 2
Female retiring at age 65 in 2031	**26.0**	26 0

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

Assets

	As at 31 December 2012 £	As at 31 December 2011 £	As at 31 December 2010 £
Equities	**663,000**	849,000	690,000
Bonds	**837,000**	1,244,000	831,000
Property	**163,000**	212,000	173,000
Cash	**10,000**	15,000	28,000
	1,673,000	2,320,000	1,722,000
Present value of scheme liabilities	**(1,724,000)**	(2,407,000)	(1,850,000)
Pension deficit	**(51,000)**	(87,000)	(128,000)
Deferred tax asset	**7,390**	21,750	34,560
Net pension deficit	**(43,610)**	(65,250)	(93,440)

The expected return on plan assets is a blended average of projected long-term returns for the various asset classes for the Plan as a whole Equity returns are developed based on the selection of an equity risk premium above the risk free rate, which is measured by reference to the yield on government bonds Bond returns are determined by reference to the long-term yields available on the appropriate class of bond

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

	31 December 2012 £	31 December 2011 £
Current service cost	**37,000**	35,000

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

	31 December 2012 £	31 December 2011 £
Expected return on pension scheme assets	**128,000**	110,000
Interest on pension scheme liabilities	**(114,000)**	(100,000)
Net interest (payable)/receivable and similar charges	**14,000**	10,000

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

	31 December 2012 £000	31 December 2011 £000
Scheme liabilities at start of year	**2,407**	1,850
Current service cost	**37**	35
Interest cost	**113**	100
Contributions by scheme participants	**4**	7
Actuarial (gains)/losses	**(858)**	63
Benefits paid and death in service insurance premiums	**21**	(19)
Adjustment for Metsa Wood Limited membership	**-**	371
Scheme liabilities at end of year	**1,724**	2,407

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

	31 December 2012 £000	31 December 2011 £000
Fair value of scheme assets at start of year	**2,320**	1,722
Expected return on scheme assets	**128**	110
Actuarial (losses)/gains	**(806)**	39
Contributions by employer	**6**	90
Contributions by scheme participants	**4**	7
Benefits paid and death in service insurance premiums	**21**	(19)
Adjustment for Metsa Wood Limited membership	**-**	371
Fair value of scheme assets at end of year	**1,673**	2,320

The actual return on the scheme assets over the year ending 31 December 2012 was £678,000(2011 £148,847)

22 OPERATING LEASE COMMITMENTS

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

	2012	**2012**	2011	2011
	Land and Buildings	**Vehicles, plant and equipment**	Land and Buildings	Vehicles, plant and equipment
	£	**£**	£	£
Within one year		**34,284**	-	34,284
Within two to five years		**40,236**	-	-
After five years	**215,003**		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 Metsaliitto 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 Metsaliitto Co-operative

24 IMMEDIATE AND ULTIMATE PARENT UNDERTAKING AND RELATED PARTIES

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