

Kimberly-Clark UK Operations Limited

Report and Financial Statements

Year Ended 31 December 2012

Company number 04497878

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Kimberly-Clark UK Operations Limited

Report and financial statements for the year ended 31 December 2012

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Directors

S Frueh

A Pawson

Secretary and registered office

S C Nazmi, Douglas House, 40 London Road, Reigate, Surrey, RH2 9QP

Company number

04497878

Independent auditor

Deloitte LLP, Global House, High Street, Crawley, West Sussex, RH10 1DL

Kimberly-Clark UK Operations Limited

Report of the directors for the year ended 31 December 2012

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

Principal activities and review of the business

The company's principal activity during the year continued to be the production of non-woven products. The company is remunerated as a toll manufacturer by Kimberly-Clark Europe Limited on a fixed return on operating costs.

During the year Kimberly-Clark Europe Ltd, a group company, resolved to execute a strategic restructuring of its European business to improve overall European profitability such that the company has agreed to incur a number of exceptional and non-routine costs. As a result the company is expected to cease to trade during 2013. Impairment costs of £14,381,000 and stock write-offs of £286,000 were recognised during the current year. These costs were charged to Kimberly-Clark Europe Limited in accordance with long-standing contractual obligations (see also note 3).

The directors consider the operating profit of the business to be a key performance indicator. Operating profit for the year was £375,000 (2011: £353,000).

Results and dividends

The loss for the year, after taxation, amounted to £1,089,000 (2011: profit of £418,000). No interim dividend was paid during the year (2011: £nil). The directors do not recommend payment of a final dividend (2011: £nil).

Principal risks and uncertainties

The company regularly assesses whether any potential risks exist and takes appropriate mitigating action.

Currently the directors consider the principal risks and uncertainties facing the company to be as follows:

Price risks

Under contractual agreement, price risk relating to inventory and other manufacturing costs is borne by another group company, Kimberly-Clark Europe Limited.

Liquidity risk:

To ensure sufficient funds are available for on-going operations and future developments, the company uses short term debt finance from another group company.

Credit risk:

The company's principal financial assets are receivables from other group companies, and the company's credit risk is primarily attributable to these receivables.

The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on the inter-company receivable is limited because the counterparties are group companies with high levels of liquidity and profitability.

Interest rate risk

Interest bearing assets and liabilities are held at a variable rate, which is linked to LIBOR. This exposure is not hedged as the directors do not consider it to be cost effective.

Kimberly-Clark UK Operations Limited

Report of the directors for the year ended 31 December 2012 (*continued*)

Going concern risk

The company ceased to trade trading during 2013, therefore the accounts are prepared on a basis other than that of a going concern (see notes 1 and 3)

Qualifying third party indemnity provisions

The company has arranged qualifying third party indemnity for all of its directors

Directors

The directors of the Company, who served throughout the year and to the date of this report, unless otherwise stated, were

S Frueh (appointed 15 September 2012)

A Kistler (resigned 11 March 2013)

R Negro (resigned 15 September 2012)

A Pawson (appointed 11 March 2013)

Independent auditor and statement of provision of information to the Independent auditor

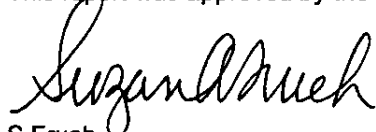
Deloitte LLP have expressed their willingness to continue in office as auditor of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

So far as each director at the date of approval of this report 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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

This report was approved by the board on 10 September 2013, and was signed on its behalf by



S Frueh
Director

Kimberly-Clark UK Operations Limited

Directors' responsibility statement for the year ended 31 December 2012

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,
- state whether applicable UK Accounting Standards have been followed, 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.

Kimberly-Clark UK Operations Limited

Independent auditor's report

Independent auditor's report to the members of Kimberly-Clark UK Operations Limited

We have audited the company financial statements of Kimberly-Clark UK Operations Limited for the year ended 31 December 2012 which comprise the Profit and Loss account, the Balance sheet and the related notes 1 to 19. 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 (APB'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 December 2012 and of its 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.

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Kimberly-Clark UK Operations Limited

Independents auditor's report (*continued*)

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

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



Matthew Coulson
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom
10 September 2013

Kimberly-Clark UK Operations Limited

Profit and loss account for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Turnover and operating profit		375	353
Exceptional items			
Costs of business restructuring		(14,667)	-
Costs charged to Kimberly-Clark Europe Limited		14,667	-
Total exceptional items	3	-	-
Operating profit after exceptional items		375	353
Net interest receivable	6	4	3
Profit on ordinary activities before taxation		379	356
Taxation (charge)/credit on profit from ordinary activities	7	(1,468)	62
(Loss)/profit on ordinary activities after taxation	15	(1,089)	418

All results for the current year relate to discontinued operations

There are no recognised gains or losses for the year other than the profit for the financial year stated above and accordingly no statement of the recognised gains and losses is presented

The accounting policies and notes on pages 8 to 15 form part of these financial statements

