

**Registered Number: 03037845**

## **Protim Solignum Limited and its subsidiary undertakings**

**Directors' Report and Financial Statements**

**For the Year Ended 31 December 2012**



## **Protim Solignum Limited and its subsidiary undertakings**

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# **Protim Solignum Limited and its subsidiary undertakings**

## **Company Information**

<b>Directors</b>	J R Spengler P A Goydan I McConnell G Ewbank S Jepson
<b>Secretary</b>	S Jepson
<b>Registered Office</b>	Fieldhouse Lane Marlow Buckinghamshire SL7 1LS
<b>Independent Auditor</b>	Grant Thornton UK LLP 1020 Eskdale Road Winnersh IQ Wokingham Berkshire RG41 5TS
<b>Business Address</b>	Fieldhouse Lane Marlow Buckinghamshire SL7 1LS
<b>Bankers</b>	HSBC Midland House West Way Botley Oxford Oxfordshire OX2 0PL

# Protim Solignum Limited and its subsidiary undertakings

## Directors' Report for the year ended 31 December 2012

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

### RESULTS AND DIVIDENDS

The group's loss for the year after taxation amounted to £515,000 (2011 £1,150,000)

The group has not paid and does not intend to propose the payment of a dividend in relation to the financial year ended 31 December 2012 (2011 £nil)

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

Protim Solignum Limited is a manufacturer and distributor of industrial timber preservation products and associated equipment

The group manufactures and distributes both water and solvent based chemicals, and provides support services and plant supply in both aspects of the business. The group also undertakes research and development work in these areas

The group's key financial and other performance indicators are as follows

	2012 £'000	2011 £'000
Revenue	17,337	16,188
Gross profit	4,926	4,312
Gross margin	28.4%	26.6%
Operating loss	(484)	(1,175)
Operating margin	(2.8%)	(7.3%)
Revenue/average number of employees	280	257

### BUSINESS REVIEW

The directors are encouraged by the overall increase in turnover of 7.1% however pressure remains particularly in the broader domestic economy and specifically within the markets where we operate. The directors are pleased to report also advancement across a number of targeted export regions. Gross margin improvement up to 28.4% against sales reflects the result of tightened cost control together with changes to the product / service mix.

The start of 2013 has been hugely affected as a result of severe weather conditions wreaking havoc on the property and construction sector which has in turn resulted in a slump in output, this combined with the weakening of Sterling against both US Dollar and Euro will inevitably have an impact on costs. Despite the foregoing we would hope that early lost volume will be recovered in the coming months.

The group and its customers continue to see changes in terms of both compliance and legislation.

The company maintains a strong cash position and the directors expect to make further improvements in the results during the coming year.

# **Protim Solignum Limited and its subsidiary undertakings**

## **Directors' Report for the year ended 31 December 2012 (continued)**

### **PRINCIPAL RISKS AND UNCERTAINTIES**

#### **Competition**

The group is reliant on sales to both new and existing customers, which are achieved through the expansion of some market places together with market share gains. These sales are achieved in a competitive environment and often in competitive tender, they are uncertain and will be based on product, performance and price criteria.

#### **Resource**

The group is reliant on the retention and recruitment of the highest quality employees in all aspects of the business and in particular activities relating to the development, support, implementation and sales of products.

#### **Financial risk management**

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

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

- Credit risk - the group has implemented policies that require appropriate credit checks on customers before sales are made and performs regular credit reviews for existing customers.
- Liquidity risk - the group has no requirements for debt finance as it maintains sufficient funds for operations.
- Interest rate cash flow risk - the group has interest bearing assets in the form of cash balances.
- Exchange rate risk - Exchange rate fluctuation represents a risk because a significant proportion of goods purchased and sold are priced in a foreign currency. There are no formal hedging policies in place as the directors do not consider this risk as material to the group, especially given that there is a degree of natural hedging in place. This approach is monitored regularly by the directors.

### **RESEARCH AND DEVELOPMENT**

The group invests substantially in research and development. Research and development in the business is concentrated in new products and support services.

