Company Registration No. 3402029

UPONOR LIMITED

Report and Financial Statements

31 December 2017

UPONOR LIMITED

REPORT AND FINANCIAL STATEMENTS

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UPONOR LIMITED

REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Harkki
M K Strandberg

REGISTERED OFFICE

The Pavilion
Blackmoor Lane
Watford
WD18 8GA
United Kingdom

BANKER

Nordea Bank AB
City Place House
55 Basinghall Street
City of London
EC2V 5NB

AUDITOR

Deloitte LLP
Statutory Auditor
Birmingham, UK

STRATEGIC REPORT

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Uponor Corporation converted the operating model of its Building Solutions, BLD, and business segment in Europe into a more centralised model where Uponor GmbH acts as a Principal company as from 1 January 2016. So-called principal functions (Logistics, Planning & Forecasting) of different Uponor companies has been transferred to the Principal Company. This change means that all manufacturing units in Europe have become subcontractors. Sales operations have been converted into the new limited risk model with limited risk.

As a result of the above changes, the accounting for trading in the Profit and Loss account is now shown on a net basis (showing net margin as an Agent income), rather than gross revenues and costs of sales.

We are disappointed to report a decrease in overall trading in 2017 compared to 2016, although this was to be expected due to the learning curve from changes in the business model as well as the relocation to Watford from Lutterworth, effective from 1 January 2017. However we are pleased to report that the costs have been closely managed, which has enhanced the overall profitability.

For 2018, a majority of key staff are now in place and have settled in and as such, we are looking forward to a bright and successful year.

Profit and loss

Despite the fall in agency income by £411k, the overall costs have decreased by £945k, delivering a profit for the year of £363k (2016: loss of £141k).

Balance sheet

The balance sheet of the financial statements shows that the company's net assets have increased to £2,728k (2016: £2,365k). Fixed assets have decreased to £127k (2016 £180k) due to depreciation as majority of the assets were purchased in 2016 for the relocation to Watford.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties although these are not considered to be any more severe than for comparable companies adopting similar strategies. The company's board regularly reviews, evaluates and prioritises risks to ensure that appropriate measures are in place to effectively manage and mitigate those identified.

FINANCIAL RISK MANAGEMENT

The company's activities post move to the limited risk model means it is exposed to a reduced number of financial risks including credit risk and cash flow risk. However following the adverse performance of its subsidiary, the management are now taking a more active role in monitoring its financial performance. The use of financial derivatives are governed by the company's policies and is approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. There was no use of foreign exchange forward contracts during the year ending December 2017 but the directors may choose to use financial instruments in the future.

Credit risk

The company has continued to implement policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board. Strict credit control procedures are in place to minimise risk.

UPONOR LIMITED

STRATEGIC REPORT

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company ensures regular review of working capital requirements.

KEY PERFORMANCE INDICATORS

The company uses a broad range of KPIs to monitor the business covering; agency income £4,248K (2016 £4,659K) and operating profit £393K (2016 loss £141K).

Approved by the Board on 19 December 2018 and signed on its behalf by

M K Strandberg	R E Harkki
Director	Director

DIRECTOR'S REPORT

The directors present the annual report and the audited financial statements and auditor's report for the year ended 31 December 2017. The financial risk management objectives and policies have been disclosed in the Strategic Report.

PRINCIPAL ACTIVITIES

Uponor Limited provides heating, cooling, plumbing and piping products as well as systems and equipment, together with supply related services training and consulting. The strategy is to become market leader in the commercial sector whilst enhancing our position in the domestic residential market. Details of the changes that were effective from 1 January 2016 in the group's operating model are set out in the Strategic Report.

FUTURE PROSPECTS

The directors expect sales to increase in 2018 as a result of improved market conditions and continuing benefits of the relocation.

