Registered number: 03540326

BURT BOULTON & HAYWOOD LIMITED

STRATEGIC REPORT, DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

CONTENTS

BURT BOULTON & HAYWOOD LIMITED

COMPANY INFORMATION

DIRECTOR	W Clason
COMPANY SECRETARY	D J Clason
REGISTERED NUMBER	03540326
REGISTERED OFFICE	Alexandra Docks Newport South Wales NP20 2WA
INDEPENDENT AUDITOR	KPMG LLP Chartered Accountants and Statutory Auditors 1 Forest Gate Brighton Road Crawley RH11 9PT
BANKERS	Nordea Bank 5th Floor City Place House 55 Basinghall Street London EC2V 5NB

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The director presents the Strategic Report for Burt Boulton & Haywood Limited (the "company") for the year ended 31 December 2013.

BUSINESS REVIEW

The company has experienced a strong performance in the year with an increase in turnover of £2,523k (20.9%) and an increase in profit for the financial year of £82k (36.0%). This has principally been driven by increased demand in the utility sector.

The company had net current assets of £2,430k at 31 December 2013 which is a 16.2% increase on the prior year net current assets balance of £2,091k.

We anticipate that volumes across business streams will be maintained for 2014.

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 the Biocidal Products (preservatives) Regulations.

Competition
The company operates in a competitive market, and to reduce this risk the company works with its customers and suppliers to ensure that the company's products meet their needs in order to retain their custom. If necessary the company then adjusts its strategy to better meet the customer's needs.

Future legislation relating to Biocidal Products (preservatives)
The company utilises certain wood preservative products which may be subject to future legislative changes – such legislation includes the Biocidal Products Regulation (BPR). Under the BPR wood preservatives are authorised for a period of 5 to 10 years. One of the preservatives used by the company is classed as 'products for substitution', namely creosote. The company is mitigating this risk by researching alternative wood preservatives that meet BPR criteria as well as researching alternative materials that would be acceptable to the utility sector.

FINANCIAL KEY PERFORMANCE INDICATORS

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 on ordinary activities before taxation. The company has recognised turnover of £14,607k (2012: £12,084k) and profit on ordinary activities before tax of £403k (2012: £302k).

This report was approved by the board on 16th September 2014 and signed on its behalf by:

W. Clason.

W Clason
Director

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The director presents his annual report and the audited financial statements for Burt Boulton & Haywood Limited (the "company") for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the company is the manufacture of telegraph and transmission poles and related timber preservation.

RESULTS AND DIVIDENDS

The profit for the year amounted to £310k (2012: £228k).

The director does not recommend payment of a dividend (2012: £Nil). The profit for the year has been transferred to reserves.

DIRECTOR

The director who served during the year and up to the date of signing the financial statements was:

W Clason

FUTURE DEVELOPMENTS

The future developments of the company are discussed in the Strategic Report on page 2.

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 but none have been utilised in the current year.

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

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.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Strategic Report and Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 AUDITOR

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

INDEPENDENT AUDITORS

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16th September 2014 and signed on its behalf by:

W. Clason.

W Clason
Director

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

We have audited the financial statements of Burt Boulton and Haywood Limited for the year ended 31st December 2013, set out on pages 7 to 22. 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 Director's Responsibilities Statement set out on page 4, the director is 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 2013 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 Strategic Report and Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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 director's 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
Chartered Accountants and Statutory Auditors
Crawley

Date: 17 September 2014

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £000	2012 £000
TURNOVER	1,2	**14,607**	12,084
Cost of sales		**(12,275)**	(9,957)
GROSS PROFIT		**2,332**	2,127
Distribution costs		**(1,166)**	(933)
Administrative expenses		**(761)**	(892)
OPERATING PROFIT	3	**405**	302
Interest payable and similar charges	7	**(18)**	(14)
Other finance income	8	**16**	14
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**403**	302
Tax on profit on ordinary activities	9	**(93)**	(74)
PROFIT FOR THE FINANCIAL YEAR	20	**310**	228

All amounts relate to continuing operations.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

The notes on pages 10 to 22 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £000	2012 £000
PROFIT FOR THE FINANCIAL YEAR		**310**	228
Actuarial gain related to pension scheme	22	**137**	53
Deferred tax attributable to actuarial gain	22	**(28)**	(12)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		**419**	269

The notes on pages 10 to 22 form part of these financial statements.