# **Protim Solignum Limited and its subsidiary undertakings**

## **Directors' Report for the year ended 31 December 2012 (continued)**

### **FUTURE DEVELOPMENTS**

The directors aim to maintain the policies that had previously been rewarded with growth until the commencement of the current period of uncertainty and we continue to witness development as customers and markets deal in their own way with the international liquidity crisis. We continue to believe that quality products without compromise that provide good value for money will prevail and will once again help maintain and build both our position and reputation going forward.

### **DIRECTORS**

The directors of the company who served during the year and up to the date of signing the financial statements are as follows:

P A Goydan  
J R Spengler  
I McConnell  
G Ewbank  
S Jepson

### **POLITICAL AND CHARITABLE DONATIONS**

Charitable donations of £136 (2011: £150) were made during the year.

### **EMPLOYMENT POLICIES**

The group is committed to a policy of non-discrimination in all aspects of its business. It is a policy of the group to consider all applicants for employment or advancement on the basis of the requirements for the specific role without regard to race, natural origin, colour, religion, sex, sexual orientation, age or marital status. This policy extends to all aspects of employment including recruitment, career advancement, training and remuneration.

### **DISABLED EMPLOYEES**

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

### **EMPLOYEE INVOLVEMENT**

Employees are provided with information about the group and its parent group through newsletters and updates in which employees are encouraged to participate. Regular meetings are held between management and employees to allow a free flow of information and ideas. Employees are encouraged to participate directly in the success of the business and where appropriate through performance related pay schemes.

# **Protim Solignum Limited and its subsidiary undertakings**

## **Directors' Report for the year ended 31 December 2012 (continued)**

### **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 laws). 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 and profit or loss of the company and group 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, 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.

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **AUDITOR**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

On behalf of the Board



S Jepson  
Commercial Director / Secretary

Date 14<sup>th</sup> May 2013

Registered number 3037845

# **Protim Solignum Limited and its subsidiary undertakings**

## **Report of the independent auditor to the members of Protim Solignum Limited and its subsidiary undertakings**

### **Independent auditor's report to the members of Protim Solignum Limited and its subsidiary undertakings**

We have audited the financial statements of Protim Solignum Limited and its subsidiary undertakings for the year ended 31 December 2012 which comprise the group profit and loss account, the group statement of total recognised gains and losses, the group and parent company balance sheets, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 5, 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 (APB'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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's loss 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.



## **Protim Solignum Limited and its subsidiary undertakings**

### **Report of the independent auditor to the members of Protim Solignum Limited and its subsidiary undertakings (continued)**

#### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Perry Burton  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Reading

Date 17 May 2013

## Protim Solignum Limited and its subsidiary undertakings

### Group Profit and Loss Account for the year ended 31 December 2012

	<i>Note</i>	<b>2012 £'000</b>	<b>2011 £'000</b>
<b>Turnover</b>	<b>2</b>	<b>17,337</b>	16,188
<b>Cost of sales</b>		<b>(12,411)</b>	(11,876)
<b>Gross profit</b>		<b>4,926</b>	4,312
Distribution costs		(842)	(858)
Administrative expenses		(4,568)	(4,629)
<b>Operating loss</b>	<b>3</b>	<b>(484)</b>	(1,175)
Interest receivable and similar income	<b>5</b>	<b>9</b>	32
Interest payable and similar charges	<b>6</b>	<b>-</b>	(15)
<b>Loss on ordinary activities before taxation</b>		<b>(475)</b>	(1,158)
Taxation on loss on ordinary activities	<b>7</b>	<b>(40)</b>	8
<b>Retained loss for the year</b>	<b>18</b>	<b>(515)</b>	(1,150)

### Group Statement of Total Recognised Gains and Losses for the year ended 31 December 2011

	<b>2012 £'000</b>	<b>2011 £'000</b>
Retained loss for the year	<b>(515)</b>	(1,150)
Currency differences on foreign exchange (note 18)	<b>2</b>	12
<b>Total losses recognised since prior year financial statements</b>	<b>(513)</b>	(1,138)

