Company Registration No. 702844
Directors' Report and Financial Statements
31 December 2013

BASF POLYURETHANES U.K. LIMITED

Report and Financial Statements

31 December 2013

REPORT AND FINANCIAL STATEMENTS

CONTENTS

CONTENTS	Page
Officers and professional advisers	1
Strategic Report	2
Directors' report	5
Statement of Directors' responsibilities in respect of the Directors' report and the financial statements	7
Independent Auditors' Report to the Members of BASF Polyurethanes U.K. Limited	8
Profit and loss account	10
Statement of total recognised gains and losses	10
Balance sheet	11
Reconciliation of movements in shareholder's funds	12
Notes to the accounts	13

BASF POLYURETHANES U.K. LIMITED
Directors' Report and Financial Statements
31 December 2013
Company Registration No. 702844

DIRECTORS

R Lochtman	(Chairman – Dutch)
U Hartwig	(German)
J P Robinson	(British)
T B Jensen	(Danish)

SECRETARY

S Hatton

REGISTERED OFFICE

BASF Polyurethanes U.K. Limited
Alfreton Trading Estate
Wimsey Way
Somercotes
Alfreton
Derbyshire
DE55 4NL

BANKERS

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City of London Corporate Office
PO Box 125
27-32 Poultry
London
EC2P 2BX

SOLICITORS

Evershed, Wells & Hind
1 Royal Standard Place
Nottingham

AUDITORS

KPMG LLP
St James' Square
Manchester
M2 6D

Strategic Report

Principal activities

The principal activity of the company continues to be the development, manufacture and sale of polyurethane systems to customers principally in the UK and Ireland.

Business model

The business model is based upon the provision of customised solutions for individual customers and specific applications, supported by ongoing technical service, both at the customers' premises and in our laboratories at the Alfreton site.

The company manufactures and supplies two-component polyurethane systems. One of the components is typically a blend of isocyanate raw materials (but can also be a partly reacted pre-polymer), whereas the other component is a more sophisticated formulation, based on polyol raw materials. The latter component is developed with the addition of a number of key additives which determine the processing profile and the performance of the system, and ultimately the properties of the component being manufactured by the customer.

The value added by the company is generated by the formulation technology combined with the technical service, which together enable our customers to consistently produce high-quality components which meet the specification of the end-user.

By focusing on more technically demanding market segments, we help to mitigate the permanent threat from certain sectors of the market to switch away from buying polyurethane systems in order to become self-formulators themselves. The attractiveness of such a switch by our customers is governed largely by the price differential between our polyurethane systems and the basic raw materials, and the rate of return which a company might expect from investing in the equipment and technical expertise necessary to develop and formulate their own systems, coupled with their ability to achieve the consistent quality required for the articles they produce, without technical support.

Business review and results

The company continued to pursue its strategy, as an integral part of the global network of BASF Polyurethanes companies, to develop and supply polyurethane systems to meet the needs of the markets in the UK and Ireland, as well as for selected customers in mainland Europe and overseas. By closely monitoring market trends and forthcoming legislation, we align our sales, technical service and product development resources to the future requirements of the markets we serve.

The company turned in a very strong performance in 2013, despite limited growth in the market. We continued to focus on price and cost management and value creation in selected target markets, resulting in increased selling prices (in local currency) and higher specific margins. The relatively depressed market made it difficult to pass on the full impact of raw material cost increases (as well as other inflationary cost increases) in some sectors of the markets we serve; however, we improved our business performance by focusing our activities on the market sectors where we can add the most value with our formulation expertise, product performance and technical service.

There was a moderate increase in losses due to unsecured bad debts; however, overall we managed to maintain receivables at approximately the same level as in the previous year. We improved inventory management very effectively by focusing on the management of slow-moving stock articles.

Key performance indicators

A number of KPIs have been identified as being the most relevant ones to steer the business, bearing in mind the necessary balance between short-term goals and the longer-term strategic development of the business.