Kimberly-Clark UK Operations Limited

Balance sheet at 31 December 2012

Company number 04497878

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Tangible assets	8		1,166		16,536
Current assets					
Stocks	9	34		330	
Debtors	10	18,087		3,362	
		<u>18,121</u>		<u>3,692</u>	
Creditors, amounts falling due within one year	11	<u>(4,219)</u>		<u>(2,203)</u>	
Net current assets			<u>13,902</u>		<u>1,489</u>
Total assets less current liabilities			<u>15,068</u>		<u>18,025</u>
Provisions for liabilities					
Deferred taxation	12		-		(1,868)
Net assets			<u>15,068</u>		<u>16,157</u>
Capital and reserves					
Called up share capital	13		50		50
Capital contribution reserve	14		12,782		12,782
Profit and loss account	15		2,236		3,325
Shareholders' funds	16		<u>15,068</u>		<u>16,157</u>

The financial statements of Kimberly-Clark UK Operations Limited, company registration number 04497878, were approved by the Board of Directors and authorised for issue on 10 September 2013



S Frueh
Director

The accounting policies and notes on pages 8 to 15 form part of these financial statements

Kimberly-Clark UK Operations Limited

Notes forming part of the financial statements for the year ended 31 December 2012

1. Accounting policies

Basis of preparation

Due to the fact that Kimberly-Clark Europe no longer requires the services of the company, the company ceased to trade during 2013. As required by FRS 18 "Accounting policies" the directors have prepared the financial statements on the basis other than that of a going concern. No adjustment arose from the decision not to apply the going concern basis.

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. The principal accounting policies are described below and have all been applied consistently throughout the current and preceding year.

Gross profit and operating profit

The company is remunerated as an agent by Kimberly-Clark Europe Limited on a fixed return on operating and material costs. The company only has one class of business and all services are performed within the UK.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and impairments.

Depreciation is provided on all tangible assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	- over 25 to 40 years
Plant and machinery	- over 2 to 20 years
Construction in progress	- not depreciated until capitalised

Impairments are recognised where a change in the useful life and residual value of the asset are considered to have taken place.

Stock

Stock is valued at the lower of cost and net realisable value.

Kimberly-Clark UK Operations Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

1. Accounting policies (*continued*)

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 at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Cash flow statement

The company has taken advantage of the exemption in paragraph 5 (a) of FRS 1 as the company is a wholly owned subsidiary of a company which prepares consolidated financial statements that are publicly available.

Taxation

Corporate tax payable is provided on taxable profits at the current rate.

Group relief between related companies is paid for in cash at a value equal to the tax value of the losses relieved.

Deferred tax is recognised in respect of 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 regarded 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 from which the future reversal of the 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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Kimberly-Clark UK Operations Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

2. Profit on ordinary activities before taxation

	2012 £'000	2011 £'000
This is stated after charging/(crediting)		
Depreciation of owned fixed assets	1,152	1,189
Impairment of owned fixed assets	14,381	-
Impairment of stocks	286	-
Loss on disposal of fixed assets	-	1
Operating lease rentals - other	26	-
Exchange (gain)/loss	(13)	2

Auditor's remuneration of £8,300 (2011 £9,900) was borne by a fellow group company

3 Exceptional items

During the year Kimberly-Clark Europe Ltd, a group company, resolved to execute a strategic restructuring of its European business to improve overall European profitability such that the company has agreed to incur a number of exceptional and non-routine costs. As a result the company is expected to cease to trade during 2013. Impairment costs of £14,381,000 and stock write-offs of £286,000 were recognised during the current year. These costs were charged to Kimberly-Clark Europe Limited in accordance long-standing contractual obligations (see also notes 8 and 9).

4. Directors' emoluments

No director received any emoluments from the company during the year (2011 £nil)

5. Staff costs

There were no employees in either year

6. Net interest receivable

	2012 £'000	2011 £'000
Interest receivable from group undertakings	4	3

Kimberly-Clark UK Operations Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

7. Taxation

	2012 £'000	2011 £'000
Analysis of tax charge/(credit) in the period		
<i>Current tax</i>		
UK corporation tax on profits of the period	3,898	174
Adjustment in respect of previous periods	231	17
	<u>4,129</u>	<u>191</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(2,441)	(136)
Adjustment in respect of previous periods	(220)	(117)
	<u>(2,661)</u>	<u>(253)</u>
Taxation charge/(credit) on profit from ordinary activities	<u>1,468</u>	<u>(62)</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	<u>379</u>	<u>356</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 24.5% (2011 26.5%)	93	94
Effects of		
Expenses not deductible for tax purposes	41	41
Depreciation and impairment for period in excess of capital allowances	2,464	39
Impairment on land and buildings not eligible for capital allowances	1,300	-
Adjustments to tax in respect of previous periods	231	17
Current tax charge for period	<u>4,129</u>	<u>191</u>

Kimberly-Clark UK Operations Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

7 Taxation (continued)

Factors that may affect future tax charges

A deferred tax asset has not been recognised in respect of deferred tax for depreciation and impairment less than capital allowances which are expected to crystallise as capital losses in 2013 as there is insufficient certainty that there will be capital gains in the foreseeable future against which this asset may be utilised. The deferred tax asset not recognised in respect of these amounts is £1,263,000 (2011: £nil). Where the remaining deferred tax balance results in future losses, they are expected to be utilised against profits of the group.

