

Registered number: 4003589

Scapa (No. 2) Limited

**Annual report and financial statements
for the year ended 31 March 2015**

Scapa (No. 2) Limited

Company Information

Directors	M Fowler P Edwards
Company secretary	R Smith
Registered number	4003589
Registered office	Manchester Road Ashton Under Lyne Manchester OL7 0ED
Independent auditors	Deloitte LLP Chartered Accountants and Statutory Auditor Manchester, UK.
Bankers	Lloyds 53 King Street Manchester M2 4LQ Royal Bank of Scotland 38 Mosley Street Manchester M60 2BE

Scapa (No. 2) Limited

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Scapa (No. 2) Limited

Directors' report for the year ended 31 March 2015

The directors present their report and the financial statements for the year ended 31 March 2015.

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Results and dividends

The profit for the year, after taxation, amounted to \$33,321,855 (2014 - \$4,012,236).

The directors are unable to recommend the payment of a dividend (2014 - same).

Directors

The directors who served during the year were:

M Fowler
P Edwards

Disclosure of information to auditor

Each of the persons who are a director at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director 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.

Scapa (No. 2) Limited

Directors' report for the year ended 31 March 2015

Auditor

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

Functional currency

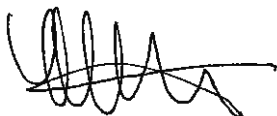
The financial statements are presented in US dollars as, in the opinion of the directors, this is the currency of the primary economic environment in which the company operates and generates cash flows.

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 consolidated Group accounts. 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, see note 1.

This report was approved by the board on 19 June 2015 and signed on its behalf.

M Fowler
Director



Scapa (No. 2) Limited

Strategic report for the year ended 31 March 2015

Business review

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. During the current year the company repaid its borrowings and refinanced with a syndicate of three leading banks. The new facility is a multi-currency facility of £40m with an additional £20m accordion facility, see note 8 for further details. There have been no significant changes in the principal activity of the company during the current year. The directors are not aware at the date of this report of any likely changes in the next year.

Principal risks and uncertainties

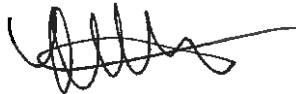
Scapa (No.2) Limited has net assets which are dependent upon the recoverability of intercompany debtors and therefore its principal risks and uncertainties are aligned with the Scapa Group. The principal risks and uncertainties of the Scapa Group are discussed in the business review in the group's annual 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. The Company uses interest rate swaps to mitigate the uncertainty over changes in interest rates and their effect on facilities held by the company.

Financial key performance indicators

No KPIs had been used during the year as the management deemed metrics on non-trading companies not applicable.

This report was approved by the board on 19 June 2015 and signed on its behalf.

M Fowler
Director



Scapa (No. 2) Limited

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

We have audited the financial statements of Scapa (No. 2) Limited for the year ended 31 March 2015 which comprise the Profit and Loss Account, the Statement of Total Gains and Losses, the Balance Sheet and the related notes 1 to 15. 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 Auditors' 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 auditors

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 director; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report and the Director's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

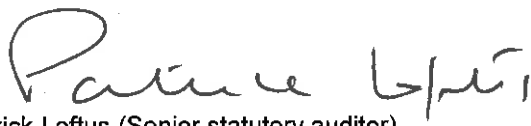
Scapa (No. 2) Limited

Independent auditors' report to the shareholders of Scapa (No. 2) 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 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, UK.

19 June 2015

Scapa (No. 2) Limited

**Profit and loss account
for the year ended 31 March 2015**

	Note	2015 \$	2014 \$
Administrative expenses		(4,994)	(3,361)
Reversal of PY loan impairment		29,196,000	-
Operating (expenses)		<u>29,191,006</u>	<u>(3,361)</u>
OPERATING PROFIT/(LOSS)		29,191,006	(3,361)
Interest receivable and similar income	4	10,080,227	11,617,444
Interest payable and similar charges	5	<u>(5,949,906)</u>	<u>(7,603,125)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		33,321,327	4,010,958
Tax on profit on ordinary activities	6	<u>528</u>	<u>1,278</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>33,321,855</u>	<u>4,012,236</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

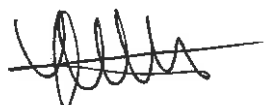
The notes on pages 8 to 13 form part of these financial statements.

Scapa (No. 2) Limited
Registered number: 4003589

Balance sheet
as at 31 March 2015

	Note	\$	2015 \$	\$	2014 \$
CURRENT ASSETS					
Debtors	7	259,391,287		246,136,803	
Cash at bank		1,178		313	
		<u>259,392,465</u>		<u>246,137,116</u>	
CREDITORS: amounts falling due within one year					
	8	<u>(49,435)</u>		<u>(313,841)</u>	
NET CURRENT ASSETS					
			<u>259,343,030</u>		<u>245,823,275</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>259,343,030</u>		<u>245,823,275</u>
CREDITORS: amounts falling due after more than one year					
	9		<u>(123,136,715)</u>		<u>(142,938,815)</u>
NET ASSETS					
			<u>136,206,315</u>		<u>102,884,460</u>
CAPITAL AND RESERVES					
Called up share capital	10		68,500,001		68,500,001
Share premium account	11		39,428,700		39,428,700
Profit and loss account	11		28,277,614		(5,044,241)
SHAREHOLDER'S FUNDS					
	12		<u>136,206,315</u>		<u>102,884,460</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 June 2015.