The financial KPIs reflect on the current business performance and in particular relate to value creation. Gross margin and operating profit indicate to what extent we were able to add value through our operations by covering our costs and generating additional income. Value is added through commercial activity (sales, price management) combined with formulation expertise and technical service to our customers.

We also measure performance indicators which impact on our working capital requirement. Outstanding receivables from our customer are measured in terms of "days sales outstanding" (DSO), along with the share of the total outstanding which is due or overdue for payment. We aim to minimise financial risk by controlling the payment terms granted to our customer base. Additionally we measure inventory management. As our business model is "make to order", the majority of our inventory relates to raw materials; we measure the value of the inventory relative to the average number of days' production which that inventory would cover (DIV), coupled with a specific measure of slow-moving items, measured as a percentage of the total inventory.

The key financial performance indicators for the 2013 were as follows :

- Operating profit as a percentage of turnover : 7.7% *(2012: 6.8%)*
- DSO (days of debtors' sales outstanding) : 52 days *(2012: 48 days)*
- DIV (days of inventory, excluding goods in transit) : 25 days *(2012: 26 days)*

The profit after taxation for the year amounted to £2,846,000 *(2012: £2,487,000)*.

A dividend of £3,000,000 was paid out in this year *(2012: £1,860,000)*.

We have also identified a number of non-financial performance indicators which provide additional information about how efficiently and effectively our processes and our quality management system are working, thereby underpinning the financial results. Examples of such indicators include the "right-first-time" quota of production batches, the number of customer-driven complaints or internal non-conformances, out-of-specification stock levels, productivity rates (eg: employee hours in manufacturing per tonne of output), energy usage relative to output volumes, etc.

Another key area of non-financial indicators for our company relates to health & safety. The overriding target every year is to have zero lost-time injuries (for our own employees as well as for contractors working on the site), as well as an ongoing reduction in injuries requiring any sort of first-aid or medical attention. However, these are only lagging indicators (in other words, they report what has already happened). We have attached greater importance to leading indicators, such as "incidents" or "near-misses" reported by our staff where they have identified the potential for an accident. We treat these reported "incidents" as opportunities for further improvement.

Principal risks and uncertainties

There are a number of potential risks to our business, all of which we attempt to control or mitigate.

Safety is our top priority, and as such, we never compromise on safety. Through our programme of risk assessments we aim to identify all the risks and hazards related to our activities, and we take action to eliminate them as far as possible, whether through changes to procedures, or investments in new equipment with better safety features.

Another area of risk is loss of reputation. It is essential that we maintain our reputation as the leading chemical company and our position as the market leader for PU Systems. Our reputation could be damaged by the actions of our employees, or by misuse of our products, for example. Therefore, we have a very stringent compliance programme for all employees, involving a mixture of online training sessions and face-to-face workshops. For our customers we conduct Product Stewardship audits and provide instruction on handling, storage, use and disposal of the products; for certain application fields we also conduct in-depth training for all the operators at a customer, and will only supply the products to them after the training programme has been completed.

There are also potential commercial risks to the business, such as foreign exchange rates; we buy most of our raw materials in Euros, but a significant share of our sales are in Sterling. A shift in the exchange rate between the currencies could temporarily have a detrimental effect on our gross margin. We invoice an increasing number of customers using the €uro, and for customers who still prefer to buy in Sterling, we typically have an exchange rate clause attached to price offers with a validity of three months or longer.

Similarly, an unexpected escalation in the cost of raw materials may be difficult to pass on to customers in the short term, as we try to maintain relatively stable pricing (at least quarterly) as far as possible. As BASF is backward-integrated, the likelihood of supply shortages is minimal.