All amounts relate to continuing operations


*The notes on pages 12 to 23 form part of these financial statements*

# Protim Solignum Limited and its subsidiary undertakings

## Group Balance Sheet as at 31 December 2012

	<i>Note</i>	<b>2012 £'000</b>	<b>2011 £'000</b>
<b>Fixed assets</b>			
Intangible assets	<b>8</b>	<b>630</b>	998
Tangible assets	<b>9</b>	<b>2,219</b>	2,482
		<b>2,849</b>	3,480
<b>Current assets</b>			
Stock	<b>11</b>	<b>1,688</b>	1,905
Debtors	<b>12</b>	<b>3,450</b>	3,350
Cash at bank and in hand		<b>3,067</b>	3,866
		<b>8,205</b>	9,121
<b>Creditors - amounts falling due within one year</b>	<b>13</b>	<b>(1,952)</b>	(2,880)
<b>Net current assets</b>		<b>6,253</b>	6,241
<b>Total assets less current liabilities</b>		<b>9,102</b>	9,721
<b>Provisions for liabilities and charges</b>	<b>14</b>	<b>(54)</b>	(160)
<b>Net assets</b>		<b>9,048</b>	9,561
<b>Capital and reserves</b>			
Called up share capital	<b>16</b>	<b>2,020</b>	2,020
Share premium account	<b>17</b>	<b>5,924</b>	5,924
Profit and loss account	<b>17</b>	<b>1,104</b>	1,617
<b>Total equity shareholders' funds</b>	<b>18</b>	<b>9,048</b>	9,561

Approved by the Board and authorised for issue on 14<sup>th</sup> May 2013 and signed on its behalf by



S Jepsen  
Commercial Director

Registered number 3037845

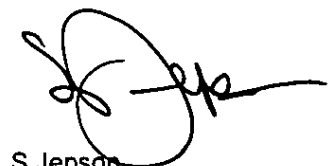
*The notes on pages 12 to 23 form part of these financial statements*

# Protim Solignum Limited and its subsidiary undertakings

## Company Balance Sheet as at 31 December 2012

	Note	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Intangible assets	8	630	998
Tangible assets	9	2,176	2,414
Investments	10	6	6
		<b>2,812</b>	<b>3,418</b>
<b>Current assets</b>			
Stock	11	1,619	1,839
Debtors	12	3,638	3,498
Cash at bank and in hand		3,014	3,794
		<b>8,271</b>	<b>9,131</b>
<b>Creditors - amounts falling due within one year</b>	13	<b>(1,858)</b>	<b>(2,758)</b>
<b>Net current assets</b>		<b>6,413</b>	<b>6,373</b>
<b>Total assets less current liabilities</b>		<b>9,225</b>	<b>9,791</b>
<b>Provisions for liabilities and charges</b>	14	<b>(54)</b>	<b>(160)</b>
<b>Net assets</b>		<b>9,171</b>	<b>9,631</b>
<b>Capital and reserves</b>			
Called up share capital	16	2,020	2,020
Share premium account	17	5,924	5,924
Profit and loss account	17	1,227	1,687
<b>Total equity shareholders' funds</b>	17	<b>9,171</b>	<b>9,631</b>

Approved by the Board and authorised for issue on 14<sup>th</sup> May 2013 and signed on its behalf by



S Jepson  
Commercial Director

Registered number 3037845

*The notes on pages 12 to 23 form part of these financial statements*

## Protim Solignum Limited and its subsidiary undertakings

### Group Cashflow Statement and reconciliation to net funds for the year ended 31 December 2012

	<b>Note</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Net cash (outflow)/inflow from operating activities	<b>19</b>	<b>(803)</b>	<b>415</b>
Returns on investments and servicing of finance	<b>19</b>	<b>9</b>	<b>17</b>
Taxation		<b>36</b>	<b>27</b>
Capital expenditure and financial investment	<b>19</b>	<b>(41)</b>	<b>(85)</b>
Management of liquid resources- amounts held on deposit	<b>19</b>	<b>(132)</b>	<b>-</b>
(Decrease) / increase in cash	<b>19</b>	<b>(931)</b>	<b>374</b>
Net cash outflow from management of liquid resources		<b>132</b>	<b>-</b>
Net funds at 1 January		<b>3,866</b>	<b>3,492</b>
Net funds at 31 December		<b>3,067</b>	<b>3,866</b>

*The notes on pages 12 to 23 form part of these financial statements*

# **Protim Solignum Limited and its subsidiary undertakings**

## **Notes to the financial statements**

**For the year ended 31 December 2012**

### **1 Principal accounting policies**

#### **Accounting convention**

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies remain unchanged have been applied consistently throughout the year. The directors have reviewed the accounting policies and consider that they are appropriate to the group.