On 17 September 2018, the business of Uponor Building Energy Limited was transferred as a going concern to Uponor Limited. We will continue to focus on the integration of Uponor Building Energy Limited with focus on achieving profitable trading for the combined business.

DIVIDENDS

The directors do not propose a final dividend for the year (2016: £nil). The retained profit of £363k has been transferred to reserves.

DIRECTOR AND DIRECTOR'S INTERESTS

The directors who served throughout the year and subsequently are as follows:

R E Harkki

M K Strandberg (appointed 25 July 2017)

R M Palomaki (resigned 25 July 2017)

The directors did not have any interest in the shares of the company.

DIRECTORS' INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors and the directors of the subsidiary, which were made during the year and remain in force at the date of this report.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political contributions in the year. Gifts and donations to charities amounted to £1,851 (2016: £3,362).

EMPLOYEES AND HEALTH & SAFETY

Uponor recognises the need for continual development of staff and their safety. Our Facilities Manager, responsible for health and safety, is now supported by an external supplier to enhance knowledge and adherence in this area. One of our managers has also commenced a schedule of training to improve the internal knowledge base further.

We encourage all staff to develop new skills and hold bi-annual target and development meetings.

RESEARCH AND DEVELOPMENT

The business is supported by the Group Manufacturing and Group PSD (Product System Development) divisions. Due to the long term nature of the current projects we did not receive any recharged costs during 2016 or 2017 for product system development.

POLICY PAYMENT TERMS

We make payment in accordance with trading terms negotiated and agreed with our suppliers. We monitor supplier performance and have service level agreements with all major suppliers.

UPONOR LIMITED

DIRECTOR'S REPORT

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and financial position are set out above. The financial position of the company and its liquidity position are outlined in the profit and loss account and balance sheet.

The company has sufficient financial resources provided by Uponor Corporation for its operations and as a consequence, the directors believe that the company is well placed to manage its business risks despite the current uncertain economic outlook. Uponor Limited holds a letter of support from its ultimate parent company indicating continued financial support for a period of at least 12 months from the date of approval of the financial statements. The directors have 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 annual financial statements.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order 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 s418 of the Companies Act 2006.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the Board and signed on its behalf by

M K Strandberg
Director

R E Harkki
Director

19 December 2018

UPONOR LIMITED

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) including FRS 101 "Reduced Disclosure Framework". 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.

Independent auditor's report to the members of Uponor Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework";
- and have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Uponor Limited (the 'company') which comprise:

- profit and loss account;
- the balance sheet;
- the statement of changes in equity; 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, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of Uponor Limited (continued)

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Uponor Limited (continued)

Use of our report

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.

Andrew Halls FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, UK
19 December 2018

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2017

	Note	2017 £'000	2016 £'000
TURNOVER			
Agency income	2	4,248	4,659
GROSS PROFIT		4,248	4,659
Distribution costs		(2,910)	(2,319)
Administrative expenses	3	(945)	(2,481)
OPERATING PROFIT/(LOSS)	3	393	(141)
Interest payable and similar expenses		-	-
PROFIT/(LOSS) BEFORE TAXATION		393	(141)
Tax on profit/(loss)	6	(30)	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	14	363	(141)

All results derive from continuing operations. There are no other gains and losses and therefore no statement of comprehensive income is presented.

The notes on pages 13 to 23 form part of these financial statements.

BALANCE SHEET
As at 31 December 2017

	Note		2017		2016
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	7	127		180	
Intangibles	8	1		10	
			128		190
CURRENT ASSETS					
Stocks	10	-		-	
Debtors	11	5,982		5,240	
Cash at bank and in hand		-		1	
		5,982		5,241	
CREDITORS: amounts falling due within one year	12	(3,382)		(3,066)	
NET CURRENT ASSETS			2,600		2,175
TOTAL ASSETS LESS CURRENT LIABILITIES			2,758		2,365
NET ASSETS			2,728		2,365
CAPITAL AND RESERVES					
Called up share capital	13		6,200		6,200
Capital reserve	14		1,666		1,666
Profit and loss account	14		(5,138)		(5,501)
SHAREHOLDERS' FUNDS			2,728		2,365

The notes on pages 13 to 23 form part of these financial statements.