The potential for PU Systems customers to become "self-formulators" always exists; the largest customers could reach a scale whereby investment in formulation chemists and the necessary equipment to manufacture their own PU Systems becomes viable. There have been examples of this in the past, most commonly in the manufacture of continuous panels for the insulation of buildings. Therefore, it is essential that customers understand and value our technical excellence, and that we protect our intellectual property. To this end, we regularly conduct audits of compliance with our Information Protection guidelines. Furthermore, one of the key drivers for our Sales Technicians is to identify new customers and convert new business opportunities.

Future developments

In mid-2014 we will change the ownership of the company. Currently, BASF Polyurethanes UK Limited is an legal entity, owned by BASF Polyurethanes GmbH; it is proposed to merge the assets and liabilities of the UK company into BASF plc, as a result of which the company will cease to be a legal entity in its own right, but will become an operational site of BASF plc. Nevertheless, this change of ownership will have no impact whatsoever on the operational activities of the business.

We expect to see slightly stronger market growth in 2014, driven by the continuing economic recovery, together with further inward investment in UK manufacturing, particularly in the automotive and construction sectors. As a result of the development work we have been carrying out with our customers, we are well positioned to take advantage of this upturn in the market.

We will continue to focus on our business developments activities on those markets which we have identified as being strategically of the most relevance for our business.

Signed on behalf of the Board

Managing Director

3 June 2014

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

BUSINESS PERFORMANCE

Strategic Objectives:

The company continued to pursue its strategy, as an integral part of the global network of BASF Polyurethanes companies, to develop polyurethane systems to meet the needs of the markets in the UK and Ireland, as well as for selected application fields in mainland Europe and overseas. By closely monitoring market trends and forthcoming legislation, we align our sales, technical service and product development resources to the future requirements of the markets we serve.

Trends and Factors affecting Performance:

The company turned in a very strong performance in 2013, enjoying selective growth in targeted market segments and higher average selling prices than in 2012. Despite not being able to pass on the full impact of raw material costs (and other inflationary cost increases) to our customer base, the strategy of focusing our activities on certain targeted market segments and strict cost management enabled us to improve our profitability overall, especially during the second half of the year.

We were unable to maintain receivables at the same level as in the previous year, and also encountered a higher level of losses resulting from customer insolvencies. The robust measures introduced in previous years to improve inventory management continued to benefit the performance of the company.

By focusing on more technically demanding market segments, we help to mitigate the permanent threat from certain sectors of the market to switch away from buying polyurethane systems and to become self-formulators themselves. The attractiveness of such a switch by our customers is governed largely by the price differential between our polyurethane systems and the basic raw materials, and the rate of return which a company might expect from investing in the equipment and technical expertise necessary to develop and formulate their own systems, coupled with their ability to achieve the consistent quality required for the articles they produce, without technical support.

External Environment and Industry Changes affecting Performance:

We continue to develop formulations for new applications for speciality polyurethane systems, often replacing traditional materials. We have also been successful in re-formulating our systems to remove certain raw materials.

RISK AND UNCERTAINTY

Commercial Risk:

Supply and demand was largely in balance through 2013. Nevertheless, the cost price of key raw materials continued to rise. The majority of our raw materials are sourced from mainland Europe, meaning that changes in the value of Sterling versus the Euro can have an unforeseen impact on the company's profitability. However, pricing arrangements with much of our customer base is linked to an exchange rate mechanism, and we have an increasing number of customers who purchase from us in Euros.

EMPLOYEE INVOLVEMENT

Employees are directly involved in the process of setting team and personal objectives, as well as participating in regular review meetings to measure progress towards our goals. We utilize an electronic performance management system for all employees, underpinned by an employee development programme.

We also have regular site briefings, to which all employees are invited, at which we share information about the company's performance and discuss measures aimed at improving efficiency and business results. Employees' basic pay and bonus payments are directly linked to their own personal contribution, as well as to the overall success of the BASF Group.

All departments are represented at the Safe Working Group, which meets at least 10 times per year, to discuss all aspects of safety throughout the site and agree upon measures to mitigate risk.