#### **Turnover**

In respect of wood preservative and other product sales, the group recognises revenue and the related cost of sales on despatch, subject to contractual obligations being met. Turnover is stated net of VAT and trade discounts.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all of its subsidiaries up to the year ended 31 December 2012. The basis of consolidation is acquisition accounting. As permitted by Section 408 of the Companies Act 2006 a separate profit and loss account for Protim Solignum Limited is not presented.

#### **Goodwill**

Acquired goodwill is amortised in equal annual instalments over its estimated useful economic life of 15 years on a straight line basis.

#### **Research and development**

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each fixed asset on a straight line basis over its expected useful life, as follows:

- |                               |              |
|-------------------------------|--------------|
| • Freehold land and buildings | 25 years     |
| • Plant and machinery         | 2 - 10 years |
| • Fixtures and fittings       | 2 - 5 years  |

#### **Leasing (lessee)**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **Leasing (lessor)**

The group leases out assets under operating leases. The assets are held as fixed assets in the group's financial statements and depreciated over the term of the lease. The income from finance leases is recognised in the profit and loss account on a straight line basis over the lease term.

# **Protim Solignum Limited and its subsidiary undertakings**

## **Notes to the financial statements**

**For the year ended 31 December 2012**

### **1 Principal accounting policies (continued)**

#### **Stock**

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion. Where access to the benefits of consignment stocks held by third parties, and exposure to the risks of ownership lie with the group, the stock is recorded on the balance sheet.

#### **Work in progress**

Work in progress is valued at the lower of cost and net realisable value. Provision is made for any foreseeable losses where appropriate.

#### **Pensions**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension costs charged in the financial statements represent the contributions payable by the group during the year.

#### **Deferred taxation**

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 as recoverable and therefore 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 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 an undiscounted basis.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

#### **Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Exchange rate differences arising from the retranslation at the closing rate of the opening net investment in overseas subsidiaries and of their results for the year are taken directly to retained profits and are reported in the statement of total recognised gains and losses.

# Protim Solignum Limited and its subsidiary undertakings

## Notes to the financial statements

For the year ended 31 December 2012

### 1 Principal accounting policies (continued)

#### Investments

Investments in subsidiaries are recorded at cost plus incidental expense less, where appropriate, provision for impairment

#### Provisions

Provisions are recognised when the group 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 of the group's turnover and loss on ordinary activities before taxation relate to the group's principal activity, namely the manufacturer of timber preservative products. Turnover by destination is as follows

	2012 £'000	2011 £'000
UK	9,524	9,842
Europe	3,969	3,349
Rest of World	3,844	2,997
<b>Total sales</b>	<b>17,337</b>	<b>16,188</b>

### 3 Operating loss

	2012 £'000	2011 £'000
Group operating loss is stated after charging/(crediting)		
Amortisation of intangible assets	368	368
Depreciation of tangible assets	301	563
Operating lease rentals – Land	5	32
Operating lease rentals – Plant and machinery	122	122
Operating lease income	(93)	(187)
Profit on disposal of fixed assets	-	30
Foreign currency exchange gain	(22)	(102)
Auditor's remuneration		
- Audit fee	59	59
- Non-audit services - taxation	10	14



# **Protim Solignum Limited and its subsidiary undertakings**

## **Notes to the financial statements**

**For the year ended 31 December 2012**

### **4 Employee information and directors' emoluments**

The group's employee costs were

	2012 £'000	2011 £'000
Wages and salaries	2,158	2,054
Social security costs	241	227
Other pension costs	232	234
<b>Total employee costs</b>	<b>2,631</b>	<b>2,515</b>