The financial statements for Uponor Limited (registered number 3402029) were approved by the Board and authorised for issue on 19 December 2018

Signed on behalf of the Board

M K Strandberg
Director

R E Harkki
Director

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2017

	Share capital £'000	Capital reserves £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2016	6,200	1,666	(5,360)	2,506
Loss for the year and total comprehensive expense for the year	-	-	(141)	(141)
Balance at 31 December 2016	6,200	1,666	(5,501)	2,365
Profit for the year and total comprehensive income for the year	-	-	363	363
Balance at 31 December 2017	6,200	1,666	(5,138)	2,728

The notes on pages 13 to 23 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

1. ACCOUNTING POLICIES

Basis of preparation

The Company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, and presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of Uponor Corporation. The group accounts of Uponor Corporation are available to the public and can be obtained as set out in note 18.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Group accounts

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not the group itself.

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and financial position are set out above. The financial position of the company and its liquidity position are outlined in the profit and loss account and balance sheet.

The company has sufficient financial resources provided by Uponor Corporation for its operations and as a consequence, the directors believe that the company is well placed to manage its business risks despite the current uncertain economic outlook. Uponor Limited holds a letter of support from its ultimate parent company indicating continued financial support for a period of at least 12 months from the date of approval of the financial statements. The directors have 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 annual financial statements.

Agency income

Uponor Corporation converted the operating model of its Building Solutions, BLD, and business segment in Europe into a more centralised model where Uponor GmbH acts as a Principal company as from 1 January 2016. So-called principal functions (Logistics, Planning & Forecasting) of different Uponor companies has been transferred to the Principal Company. This change means that all manufacturing units in Europe have become subcontractors. Sales operations have been converted into the new limited risk model with limited risk.

As a result of this change, the entity's performance obligation is to arrange for the provision of the specified good or service by another party. The Company does not control the specified good or service provided by another party before that good or service is transferred to the customer. When (or as) the Company satisfies this performance obligation, the Company recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

Fixed assets and depreciation

An item of property, plant and equipment is recognised if it is probable that associated future economic benefits will flow to the company and if its cost can be measured reliably. After initial recognition, all items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes all direct costs and all expenditure incurred to bring the asset to its working condition and location for its intended use.

Subsequent expenditure related to an item of property, plant and equipment is usually expensed as incurred. Such expenditure is only capitalised when it can be clearly demonstrated that it has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment in excess of its originally assessed standard of performance.

Depreciation is provided to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Leasehold property improvements	-	20% reducing balance
Plant and machinery	-	3 – 10 years straight line or 20%-25% reducing balance

Software Licences

An item of Software is recognised if it is probable that associated future economic benefits will flow to the company and if its cost can be measured reliably. After initial recognition, all items of software are stated at cost, less accumulated amortisation and impairment losses.

Subsequent expenditure related to an item of software is usually expensed as incurred. Such expenditure is only capitalised when it can be clearly demonstrated that it has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of software in excess of its originally assessed standard of performance.

Amortisation is provided to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Software	-	3 – 10 years straight line

Investments

Fixed asset investments are shown at cost less provision for impairment.

Related parties transactions

The company has taken advantage of the exemptions contained in FRS 101 Reduced Disclosure Framework not to present transactions with fellow wholly owned group companies.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

1. **ACCOUNTING POLICIES (continued)**

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Pensions

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases and similar hire purchase contracts are capitalised and the outstanding future lease obligations shown in creditors. Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that a transfer of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation.