The Managing Director met regularly throughout 2013 with the Staff Council (a representative body of employees which was originally formed in 2010 to ensure continuing inclusion of the workforce's views in key decisions and to give the workforce another vehicle by which to bring ideas forward to the Senior Management of the company).

SUPPLIER PAYMENT POLICY

The company pays its suppliers to the agreed terms of business.

POLITICAL AND CHARITABLE DONATIONS

The company did not make any political or charitable donations in 2013 (*2012: nil*).

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

We have continued to successfully develop new opportunities in markets where we see sustainable above-average growth and earnings potential. The markets we serve continue to grow faster than GDP, and the growth rates of businesses and systems which we supply today and in the future will offset the impact of migration of business outside the UK and of any customers who may potentially switch to self-formulating. This applies to all our business areas. We will continue to focus our development resources on markets and applications with a greater requirement for development expertise and technical support, and which will yield greater returns for the company.

DIRECTORS AND THEIR INTERESTS
The directors of the company, who served during year, are as follows:

Mr J P Robinson	(Managing Director)
Dr R Lochtman	(German) (Chairman)
Dr U Hartwig	(German)
Mr T B Jensen	(Danish)

Signed on behalf of the Board

Managing Director

3 June 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG LLP
St James' Square
Manchester
M2 6DS
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BASF POLYURETHANES U.K. LIMITED

We have audited the Financial Statements of BASF Polyurethanes U.K. Limited for the year ended 31 December 2013 set out on pages 10 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BASF POLYURETHANES U.K. LIMITED *(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, 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.

John Costello (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

6 June 2014

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover from continuing operations	*2*	49,891	48,790
Cost of sales		(39,707)	(39,841)
Gross profit		10,184	8,949
Distribution costs		(5,600)	(5,158)
Administrative expenses		(770)	(495)
		(6,370)	(5,653)
Operating profit	*4*	3,814	3,296
Other			
Interest receivable and similar income	*5*	7	9
Profit on ordinary activities before taxation		3,821	3,305
Tax on profit on ordinary activities	*6*	(975)	(818)
Profit for the financial year		2,846	2,487

All amounts relate to continuing activities.

The notes on pages 13 to 21 form part of the Financial Statements.

Statement of Total Recognised Gains and Losses
For the year ended 31 December 2013

The company has no recognised gains or losses other than the profit for the financial year and the preceding year.

BALANCE SHEET
At 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	*8*	1,945	2,150
Current assets			
Stocks	*9*	2,547	2,567
Debtors	*10*	8,609	9,378
Cash at bank and in hand		-	-
		11,156	11,945
Creditors: amounts falling due within one year	*11*	(7,545)	(8,367)
Net current assets		3,611	3,578
Total assets less current liabilities		5,556	5,728
Creditors: amounts falling due after more than one year	*12*	(12)	(30)
		5,544	5,698
Capital and reserves			
Called up share capital	*14*	2,250	2,250
Profit and loss account		3,294	3,448
Shareholder's funds		5,544	5,698

The notes on pages 13 to 21 form part of the financial statements.

These financial statements were approved by the Board of Directors on 3 June 2014

Signed on behalf of the Board of Directors

Director

RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS
Year ended 31 December 2013

	2013 £'000	2012 £'000
Profit for the financial year	2,846	2,487
Dividend Paid	(3,000)	(1,860)
Net addition / (reduction) to shareholder's funds	(154)	627
Opening shareholder's funds	5,698	5,071
Closing shareholder's funds	5,544	5,698

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules. The particular accounting policies adopted are described below. Except where stated below these have been applied consistently throughout the current and preceding year.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of BASF Societas Europaea, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2, 3 and 4.

The company has considerable financial resources with long-term relationships with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current economic outlook.

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.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover for the year represents the invoice value, excluding value added tax, of goods and services supplied to customers, and commission received.