BURT BOULTON & HAYWOOD LIMITED
REGISTERED NUMBER: 03540326

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£000	2013 £000	£000	2012 £000
FIXED ASSETS					
Tangible assets	11		**1,200**		1,378
Investments	10		**5**		5
			1,205		1,383
CURRENT ASSETS					
Fixed assets held for sale		**136**		91	
Stocks	13	**4,636**		3,796	
Debtors	14	**1,533**		1,410	
Cash at bank and in hand		**152**		9	
		6,457		5,306	
CREDITORS: amounts falling due within one year	15	**(4,027)**		(3,215)	
NET CURRENT ASSETS			**2,430**		2,091
TOTAL ASSETS LESS CURRENT LIABILITIES			**3,635**		3,474
CREDITORS: amounts falling due after more than one year	16		**(274)**		(365)
PROVISIONS FOR LIABILITIES					
Other provisions	18		**(20)**		(13)
NET ASSETS EXCLUDING PENSION SCHEME ASSETS/(LIABILITIES)			**3,341**		3,096
Defined benefit pension scheme asset/(liability)	22		**127**		(47)
NET ASSETS INCLUDING PENSION SCHEME ASSETS/(LIABILITIES)			**3,468**		3,049
CAPITAL AND RESERVES					
Called up share capital	19		**8,000**		8,000
Profit and loss account	20		**(4,532)**		(4,951)
TOTAL SHAREHOLDERS' FUNDS	21		**3,468**		3,049

The financial statements on pages 7 to 22 were approved and authorised for issue by the board and were signed on its behalf on 16th September 2014 by:

W. Clason.

W Clason
Director

The notes on pages 10 to 22 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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 director has 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.

1.2 Cash flow

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.

1.3 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.

1.4 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.

1.5 Investments in associates

Investments in associates 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.

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less 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 at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives. For short term leasehold properties, the depreciation period is not longer that the length of the lease.

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

1.7 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.

1.8 Operating leases

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

1.9 Current and deferred taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

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.

1.10 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.

1. ACCOUNTING POLICIES (continued)

1.11 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.

1.12 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.

1.13 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.

2. TURNOVER

All turnover arises in the United Kingdom and relates to the principal activity.

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2013 £000	2012 £000
Depreciation of tangible fixed assets:		
- owned by the company	**292**	302
Operating lease rentals:		
- plant and machinery	**76**	51
- land and buildings	**297**	215
Difference on foreign exchange	**(42)**	-
Loss on sale of tangible assets	**-**	1
Amortisation of deferred income (note 15)	**(91)**	(91)

4. AUDITORS' REMUNERATION

	2013 £000	2012 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**16**	23
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	**6**	2

5. STAFF COSTS

Staff costs, including director's remuneration, were as follows:

	2013 £000	2012 £000
Wages and salaries	**845**	953
Social security costs	**76**	82
Other pension costs (Note 22)	**86**	124
	1,007	1,159

The average monthly number of employees, including the director, during the year was as follows:

	2013 Number	2012 Number
Production	**22**	22
Management and administration	**9**	10
	31	32

6. DIRECTOR'S REMUNERATION

	2013 £000	2012 £000
Aggregate emoluments	**82**	73

During the year retirement benefits were accruing to 1 director (2012: 1) in respect of defined benefit pension schemes.

Retirement benefits are accruing for W Clason under the Metsa Wood UK Limited group's defined benefit pension scheme. Aggregate pension contributions of £17,268 (2012: £15,650) were paid by the company in respect of the services of this director.

7. INTEREST PAYABLE

	2013 £000	2012 £000
Interest on bank overdraft	**18**	14

8. OTHER FINANCE INCOME

	2013 £000	2012 £000
Expected return on pension scheme assets	**91**	128
Interest on pension scheme liabilities	**(75)**	(114)
	16	14

9. TAX ON PROFITS ON ORDINARY ACTIVITIES

	2013 £000	2012 £000
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	75	-
Deferred tax		
Origination and reversal of timing differences	13	65
Change in tax rates	9	9
Adjustments in respect of previous years	(4)	-
Total deferred tax (see note 17)	18	74
Tax on profit on ordinary activities	93	74

