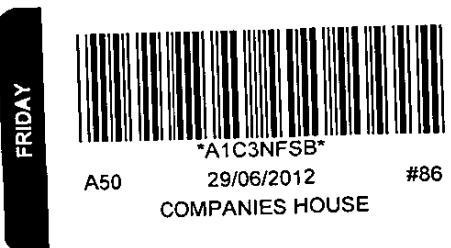


## **Scapa (No. 2) Limited**

### **Directors' report and financial statements for the year ended 31 March 2012**



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## **Scapa (No. 2) Limited**

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### **Company Information**

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<b>Directors</b>	M Fowler P Edwards
<b>Company secretary</b>	P Edwards
<b>Company number</b>	4003589
<b>Registered office</b>	Manchester Road Ashton Under Lyne Manchester OL7 0ED
<b>Auditors</b>	Deloitte LLP Chartered Accountants and Registered Auditor 2 Hardman Street Manchester M3 3HF

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**Scapa (No. 2) Limited**

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**Contents**

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	Page
<b>Directors' report</b>	1 - 3
<b>Independent auditor's report</b>	4 - 5
<b>Profit and loss account</b>	6
<b>Balance sheet</b>	7
<b>Notes to the financial statements</b>	8 - 12

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## **Scapa (No. 2) Limited**

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### **Directors' report for the year ended 31 March 2012**

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

#### **Directors' responsibilities statement**

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, 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.

#### **Principal activities, review of the business and future prospects**

The principal activity of the company is to act as a financing company within the Scapa Plc Group, a group that is engaged in the manufacture of adhesive foams and specialist tapes into the industrial, healthcare and electronics markets. There have not been any significant changes in the company's principal activities in the year under review and the directors are not aware at the date of this report, of any likely major changes in the next year.

#### **Results and dividends**

The profit for the year, after taxation, amounted to \$3,870,299 (2011: \$2,238,578) and was transferred to reserves (2011: same). The position of the company at the year end is shown on page 7.

The directors are unable to recommend the payment of a dividend (2011: same).

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## **Scapa (No. 2) Limited**

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### **Directors' report for the year ended 31 March 2012**

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#### **Directors**

The directors who served during the year were

M Fowler  
P Edwards (appointed 31 March 2012)  
M Stirzaker (resigned 31 March 2012)

#### **Disclosure of information to auditor**

Each of the persons who are a director of the company at the date of this report confirms that

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

#### **Principal risks and uncertainties**

##### **Financial risk management**

The principal risks and uncertainties of the Scapa Group plc, which include those of the company, are discussed in the business review in the group's annual report which does not form part of this report. The directors of Scapa Group plc manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of Scapa (No. 2) Limited's business.

##### **Auditor**

Deloitte LLP were appointed as auditor during the year to fill a casual vacancy. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

##### **KPIs**

No KPIs had been used during the year as the management deemed metrics on non-trading companies irrelevant.

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## **Scapa (No. 2) Limited**

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### **Directors' report for the year ended 31 March 2012**

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#### **Functional currency**

The financial statements are presented in US dollars as, in the opinion of the directors, this is the currency of the primary economic environment in which the company operates and generates cash flows

#### **Going Concern**

The directors have considered the economic environment in which the business operates and the factors affecting the current and future performance and prospects of the business as set out in their report. The covenant conditions on the facility are linked to the Group position. The directors have considered the ability of the Group to comply with these, and the economic uncertainties which may impact these forecasts. Based on the company's forecasts facilities available to it and having considered the opportunities and risks facing it the directors have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in the preparation of the accounts.

This report was approved by the board on 1 June 2012 and signed on its behalf



**M Fowler**  
Director

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## **Scapa (No. 2) Limited**

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### **Independent auditors' report to the shareholders of Scapa (No. 2) Limited**

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We have audited the financial statements of Scapa (No. 2) Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report 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 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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## Scapa (No. 2) Limited

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### Independent auditors' report to the shareholders of Scapa (No. 2) Limited

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#### 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



Patrick Loftus (Senior statutory auditor)

for and on behalf of

**Deloitte LLP**

Chartered Accountants and Statutory Auditor

Manchester, United Kingdom

1 June 2012



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**Scapa (No. 2) Limited**

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**Profit and loss account  
for the year ended 31 March 2012**