Tangible fixed assets

Depreciation is not provided on freehold land or assets in the course of construction. On other assets it is provided on cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Buildings	3% per annum
Plant, machinery, fixtures, fittings, tools and equipment	10% to 25% per annum

Stocks

Stocks are valued at the lower of cost, determined on a weighted average basis, and net realisable value. Cost represents cost of materials, labour and appropriate overheads.

NOTES (continued)

1. **ACCOUNTING POLICIES** (continued)

Deferred taxation

Deferred taxation is provided on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

Assets and liabilities stated in foreign currencies are translated into sterling at the exchange rates ruling at the year end. Exchange profits and losses realised on trading transactions are included in the trading results.

Pension costs

The company makes pension contributions to the BASF UK Group Pension Scheme on behalf of its employees. Pension costs to the group's defined contribution pension scheme are charged to the profit and loss account as incurred.

The company has adopted FRS17. This is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities. Contributions are charged to the profit and loss account as they become payable.

Research and Development

All Research and Development expenditure is charged to the Profit and Loss Account in the year it is incurred.

Government grants

Government grants are accounted for by setting up a deferred credit account and releasing this to the profit and loss account over the useful lives of the assets to which the grants relate.

Leases

Rentals are charged to the profit and loss in equal annual amounts over the lease term.

2. **TURNOVER**

The turnover of the company arose principally in the United Kingdom and from the principal activity of the company.

3. **INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2013	**2012**
	£'000	**£'000**
Directors' emoluments		
Remuneration	136	140
Pension costs – defined contribution	16	13
	152	153

The above amounts do not include any gains made on the exercise of share options. No directors exercised share options in the period (2012: Nil).

NOTES (continued)

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES *(continued)*

	Number	Number
Number of directors for which the company is contributing to:		
Defined contribution scheme	1	1

Average number of persons employed		
Production	23	23
Sales and technical	28	27
Administration	8	8
	59	58

	2013 £'000	2012 £'000
Staff costs during the year (including directors)		
Wages and salaries	2,739	2,717
Social security costs	261	296
Pension costs	416	411
	3,416	3,424

4. OPERATING PROFIT

	2013 £'000	2012 £'000
Operating profit is after charging/(crediting):		
Depreciation		
Owned assets	284	300
Research and Development	820	757
Exchange gains	6	29
Amortisation of government grants	-	(1)
Auditor's remuneration - audit fees	15	19

NOTES (continued)

5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £'000	2012 £'000
Receivable from group undertaking	7	9

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of charge in the period

	2013 £'000	2012 £'000
Current tax:		
United Kingdom corporation tax at 23.25% *(2012: 24.5%)* based on the profit for the year	907	879
Adjustment in respect of prior years	8	(29)
Total current tax (note 6b)	915	850
Deferred tax (note 13):		
Timing differences, origination and reversal	44	(24)
Adjustments in respect of prior years	16	(8)
Total deferred tax	60	(32)
	975	818

b) Factors affecting tax charge for the period

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly and reduce the deferred tax assets / liabilities at 31 December 2013 which has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

The tax assessed for the period differs from the standard rate of corporation tax in the UK 23.25% (2012: 24.5%). The differences are explained below:

NOTES (continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

	2013 £'000	2012 £'000
Current Tax Reconciliation		
Profit on ordinary activities before tax	3,821	3,305
Standard rate of corporation tax at 23.25% *(2012: 24.5%)*	888	810
Factors affecting charge:		
Disallowable expenses	8	11
Fixed asset timing differences	35	40
Other short term timing differences	(24)	18
Adjustment in respect of prior years	8	(29)
Current tax charge for the year (note 6a)	915	850

7. DIVIDENDS

	2013 £'000	2012 £'000
Final dividend	3,000	1,860

Interim paid: £nil per ordinary share *(2012 : £nil)*

NOTES (continued)