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012: lower than) the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £000	2012 £000
Profit on ordinary activities before tax	403	302
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	94	74
Effects of:		
Expenses not deductible for tax purposes	(6)	(9)
Accelerated capital allowances	32	36
Utilisation of tax losses	(29)	(105)
Other timing differences	(16)	4
Current tax charge for the year	75	-

Factors that may affect future tax charges

The March 2013 Budget Statement announced changes to the UK Corporation tax rates that were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These reduced the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. As the changes have been substantively enacted at the balance sheet date their effects are included in these financial statements. Accordingly, the deferred tax balance has been calculated using a rate of 20%. No further changes to future tax rates were announced in the March 2014 Budget Statement on 19 March 2014.

10. FIXED ASSET INVESTMENTS

	Investments in associates £000
Cost or valuation	
At 1 January 2013 and 31 December 2013	5
Net book value	
At 31 December 2013	5
At 31 December 2012	5

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

In 2012, the investment in subsidiary undertakings with a net book value of £1 related to the shares held in Timbera Limited, Company Number 441153, registered in England and Wales. Timbera Limited was wound up in 2013 and the investment has therefore been written off with a charge to the Profit and Loss Account.

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.

11. TANGIBLE FIXED ASSETS

	Short leasehold property £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2013	1,341	3,414	4,755
Additions	79	35	114
Written off	(82)	(107)	(189)
At 31 December 2013	1,338	3,342	4,680
Depreciation			
At 1 January 2013	415	2,962	3,377
Charge for the year	26	266	292
On disposals	(82)	(107)	(189)
At 31 December 2013	359	3,121	3,480
Net book value			
At 31 December 2013	979	221	1,200
At 31 December 2012	926	452	1,378

12. FIXED ASSETS HELD FOR SALE

	2013 £000	2012 £000
Freehold land and buildings	**136**	91

13. STOCKS

	2013 £000	2012 £000
Raw materials and consumables	**3,595**	2,420
Finished goods	**1,041**	1,376
	4,636	3,796

The difference between purchase price or production cost of stocks and their replacement cost is not material.

14. DEBTORS

	2013 £000	2012 £000
Trade debtors	**1,381**	1,059
Short term loan	**-**	10
Other debtors	**6**	45
Prepayments and accrued income	**79**	219
Deferred tax asset (see note 17)	**67**	77
	1,533	1,410

15. CREDITORS:
Amounts falling due within one year

	2013 £000	2012 £000
Bank loans and overdrafts	**2,304**	1,059
Trade creditors	**924**	1,507
Amounts owed to group undertakings	**26**	26
Taxation and social security	**619**	453
Other creditors	**11**	8
Accruals and deferred income	**143**	162
	4,027	3,215

The bank overdraft is unsecured.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

16. CREDITORS:
Amounts falling due after more than one year

	2013 £000	2012 £000
Reimbursement of costs for site relocation	**274**	365

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.

17. DEFERRED TAX ASSET

	2013 £000	2012 £000
At beginning of year	**77**	149
Charged to Profit and Loss Account	**(10)**	(72)
At end of year	**67**	77

Deferred tax liability relating to pension surplus:

	2013 £000	2012 £000
At beginning of year	**4**	22
Deferred tax charged in Profit and Loss Account	**(8)**	(6)
Deferred tax charged in Statement of Total Recognised Gains and Losses	**(28)**	(12)
At beginning and end of year	**(32)**	4

The deferred tax asset is made up as follows:

	2013 £000	2012 £000
Accelerated capital allowances	**63**	40
Tax losses carried forward	**-**	29
Short term trading differences	**4**	8
	67	77

There are no unrecognised deferred tax assets (2012: £Nil).

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Restoration £000
At 1 January 2013	13
Charged to Profit and Loss Account	48
Utilised	(41)
At 31 December 2013	20

Restoration

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.

19. CALLED UP SHARE CAPITAL

	2013 £	2012 £
Called up and fully paid		
2 (2012: 2) Ordinary shares of £1 (2012: £1) each	2	2
8,000,000 (2012: 8,000,000) Preference shares of £1 (2012: £1) each	8,000,000	8,000,000
	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 FRS 25 has been disclosed within equity.