The average number of employees, by category, were

	2012 Number	2011 Number
Administration and selling	30	30
Production and technical	30	33
<b>Total</b>	<b>60</b>	<b>63</b>

The directors' emoluments for services as directors during 2012 were £450,551 (2011 £347,515) Payments to the company pension fund were £71,275 (2011 £69,884) Emoluments paid to the highest paid director were £258,672 (2011 £189,234) for services as a director and £50,000 (2011 £50,000) for pension fund contributions to a defined contribution scheme The number of directors receiving pension fund contributions under a defined contribution scheme was 3 (2011 3)

### **5 Interest receivable and similar income**

	2012 £'000	2011 £'000
Interest received from group undertakings	-	15
Bank interest	9	17
	<b>9</b>	<b>32</b>

### **6 Interest payable and similar charges**

	2012 £'000	2011 £'000
Royalties payable	-	15

# **Protim Solignum Limited and its subsidiary undertakings**

## **Notes to the financial statements**

**For the year ended 31 December 2012**

### **7 Taxation**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Current tax		
UK corporation tax at 24.5% (2011: 26.5%) based on the loss for the year	-	-
Over provision in respect of prior year	-	(8)
Unrelieved foreign tax	40	-
<b>Total current tax charge/ (credit)</b>	<b>40</b>	<b>(8)</b>

The tax assessed for the period is not equal to that resulting from applying the standard rate of corporation tax in the UK: 24.5% (2011: 26.5%). The differences are explained below:

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Loss on ordinary activities before tax</b>	<b>(475)</b>	<b>(1,158)</b>
Loss on ordinary activities multiplied by standard rate in the UK: 24.5% (2011: 26.5%)	(116)	(307)
Effects of:		
Expenses not deductible for tax purposes	6	319
Permanent differences	(5)	-
Income not taxable	-	(118)
Capital allowances in excess of depreciation	(43)	(135)
Ineligible depreciation	141	-
Tax losses carried forward	45	106
Other timing differences	(5)	144
Losses/ (profits) credited at lower rate of tax	-	6
Relief for research and development expenditure	(23)	(15)
Over provision in respect of prior year	-	(8)
Relief for foreign tax suffered	40	-
<b>Current tax for the year</b>	<b>40</b>	<b>(8)</b>

# **Protim Solignum Limited and its subsidiary undertakings**

## **Notes to the financial statements**

**For the year ended 31 December 2012**

### **8 Intangible fixed assets – Group and Company**

	<b>Goodwill £'000</b>
<b>Cost</b>	
<b>At 1 January 2012 and at 31 December 2012</b>	<b>5,522</b>
<b>Amortisation</b>	
At 1 January 2012	4,524
Charge for the year	368
<b>At 31 December 2012</b>	<b>4,892</b>
<b>Net book value</b>	
<b>At 31 December 2012</b>	<b>630</b>
At 31 December 2011	998

The goodwill arose on the acquisition of the UK business

### **9 Tangible fixed assets** **Group**

	<b>Freehold land and buildings £'000</b>	<b>Plant and machinery £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2012	2,483	7,495	693	10,671
Exchange differences	-	(6)	(1)	(7)
Additions	-	27	14	41
Disposals	-	(257)	-	(257)
<b>At 31 December 2012</b>	<b>2,483</b>	<b>7,259</b>	<b>706</b>	<b>10,448</b>
<b>Depreciation</b>				
At 1 January 2012	733	6,807	649	8,189
Exchange differences	-	(4)	-	(4)
Charge for the year	45	237	19	301
Disposals	-	(257)	-	(257)
<b>At 31 December 2012</b>	<b>778</b>	<b>6,783</b>	<b>668</b>	<b>8,229</b>
<b>Net book value</b>				
<b>At 31 December 2012</b>	<b>1,705</b>	<b>476</b>	<b>38</b>	<b>2,219</b>
At 31 December 2011	1,750	688	44	2,482

Included in plant and machinery at cost is £4,309,119 (2011 £4,522,010) with a net book value of £242,130 (2011 £396,140) of assets which are leased out to customers under operating leases