1. ACCOUNTING POLICIES (continued)

Research and development

Expenditure on pure and applied research and development is charged to the profit and loss account in the year in which it is incurred.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Critical accounting judgements and principal sources of estimation uncertainty

Drawing up the financial statements in accordance with FRS 101 requires the management to make the necessary estimates and assessments. The management bases its estimates on past experience and other reasonable assessment criteria. These are reviewed periodically and the effects of such reviews are taken into account in the financial statements of the period concerned. Future events liable to have a financial impact on the company are also included in this.

The estimated results of this may consequently diverge from the actual results. There are no critical accounting judgements. Principal sources of estimation uncertainty have been made, inter alia, regarding:

- determining impairment of receivables; and
- determining impairment of investments;

Impairment of Receivables

A review of the receivables is carried out on a monthly basis and as part of that review consideration is given as to whether they will be collectable.

Receivables are stated in the balance sheet after reductions for amounts which are thought to be at risk of not being paid.

Impairment of investments

An impairment review was carried out with regard to fixed asset investments. Such an examination is carried out if there is an indication these items should be subject to impairment.

The investment in Uponor Building Energy has previously been impaired to reflect cumulative trading losses. An impairment exercise is performed annually to review the value of the investment.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

2. TURNOVER

An analysis of the Company's Agency Income is as follows:

	2017 £'000	2016 £'000
Continuing operations		
Agency Income	4,248	4,659

By geographical market	2017 £'000	2016 £'000
United Kingdom	4,248	4,659
Rest of Europe	-	-
	4,248	4,659

In the opinion of the directors, turnover in the prior year and profit before taxation in both years is attributable to one class of business line, being the sale of heating and plumbing systems.

3. OPERATING PROFIT / (LOSS)

	2017 £'000	2016 £'000
Operating Profit/(loss) is stated after charging/(crediting):		
Auditor's remuneration		
Fees payable to the company's auditor for the audit of the company's annual financial statements	27	19
Operating lease rental		
Hire of plant and machinery	-	37
Other	127	184
Depreciation on fixed assets		
Tangibles	61	48
Software	9	1
Exceptional items:		
Provision for restructuring costs	-	818

4. REMUNERATION OF DIRECTORS

In the current and prior year, the directors' remuneration was borne by another group company. The directors provided no services to the company. It is not practicable to determine the allocation of their remuneration to this company. The full disclosures are available from the group consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

5. STAFF NUMBERS AND COSTS

The average monthly number of employees (including the directors) was:

	2017 Number	2016 Number
Sales and distribution	29	61
Administration	8	9
	37	70

Their aggregate remuneration comprised:

	2017 £'000	2016 £'000
Wages and salaries	1,628	2,715
Social security costs	176	277
Other pension costs (note 16)	61	83
	1,865	3,075

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

6. TAXATION

	2017 £'000	2016 £'000
UK corporation tax		
Current tax on income for the year	38	-
Total current tax	38	-
Total deferred tax	(8)	-
Total tax expense for the year	30	-

Factors affecting the tax charge for the current year

The differences between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/loss before tax are as follows:

	2017 £'000	2016 £'000
Profit/(Loss) before tax	393	(144)
Current tax at 19%/20 %	76	(29)
Effects of:		
Expenses not deductible for tax purposes	3	26
Other temporary difference	3	-
Capital allowances less than depreciation	7	3
Utilisation and movements in tax losses	(51)	-
Total current tax	38	-

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate of corporation tax to 19% from 1 April 2017 and to 17% from 1 April 2020.

Deferred tax assets and liabilities are measured at tax rates that are enacted or substantively enacted at the balance sheet date.