20. RESERVES

	Profit and loss account £000
At 1 January 2013	(4,951)
Profit for the financial year	310
Pension reserve movement	109
At 31 December 2013	(4,532)

The closing balance on the Profit and loss account includes a £127k (2012: £47k) debit (2012: credit), stated after deferred taxation of £32k (2012: £4k), in respect of pension scheme liabilities of the company pension scheme.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £000	2012 £000
Opening shareholders' funds	**3,049**	2,780
Profit for the financial year	**310**	228
Other recognised gains and losses during the year	**109**	41
Closing shareholders' funds	**3,468**	3,049

22. PENSION COMMITMENTS

The company contributes to a defined contributions pension scheme

Group Personal Pension Plan
The pension cost for the scheme, which represents contributions payable by Burt Boulton & Haywood Limited, amounted to £51,405 (2012: £9,850). There were £6,258 of outstanding contributions at the balance sheet date (2012: £1,297).

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 £Nil (2012: £5,396). There were £Nil of outstanding contributions at the balance sheet date (2012: £542).

The company also contributes to a Defined benefit pension scheme.

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 31 December 2013 by a qualified independent actuary.

The present value of the liabilities in respect of Burt Boulton & Haywood Limited'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.

The amounts recognised in the Balance sheet are as follows:

	2013 £000	2012 £000
Present value of funded obligations	**(1,851)**	(1,724)
Fair value of scheme assets	**2,010**	1,673
Surplus/(deficit) in scheme	**159**	(51)
Related deferred tax asset	**(32)**	4
Net asset/(liability)	**127**	(47)

22. PENSION COMMITMENTS (continued)

The amounts recognised in profit or loss are as follows:

	2013 £000	2012 £000
Current service cost	**(34)**	(37)
Interest on obligation	**(75)**	(114)
Expected return on scheme assets	**91**	128
Total	**(18)**	(23)

Movements in the present value of the defined benefit obligation were as follows:

	2013 £000	2012 £000
Opening defined benefit obligation	**1,724**	2,407
Current service cost	**34**	37
Interest cost	**75**	114
Contributions by scheme participants	**7**	4
Actuarial Losses/(gains)	**33**	(817)
Benefits paid	**(22)**	(21)
Closing defined benefit obligation	**1,851**	1,724

Changes in the fair value of scheme assets were as follows:

	2013 £000	2012 £000
Opening fair value of scheme assets	**1,673**	2,320
Expected return on assets	**91**	128
Actuarial gains and (losses)	**170**	(764)
Contributions by employer	**91**	6
Contributions by scheme participants	**7**	4
Benefits paid and death in service insurance premiums	**(22)**	(21)
	2,010	1,673

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2013	2012
Equities	**40.35 %**	39.63 %
Bonds	**49.20 %**	50.03 %
Property	**10.10 %**	9.74 %
Cash	**0.35 %**	0.60 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2013	2012
Discount rate at 31 December	**4.45 %**	4.35 %
Expected return on scheme assets at 31 December	**5.75 %**	5.34 %
Future salary increases	**2.40 %**	2.50 %
Future pension increases	**3.40 %**	2.80 %
Inflation (RPI)	**3.40 %**	2.80 %
Inflation (CPI)	**2.40 %**	2.00 %

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

22. PENSION COMMITMENTS (continued)

The mortality assumptions adopted at 31 December 2013 are those of the standard tables S1PXA. These imply the following life expectancies:

	As at 31 December 2013	As at 31 December 2012
Male currently aged 65 in 2012	**22.0**	22.4
Female currently aged 65 in 2012	**23.4**	25.0
Male currently aged 65 in 2031	**24.2**	23.7
Female currently aged 65 in 2031	**25.7**	26.0

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Defined benefit obligation	**(1,851)**	(1,724)	(2,407)	(1,850)	-
Scheme assets	**2,010**	1,673	2,320	1,722	-
Surplus/(deficit)	**159**	(51)	(87)	(128)	-
Experience adjustments on scheme liabilities	**(33)**	-	(63)	(35)	-
Experience adjustments on scheme assets	**170**	(764)	39	125	-

23. OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			**Other**
	2013 £000	2012 £000	**2013 £000**	2012 £000
Expiry date:				
Within 1 year	**-**	-	**80**	34
Between 2 and 5 years	**-**	-	**62**	40
After more than 5 years	**255**	215	**-**	-

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

24. 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.

25. 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.