# Protim Solignum Limited and its subsidiary undertakings

## Notes to the financial statements

For the year ended 31 December 2012

### 9 Tangible fixed assets (continued) Company

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>				
At 1 January 2012	2,483	7,213	683	10,379
Additions	-	27	14	41
Disposals	-	(222)	-	(222)
<b>At 31 December 2012</b>	<b>2,483</b>	<b>7,018</b>	<b>697</b>	<b>10,198</b>
<b>Depreciation</b>				
At 1 January 2012	733	6,592	640	7,965
Charge for the year	45	215	19	279
Disposals	-	(222)	-	(222)
<b>At 31 December 2012</b>	<b>778</b>	<b>6,585</b>	<b>659</b>	<b>8,022</b>
<b>Net book value</b>				
<b>At 31 December 2012</b>	<b>1,705</b>	<b>434</b>	<b>38</b>	<b>2,176</b>
At 31 December 2011	1,750	621	43	2,414

Included in plant and machinery at cost is £4,309,119 (2011 £4,522,010) with a net book value of £242,130 (2011 £396,140) of assets which are leased out to customers under operating leases

### 10 Investments - Company

Investments in subsidiary undertakings	£'000
Cost and net book value	
<b>At 31 December 2012</b>	<b>6</b>
At 31 December 2011	6

## Protim Solignum Limited and its subsidiary undertakings

### Notes to the financial statements

For the year ended 31 December 2012

#### 10 Investments – Company (continued)

The company holds 100% of the share capital of the following companies, which have all been included in the consolidated financial statements

Company	Country of registration or incorporation	Class	Nature of business
Protim Osmose Limited	Ireland	Ordinary	Industrial timber preservation products
Osmose Spain S L	Spain	Ordinary	Registration of patents and trademarks
Protim Solignum South Africa Pty	South Africa	Ordinary	Registration of patents and trademarks
Celcure Svenska AB	Sweden	Ordinary	Dormant
Celcure Limited	England and Wales	Ordinary	Dormant

#### 11 Stock

	Group 31 December 2012 £'000	Group 31 December 2011 £'000	Company 31 December 2012 £'000	Company 31 December 2011 £'000
Raw materials & consumables	1,178	1,119	1,163	1,088
Work in progress	48	193	48	193
Finished goods for resale	462	593	408	558
	<b>1,688</b>	<b>1,905</b>	<b>1,619</b>	<b>1,839</b>

#### 12 Debtors

	Group 31 December 2012 £'000	Group 31 December 2011 £'000	Company 31 December 2012 £'000	Company 31 December 2011 £'000
Trade debtors	3,029	3,016	2,699	2,682
Amounts owed by group undertakings	68	43	586	526
Recoverable corporation tax	-	67	-	67
Other debtors	353	224	353	223
	<b>3,450</b>	<b>3,350</b>	<b>3,638</b>	<b>3,498</b>

# Protim Solignum Limited and its subsidiary undertakings

## Notes to the financial statements

For the year ended 31 December 2012

### 13 Creditors: amounts falling due within one year

	Group 31 December 2012	Group 31 December 2011	Company 31 December 2012	Company 31 December 2011
	£'000	£'000	£'000	£'000
Trade creditors	1,072	1,618	1,067	1,601
Amounts owed to group undertakings	104	237	104	240
Social security and other taxation	69	68	69	71
Other creditors and accruals	707	957	618	846
	<b>1,952</b>	<b>2,880</b>	<b>1,858</b>	<b>2,758</b>

### 14 Provisions for liabilities and charges - Group and Company

	Onerous contracts	Warranty £'000	Onerous Lease £'000	Total £'000
At 1 January 2012	58	79	23	160
Utilisation of provision	(58)	(11)	-	(69)
Credit to profit and loss	-	(14)	(23)	(37)
<b>At 31 December 2012</b>	<b>-</b>	<b>54</b>	<b>-</b>	<b>54</b>

#### Warranty

The warranty provision is to cover goods supplied under the group's warranty terms

#### Deferred tax

At 31 December 2012 the company has a potential deferred tax asset of £320,000 (2011 £324,000) arising from accelerated capital allowances and disallowed provisions. The company has not recognised a deferred tax asset because the amount of the asset that may be utilised in the foreseeable future cannot be reliably estimated.

### 15 Pension costs

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £232,000 (2011 £234,000). There was £nil outstanding at 31 December 2012 (2011 £22,082).