The Finance Act 2012, which provides for a reduction in the main rate of corporation tax from 24% to 23% effective from 1 April 2013, was substantively enacted on 3 July 2012. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

Subsequently, the Government has enacted future reductions in the main tax rate down to 20% by 1 April 2015. As it was not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 21, as it is a non-adjusting event occurring after the reporting period. We estimate that the future rate changes to 20% would further reduce the recognised UK deferred tax asset at 31 December 2012 from £793,000 to £690,000 and the unrecognised UK deferred tax asset at 31 December 2012 from £1,263,000 to £1,098,000. The actual impact will be dependent on the deferred tax position at that time.

8 Tangible assets

	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
<i>Cost</i>			
At 1 January 2012	7,056	28,706	35,762
Additions	-	163	163
Disposals	-	(3,448)	(3,448)
At 31 December 2012	7,056	25,421	32,477
<i>Depreciation</i>			
At 1 January 2012	1,564	17,662	19,226
Provided for the year	170	982	1,152
Disposals	-	(3,448)	(3,448)
Impairment loss	5,304	9,077	14,381
At 31 December 2012	7,038	24,273	31,311
<i>Net book value</i>			
At 31 December 2012	18	1,148	1,166
At 31 December 2011	5,492	11,044	16,536

As part of the current year restructuring, asset impairments of £14,381,000 were recognised in order to reflect a decrease in the recoverable amount of these assets, in accordance with FRS 11. These costs were charged to Kimberly-Clark Europe Limited in accordance with the contractual agreement between the entities (see also note 3).

Kimberly-Clark UK Operations Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

9 Stocks

	2012 £'000	2011 £'000
Spare parts and consumables	34	330

As part of the current year restructuring, stocks with a book value of £286,000 were written off to the profit and loss account in order to reflect their net realisable value, in accordance with SSAP 9. These costs were charged to Kimberly-Clark Europe Limited in accordance with the contractual agreement between the entities (see also note 3).

10 Debtors

	2012 £'000	2011 £'000
Amounts owed by group undertakings	17,294	3,362
Deferred taxation	793	-
	<u>18,087</u>	<u>3,362</u>

11. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	60	125
Amounts owed to group undertakings	4,089	504
Accruals and deferred income	70	30
Corporation tax	-	1,544
	<u>4,219</u>	<u>2,203</u>

12. Deferred taxation

	2012 £'000	2011 £'000
Depreciation and impairment less than/(in excess of) capital allowances	793	(1,868)
Deferred taxation asset/(provision)	<u>793</u>	<u>(1,868)</u>
	2012 £'000	2011 £'000
At 1 January	(1,868)	(2,121)
Deferred tax credit to the profit and loss account (note 7)	<u>2,661</u>	<u>253</u>
At 31 December	<u>793</u>	<u>(1,868)</u>

Kimberly-Clark UK Operations Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

13. Called up share capital

	2012 No	2011 No	2012 £'000	2011 £'000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	50,001	50,001	50	50

14. Capital contribution reserve

	2012 £'000	2011 £'000
At 1 January and at 31 December	12,782	12,782

This reserve represents the initial funding received from the intermediate parent company

15 Profit and loss account

	2012 £'000	2011 £'000
At 1 January	3,325	2,907
(Loss)/profit for the financial year	(1,089)	418
At 31 December	2,236	3,325

16 Reconciliation of movement in shareholder's funds

	2012 £'000	2011 £'000
At 1 January	16,157	15,739
(Loss)/profit for the financial year	(1,089)	418
At 31 December	15,068	16,157

17. Related parties

The company has taken advantage of the exemption in FRS 8 not to disclose transactions with entities that are part of the group on the grounds that all entities involved are wholly owned subsidiaries of the same group

18 Ultimate holding company and controlling party

The directors regard Kimberly-Clark Patriot Holdings Limited, a company incorporated in the Cayman Islands, as the immediate parent company and Kimberly-Clark Corporation Inc, a company incorporated in Delaware, United States of America, as the ultimate parent company and controlling entity. This is the smallest and largest group in which Kimberly-Clark UK Operations Limited is consolidated. Copies of the consolidated accounts of Kimberly-Clark Corporation can be obtained from PO Box 619100, Dallas, Texas, 75261-9100, USA

Kimberly-Clark UK Operations Limited

**Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)**

19 Post balance sheet events

The land and buildings held by the company at Barton-Upon-Humber were sold to a third party on 30 August 2013 for £1,865,000. The company ceased to trade on 30 August 2013.