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	Note	2012 \$	2011 \$
Exchange rate movement on group relief		<u>4,908</u>	<u>(72,558)</u>
<b>OPERATING PROFIT/(LOSS)</b>	2	<b>4,908</b>	<b>(72,558)</b>
Interest receivable and similar income	3	<b>4,042,988</b>	3,530,071
Interest payable and similar charges	4	<b>(136,144)</b>	-
Other finance costs	4	<u><b>(17,600)</b></u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>3,894,152</b>	<b>3,457,513</b>
Tax on profit on ordinary activities	5	<u><b>(23,853)</b></u>	<u><b>(1,218,935)</b></u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>3,870,299</b></u>	<u><b>2,238,578</b></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account for the year. Accordingly, a separate statement of total recognised gains and losses has not been prepared.

The notes on pages 8 to 12 form part of these financial statements.

**Scapa (No. 2) Limited**  
**Registered number: 4003589**

**Balance sheet**  
**as at 31 March 2012**

	Note	\$	2012 \$	\$	2011 \$
<b>CURRENT ASSETS</b>					
Debtors	6	109,156,512		68,864,997	
<b>CREDITORS:</b> amounts falling due within one year	7	(29,584)		(805,968)	
<b>NET CURRENT ASSETS</b>			<b>109,126,928</b>		<b>68,059,029</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>109,126,928</b>		<b>68,059,029</b>
<b>CREDITORS:</b> amounts falling due after more than one year	8		(14,697,600)		-
<b>NET ASSETS</b>			<b>94,429,328</b>		<b>68,059,029</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		68,500,001		46,000,001
Share premium account	10		39,428,700		39,428,700
Profit and loss account	10		(13,499,373)		(17,369,672)
<b>SHAREHOLDERS' FUNDS</b>	11		<b>94,429,328</b>		<b>68,059,029</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 June 2012



**M Fowler**  
Director

The notes on pages 8 to 12 form part of these financial statements

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## Scapa (No. 2) Limited

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### Notes to the financial statements for the year ended 31 March 2012

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#### 1 Accounting policies

##### 1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

##### 1.2 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors Report on pages 1-3

##### 1.3 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

##### 1.4 Functional currency

The financial statements are presented in US dollars as the directors consider that this is the currency of the primary economic environment in which the entity operates and in which cash flows are generated

##### 1.5 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rate of exchange ruling at the balance sheet date

##### 1.6 Cash flow

As permitted by FRS1 'Cash Flow Statements', the company has not produced a cash flow statement as the company is a wholly owned subsidiary of Scapa Group plc, whose consolidated financial statements include a consolidated cash flow statement and are publicly available

##### 1.7 Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

##### 1.8 Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes

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## Scapa (No. 2) Limited

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### Notes to the financial statements for the year ended 31 March 2012

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#### 2. Operating profit/(loss)

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

	2012 \$	2011 \$
Exchange rate movements on group relief	<u>(4,908)</u>	<u>72,558</u>

During the current or preceding financial year there were no employees, other than the directors. The directors' remuneration and the audit fee for the audit of the financial statements were both borne by a fellow group company in the current and prior year. No amounts were recharged because a fair apportionment is not possible as services are provided to multiple entities.

#### 3. Interest receivable

	2012 \$	2011 \$
Interest receivable from group companies	<u>4,042,988</u>	<u>3,530,071</u>

#### 4. Interest payable

	2012 \$	2011 \$
On bank loans and overdrafts	<u>136,144</u>	<u>-</u>

#### 5. Taxation

	2012 \$	2011 \$
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profit for the year	1,005	787,194
Adjustments in respect of prior periods	<u>22,848</u>	<u>431,741</u>
<b>Tax on profit on ordinary activities</b>	<u>23,853</u>	<u>1,218,935</u>

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## Scapa (No. 2) Limited

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### Notes to the financial statements for the year ended 31 March 2012

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#### 5. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - higher than) the standard rate of corporation tax in the UK of 26% (2011 - 28%) The differences are explained below

	2012 \$	2011 \$
Profit on ordinary activities before tax	<u>3,894,152</u>	<u>3,457,513</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	1,012,480	968,104
<b>Effects of.</b>		
Non-deductible/(non-taxable) interest from debt cap adjustment	(1,011,204)	(182,285)
Adjustments to tax charge in respect of prior periods	22,848	431,741
Foreign exchange movement	(271)	1,375
<b>Current tax charge for the year</b> (see note above)	<u>23,853</u>	<u>1,218,935</u>