# Protim Solignum Limited and its subsidiary undertakings

## Notes to the financial statements

For the year ended 31 December 2012

### 16 Share capital

	31 December 2012 £	31 December 2011 £
<b>Authorised</b>		
ordinary shares of £1 each	5,000,000	5,000,000
<b>Allotted, called up and fully paid</b>		
ordinary shares of £1 each	2,020,001	2,020,001

### 17 Statement of movements on reserves Group

	Share Capital Account £'000	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
Balance at 1 January 2012	2,020	5,924	1,617	9,561
Retained loss for the year	-	-	(515)	(515)
Other recognised gains and losses	-	-	2	2
<b>Balance at 31 December 2012</b>	<b>2,020</b>	<b>5,924</b>	<b>1,104</b>	<b>9,048</b>

### Company

	Share Capital Account £'000	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
Balance at 1 January 2012	2,020	5,924	1,687	9,631
Retained loss for the year	-	-	(460)	(460)
<b>Balance at 31 December 2012</b>	<b>2,020</b>	<b>5,924</b>	<b>1,227</b>	<b>9,171</b>

No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006. The company's loss after tax for the financial year, determined in accordance with the Act was £460,000.

# Protim Solignum Limited and its subsidiary undertakings

## Notes to the financial statements

For the year ended 31 December 2012

### 18 Reconciliation of movements in shareholders' funds Group

	2012 £'000	2011 £'000
Opening shareholders' funds 1 January 2012	9,561	10,699
Loss for the financial year	(515)	(1,150)
Other recognised gains and losses	2	12
<b>Closing shareholders' funds 31 December 2012</b>	<b>9,048</b>	<b>9,561</b>

### 19 Cash flow Statement notes Reconciliation of operating loss to net cash (outflow) / inflow from operating activities

	2012 £'000	2011 £'000
Operating loss	(484)	(1,175)
Depreciation	301	563
Amortisation	368	368
Loss on disposal of fixed assets	-	30
Foreign exchange differences	(2)	(12)
Decrease / (increase) in stock	217	(376)
(Increase) / decrease in debtors	(168)	206
Increase / (decrease) in creditors	(929)	971
Decrease in provisions	(106)	(160)
<b>Net cash (outflow) / inflow from operating activities</b>	<b>(803)</b>	<b>415</b>

### Analysis of net funds

	At 1 January 2012 £'000	Cash flows £'000	At 31 December 2012 £'000
Cash at bank and in hand	3,866	(931)	2,935
Amounts held on deposit	-	132	132
<b>Net funds</b>	<b>3,866</b>	<b>(799)</b>	<b>3,067</b>

### Analysis of gross cash flows

	2012 £'000	2011 £'000
Interest received and other similar income	9	32
Interest paid	-	(15)
<b>Net cash inflow on returns on investments and servicing of finance</b>	<b>9</b>	<b>17</b>



# Protim Solignum Limited and its subsidiary undertakings

## Notes to the financial statements

For the year ended 31 December 2012

### 19 Cash flow Statement notes (continued)

#### Analysis of capital expenditure

	2012 £'000	2011 £'000
Additions to fixed assets	(41)	(87)
Disposal proceeds	-	2
<b>Net cash outflow on capital expenditure and financial investment additions</b>	<b>(41)</b>	<b>(85)</b>

### 20 Financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Expiry date				
Within one year	3	31	18	12
Between two and five years	-	-	87	95
	<b>3</b>	<b>31</b>	<b>105</b>	<b>107</b>

### 21 Going concern

The directors routinely plan future activities including forecasting future cash flows and have formed a judgement that the group has adequate resources to continue as a going concern for at least 12 months from the date of signing of the financial statements. In arriving at this judgement the directors have reviewed the cash flow projections of the group for the foreseeable future and have considered existing commitments together with the financial resources available to the group.

### 22 Ultimate parent undertaking and related parties

The Company is a wholly owned subsidiary of Osmose Inc, a company registered in the USA, which is the immediate parent undertaking. The directors consider OHI Parent Inc to be the ultimate and controlling party, a company registered in the USA. Accordingly, the company has taken advantage of these exemptions from disclosure available under FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the Osmose group.

Protim Solignum Limited is the smallest group and Osmose Inc is the largest group for which publicly available consolidated financial statements are drawn up.