The company has unrecognised deferred tax assets of £Nil (2016: £51K) in relation to tax losses and decelerated capital allowances.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

7. TANGIBLE ASSETS

	Short Leasehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2017	9	520	529
Additions	9	3	12
At 31 December 2017	18	523	541
Accumulated depreciation			
At 1 January 2017	-	349	349
Charge for the year	4	61	65
At 31 December 2017	4	410	414
Net book value			
At 31 December 2017	14	113	127
At 31 December 2016	9	171	180

8. INTANGIBLE FIXED ASSETS

	Total £'000
Cost	
At 1 January 2017	11
Additions	-
At 31 December 2017	11
Accumulated depreciation	
At 1 January 2017	1
Charge for the year	9
At 31 December 2017	10
Net book value	
At 31 December 2016	10
At 31 December 2017	1

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

9. INVESTMENTS

	Principal activity	Proportion of ordinary shares held
Directly held		
Uponor Building Energy Limited	Specialise in providing surface and cooling solutions	100%

The investment relates to the cost of the entire share capital of Uponor Building Energy Limited (formerly The Underfloor Heating Company Limited). This investment is held at a cost of £1,000,000 less provision for impairment of £1,000,000, resulting in nil book value at both the start and end of the year.

This company (which specialises in providing surface and cooling solutions) was acquired on 1 December 2009 with the strategic intention to strengthen the company's project business. The registered office is The Pavilion, Blackmoor Lane, Watford, WD18 8GA.

10. STOCKS

	2017 £'000	2016 £'000
Finished goods and goods for resale	-	-

Uponor Corporation has implemented a new business model that moves the risk from the subsidiaries to the one principal unit and therefore Uponor Limited does not have any stock.

Uponor GMBH is principal and subsidiaries of parent in Europe are now agents and details are contained in the strategic report.

11. DEBTORS

Amounts falling due within one year:	2017 £'000	2016 £'000
Trade debtors	2,829	3,608
Amounts owed by fellow group undertakings	3,086	1,483
Deferred tax	8	-
Prepayments and accrued income	59	149
	5,982	5,240

The amounts owed by fellow group undertakings are non-interest bearing and are at call.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Amounts owed to fellow group undertakings	221	10
Trade creditors	244	54
Corporation tax	38	-
Other taxes and social security	441	177
Accruals and deferred income	2,438	2,825
	3,382	3,066

The amounts owed to fellow group undertakings are non-interest bearing and are at call.

13. CALLED UP SHARE CAPITAL

	2017 £'000	2016 £'000
Authorised, allotted, called up and fully paid		
100 ordinary shares of £1 each	-	-
6,200,000 irredeemable preference shares of £1 each	6,200	6,200

14. RESERVES

	Capital reserve £'000	Profit and loss reserve £'000	Total £'000
Balance at 1 January 2017	1,666	(5,501)	(3,835)
Retained Profit for the year	-	363	363
Balance at 31 December 2017	1,666	(5,138)	(3,472)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

15. LEASE COMMITMENTS

The total of future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings 2017 £'000	Other 2017 £'000	Land buildings 2016 £'000	Other 2016 £'000
Operating leases which expire:				
Within 1 year				
Within 2 to 5 years	-	26	-	58
More than 5 years	-	216	-	165
	1,515	-	1,694	-
	1,515	242	1,694	223

The lease for the land and buildings is not subject to any contingent rent and there are no restrictions that are imposed by the leasing arrangement.

16. PENSIONS COSTS

Uponor Limited operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the company to the scheme and amounted to £61k (2016: £83k). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions contained in FRS 101 Reduced Disclosure Framework not to present transactions with fellow wholly owned group companies.

18. ULTIMATE PARENT COMPANY

The Company's immediate and ultimate parent is Uponor Corporation who is considered to be the controlling party. The largest and smallest group in which the results of the company are consolidated is that headed by Uponor Corporation, which is a company incorporated in Finland. The director regards Uponor Corporation as the ultimate parent company. The consolidated financial statements of this company may be obtained from its registered address, Uponor Corporation, Äyritie 20, FIN-01510 Vantaa, Finland.

19. EVENTS AFTER BALANCE SHEET DATE

On 17 September 2018, the business of Uponor Building Energy Limited was transferred as a going concern to Uponor Limited.