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 1 January 2013	3,961	6,225	1,817	2	12,005
Additions	39	13	57	1	110
Disposals	(36)	(379)	(396)	-	(811)
At 31 December 2013	3,964	5,859	1,478	3	11,304
Accumulated depreciation					
At 1 January 2013	2,406	5,730	1,719	-	9,855
Charge for the year	149	96	39	-	284
Disposals	(5)	(379)	(396)	-	(780)
At 31 December 2013	2,550	5,447	1,362	-	9,359
Net book value					
At 31 December 2013	1,414	412	116	3	1,945
At 31 December 2012	1,555	495	98	2	2,150

9. STOCKS

	2013 £'000	2012 £'000
Raw materials and consumables	1,743	1,792
Finished goods and goods for resale	804	775
	2,547	2,567

10. DEBTORS

	2013 £'000	2012 £'000
Trade debtors	5,707	6,600
Amounts owed by group undertakings	2,843	2,629
Deferred tax asset (note 13)	57	117
Prepayments and accrued income	-	30
Other debtors	2	2
	8,609	9,378

All amounts are due within one year.

NOTES (continued)

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Trade creditors	511	562
Amounts owed to group undertakings	4,218	4,686
Current corporation tax	1,809	1,563
Accruals and deferred income	655	1,079
Other taxes and social security	352	477
	7,545	8,367

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £'000	2012 £'000
Accruals and deferred income	12	30

Accruals and deferred income includes Nil *(2012: £22,272)* due after more than five years.

13. DEFERRED TAX

	2013 £'000	2012 £'000
Deferred tax asset (see note 10)	57	117

	2013 £'000	2012 £'000
Deferred tax		
Balance at 1 January	117	85
Profit and loss account	(60)	32
Balance at 31 December	57	117

NOTES (continued)

13. DEFERRED TAX (continued)

The amounts of deferred taxation provided and unprovided are as follows:

	Provided 2013 £'000	Provided 2012 £'000	Not provided 2013 £'000	Not provided 2012 £'000
Capital allowances in excess of depreciation	(16)	(62)	-	-
Short-term timing differences	(41)	(55)	-	-
	(57)	(117)	-	-

14. CALLED UP SHARE CAPITAL

	2013 £'000	2012 £'000
Authorised, allotted and fully paid		
2,250,000 ordinary shares of £1 each	2,250	2,250

15. PENSION SCHEME

Defined benefit scheme

The company participates in the BASF (UK) Group Pension Scheme. The company introduced the defined contribution plan on 6 April 1998 for new employees. Employees who were already members of the defined benefit plan were offered the opportunity to transfer to the new defined contribution plan. From 1 April 2012 any remaining members of the defined benefit plan were transferred to the defined contributions plan, and the defined benefit plan was closed to future accrual. Assets are held in separate trustee administered fund. BASF PLC, the lead UK Group company operates a group defined benefit scheme, of which some employees of the company are members.

There is no contractual agreement for charging the net defined benefit cost of the scheme between the companies that participate in the scheme. As a result, the net defined benefit cost of the scheme is recognised in the financial statement of the sponsoring employer, BASF PLC. The costs of contributions to the group scheme amount to £Nil (2012: £Nil). An amount of £Nil (2012:£Nil) is included in creditors being the outstanding contributions to the defined benefit scheme.

Information about the plan as a whole can be obtained from the BASF PLC financial statements.

Defined contribution pension scheme

The company also operates a defined contribution scheme. The scheme operates as part of the BASF (UK) Group Pension Scheme and commenced operation on 6 April 1998. The employer contributions for this scheme for the year ended 31 December 2013 were £261,680 (2012 £168,841).

16. ULTIMATE AND IMMEDIATE PARENT COMPANIES

The immediate parent company is BASF Polyurethanes GmbH and the ultimate parent company is BASF Societas Europaea ("BASF SE"). These companies are registered in Germany. Copies of BASF SE's consolidated financial statements may be obtained from BASF Societas Europaea, D67056 - Ludwigshafen, Germany.

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption for 90% plus subsidiaries as stated in FRS 8 to exclude disclosure of transactions between such parties.