M Fowler
Director

The notes on pages 8 to 13 form part of these financial statements.

Scapa (No. 2) Limited

Notes to the financial statements for the year ended 31 March 2015

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 and have been applied consistently in the current and prior year.

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.

Scapa (No. 2) Limited

Notes to the financial statements for the year ended 31 March 2015

2. Operating (loss)

The operating (loss) is stated after crediting:

	2015	2014
	\$	\$
Exchange rate movements on group relief	<u>(64)</u>	<u>(64)</u>

The audit fee for the audit of the financial statements were both borne by a fellow group company in the current and prior year.

3. Staff costs

The company has no employees other than the directors, who did not receive any remuneration (2014 - \$NIL).

4. Interest receivable

	2015	2014
	\$	\$
Interest receivable from group companies	10,079,361	11,617,444
Other interest receivable	866	-
	<u>10,080,227</u>	<u>11,617,444</u>

5. Interest payable

	2015	2014
	\$	\$
On bank loans and overdrafts	818,259	915,541
Interest payable to group company	5,131,647	6,687,584
	<u>5,949,906</u>	<u>7,603,125</u>

6. Taxation

	2015	2014
	\$	\$
UK corporation tax credit on profit for the year	<u>(528)</u>	<u>(1,278)</u>

Scapa (No. 2) Limited

Notes to the financial statements for the year ended 31 March 2015

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 21% (2014 - 23%). The differences are explained below:

	2015 \$	2014 \$
Profit on ordinary activities before tax	<u>33,321,327</u>	<u>4,010,958</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 - 23%)	6,997,479	922,520
Effects of:		
Non-deductible/(non-taxable) interest from debt cap adjustment	(867,368)	(923,798)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(6,131,160)	-
Adjustments to tax charge in respect of prior periods	456	-
Foreign exchange movement	65	-
Current tax credit for the year (see note above)	<u>(528)</u>	<u>(1,278)</u>

Factors that may affect future tax charges

From 1 April 2015 the corporation tax rate will reduce from 21% to 20%.

7. Debtors

	2015 \$	2014 \$
Due after more than one year		
Amounts owed by parent undertakings	119,232,545	127,951,958
Amounts owed by fellow subsidiary undertakings	140,131,732	118,142,021
Due within one year		
Amounts owed by fellow subsidiary undertakings	-	10,602
Group Relief	962	1,284
Prepayments and accrued income	26,048	30,938
	<u>259,391,287</u>	<u>246,136,803</u>

Amounts owed by the parent undertaking are loans with terms of more than one year. The loans are unsecured and carry interest at a variable rate.

Amounts owed by the fellow subsidiary undertakings are loans with terms of more than one year and carry interest at a variable rate.

Scapa (No. 2) Limited

Notes to the financial statements for the year ended 31 March 2015

**8. Creditors:
Amounts falling due within one year**

	2015 \$	2014 \$
Accruals and deferred income	<u>49,435</u>	<u>313,841</u>

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

	2015 \$	2014 \$
Bank loans	8,289,182	13,346,956
Listed loan notes	114,847,533	129,591,859
	<u>123,136,715</u>	<u>142,938,815</u>

In January 2014 the Group entered into a new committed multi-currency facility with a club of three UK banks. The principal features of the facility are:

- the committed value of the facility is £40m
- there is access to an uncommitted accordion of an additional £20m
- it is unsecured
- it is repayable in June 2018
- the interest payable on drawings under the loan is based on inter-bank interest plus a sliding scale margin determined by the Group's leverage; the margin is currently 1.5%
- the facility has two covenants – the ratio of EBITDA to interest paid must be above 4:1, and the ratio of EBITDA to net debt must be less than 3, reducing to 2.5 over time.

Included within the above are amounts falling due as follows:

	2015 \$	2014 \$
Between two and five years		
Bank loans	<u>8,289,182</u>	<u>13,346,956</u>
Over five years		
Other loans	<u>114,847,533</u>	<u>129,591,859</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2015 \$	2014 \$
Listed loan notes	<u>114,847,533</u>	<u>129,591,859</u>

Scapa (No. 2) Limited

Notes to the financial statements for the year ended 31 March 2015

10. Share capital

	2015 \$	2014 \$
Allotted, called up and fully paid		
68,500,001 (2014 - 68,500,000) Ordinary shares of \$1 each	68,500,001	68,500,000
1 Deferred share of £1	-	1
	<u>68,500,001</u>	<u>68,500,001</u>

On the 21 October 2014 the \$1 deferred share was reclassified as a \$1 ordinary share.

11. Reserves

	Share premium account \$	Profit and loss account \$
At 1 April 2014	39,428,700	(5,044,241)
Profit for the financial year	-	33,321,855
At 31 March 2015	<u>39,428,700</u>	<u>28,277,614</u>

12. Reconciliation of movement in shareholder's funds

	2015 \$	2014 \$
Opening shareholder's funds	102,884,460	98,872,224
Profit for the financial year	33,321,855	4,012,236
Closing shareholder's funds	<u>136,206,315</u>	<u>102,884,460</u>

13. Derivatives not included at fair value

	Principal		Fair Value	
	2015 \$	2014 \$	2015 \$	2014 \$
Interest rate swaps	-	30,000,000	-	232,560

On 9 March 2015 the interest rate swap lapsed and was not replaced.

14. 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.

Scapa (No. 2) Limited

**Notes to the financial statements
for the year ended 31 March 2015**

14. Related party transactions (continued)

15. 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.