#### 6. Debtors

	2012 \$	2011 \$
<b>Due after more than one year</b>		
Amounts owed by parent undertakings	58,352,512	53,060,997
Amounts owed by fellow subsidiary undertakings	50,804,000	15,804,000
	<u>109,156,512</u>	<u>68,864,997</u>

Amounts owed by the parent undertaking is a loan with a term running to 31 March 2016 The loan is unsecured and carries interest at a variable rate

Amounts owed by the fellow subsidiary undertakings are loans with terms running to 31 March 2018 and carry interest at a variable rate

#### 7. Creditors: Amounts falling due within one year

	2012 \$	2011 \$
Group relief payable to parent company	1,277	805,968
Accruals and deferred income	28,307	-
	<u>29,584</u>	<u>805,968</u>

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## Scapa (No. 2) Limited

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### Notes to the financial statements for the year ended 31 March 2012

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**8. Creditors:**  
**Amounts falling due after more than one year**

	2012 \$	2011 \$
Bank loans	<u>14,697,600</u>	<u>-</u>

Included within the above are amounts falling due as follows

	2012 \$	2011 \$
<b>Between two and five years</b>		
Bank loans	<u>14,697,600</u>	<u>-</u>

During the year the Company along with other subsidiaries the Group entered into a £20 0m multi-currency facility. The principal features of this facility are -

- the members may borrow up to £20 0m subject to satisfaction of the requirements of the facility
- it is unsecured
- it is repayable in June 2015
- the margin on the loan is based on a sliding scale determined by the Group's leverage, it is currently 1 75% above US Libor
- the Group has in place a cross guarantee between the Parent Company and its main trading subsidiaries in respect of the facility obligations

To allow for the acquisition of WEBTEC, £9 4m (US\$15 0m) was drawn down in US Dollars and remains drawn at the Balance Sheet date. The bank loan shown above is stated net of unamortised debt arrangement costs. The Dollar interest rate exposure is mitigated via swap contracts entered into in January 2012. The carrying value of borrowings is approximate to their fair value.

The effective interest rates at the Balance Sheet date were 2 3% (these include the swap interest rates).

The company along with other subsidiaries in the Group has undrawn borrowing facilities of £10 6m (this includes committed and uncommitted).

The Company use derivatives to manage their exposure to interest rate movements on bank borrowings. At 31 March 2012 the Company held two swap contracts with a principle of \$30,000,000 and a fair value of \$59,491 which are not included in the Balance Sheet. The fair values are based on market values of equivalent instruments at the balance sheet date.

**9. Share capital**

	2012 \$	2011 \$
<b>Allotted, called up and fully paid</b>		
68,500,000 (2011 - 46,000,000) Ordinary shares of \$1 each	68,500,000	46,000,000
1 Deferred share of £1	1	1
	<u>68,500,001</u>	<u>46,000,001</u>

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## Scapa (No. 2) Limited

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### Notes to the financial statements for the year ended 31 March 2012

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#### 9. Share capital (continued)

During the year 22,500,000 \$1 ordinary shares were issued in relation to an investment from the parent company. No premium was paid on this subscription.

#### 10. Reserves

	Share premium account \$	Profit and loss account \$
At 1 April 2011	39,428,700	(17,369,672)
Profit for the year	-	3,870,299
At 31 March 2012	<u>39,428,700</u>	<u>(13,499,373)</u>

#### 11. Reconciliation of movement in shareholders' funds

	2012 \$	2011 \$
Opening shareholders' funds	68,059,029	65,820,451
Profit for the year	3,870,299	2,238,578
Shares issued during the year	22,500,000	-
Closing shareholders' funds	<u>94,429,328</u>	<u>68,059,029</u>

#### 12. Related party transactions

The company has taken advantage of the exemption granted by FRS 8 ("Related Party Disclosures") not to disclose related party transactions and balances with other wholly owned members of the group. There are no other related party transactions.

#### 13. Ultimate parent undertaking and controlling party

The company's immediate parent company is Porritts and Spencer Limited, a company incorporated in England.

The ultimate parent undertaking and controlling party is Scapa Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of the group financial statements of Scapa Group plc may be obtained from the Company Secretary, Scapa Group plc, Manchester Road, Ashton Under Lyne, Greater Manchester, OL7 0ED.