

**Company Registration No. 741008**

**SENSIENT COLORS UK LIMITED**

**Annual Report and Financial Statements**

**Year Ended 31 December 2013**



**REPORT AND FINANCIAL STATEMENTS 2013**

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**SENSIENT COLORS UK LIMITED**  
**Company Registration No 741008**

**REPORT AND FINANCIAL STATEMENTS 2013**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

M DeMeyer  
J Makal  
B M Connors

**REGISTERED OFFICE**

Oldmedow Road  
Harwick Industrial Estate  
King's Lynn  
Norfolk  
PE30 4LA

**BANKERS**

HSBC Bank plc  
62-76 Park Street  
Southwark  
London  
SE1 9DZ

**SOLICITORS**

K&L Gates LLP  
One New Change  
London  
EC4M 9AF

**AUDITOR**

Ernst & Young LLP  
One Cambridge Business Park  
Cambridge  
CB4 0WZ

## **STRATEGIC REPORT**

The directors present their strategic report for the year ended 31 December 2013.

### **REVIEW OF THE BUSINESS**

The company's key financial and other performance indicators during the year are as follows:

	2013 £'000	2012 £'000	Change %
Turnover	17,176	28,085	-39%
Profit after tax	1,372	1,385	-1%
Current assets as % of current liabilities	128%	140%	-12%

Sickness absence	2.0%	2.0%
Average no. of employees	84	105

Sensient Colors UK Ltd completed the transition of the Food, Pharmaceutical and Inks trade businesses to Sensient affiliate sites in Europe during 2013. The transition was driven by the Group plan to have each business unit operating in a discreet market channel. As those business units moved out the UK site was refocused on the Industrial colours market for Europe Middle East and Africa.

This market is dominated by Household, Industrial and Institutional customers, together with Agrochemicals, Seed coatings and other niche opportunities and is approached by direct sales and distribution partners.

To support this change in direction for the business in 2014 we have increased direct sales personnel in the European market and in addition internal Technical sales support numbers have risen, although the overall headcount in the unit fell in 2013 as a result of the business movements out to other sites.

The main UK manufacturing activity remains unchanged, the major products produced continue to be dyes, lakes, dispersions, blends and hair dyes for sales into Industrial customers or to Affiliate sites to be sold globally. The transfer of the Inks manufacture to Sensient USA closed the small production unit in the UK but this was minor in volume and sales.

As a result of the customer transfers, direct sales revenue fell in 2013 to but Intra division sales increased in line with the higher sales to the affiliate sites.

Capital expenditure in 2013 was mainly on the refurbishment and improvement of the Bulk Dye plant and was broadly in line with previous years. Projected expenditure in 2014 is for spending to remain at the current levels.

Raw material sourcing remains a potential issue with many current suppliers pulling out of the market or increasing prices well beyond inflation, if this trend continues it could create price pressure in the market and open up our business to potentially cheaper suppliers.

The regulatory environment continues to be challenging with the EU REACH directives requiring significant expenditure to enable the business to remain compliant, although we are progressing well towards the deadline of 2018.

## **STRATEGIC REPORT**

The outlook for the business remains strong as we continue to find opportunities in our markets through the direct sales force, the number of project are increasing and our penetration into existing key accounts and new customers is improving but we need to follow this with resultant increases in trade revenue. The UK site manufacturing plan is strong with good demand from trade and affiliate customers. We are working closely with our trade customers and affiliate partners to review market opportunities which should see our business grow substantially in the coming years.

The company's "quick ratio" (current assets as a percentage of current liabilities) has decreased 12% due to the increase in intercompany loans and the payment of the dividend detailed below.

Headcount decreased due to the restructuring following the changes to the business; sickness level is in line with prior year.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

### **Financial risk management objectives and policies**

The company's activities expose it to a number of financial risks including price risk, credit risk, currency risk and liquidity risk. The use of financial derivatives is governed by the company's policies 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.

#### ***Currency risk***

The company minimizes its exposure by using natural offsets within the balance sheet. The company also sells forward foreign currency contracts to hedge currency exposure on firm future commitments.

#### ***Credit risk***

The company's principal financial assets are bank and cash balances and trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the relating cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### ***Price risk***

The company is exposed to commodity price risk. The company does not manage its exposure to commodity price risk due to cost benefit considerations.

#### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses debt finance from Sensient Finance Ireland.

## **STRATEGIC REPORT**

### **SAFETY**

Whilst the company has a reputation for high safety standards, it remains committed to improving its accident prevention systems further. The safety audit scheme continues to provide a useful measure of site performance against British Safety Council Standards, as well as identifying areas for improvement.

Approved by the Board of Directors  
and signed on behalf of the Board

M DeMeyer  
Director



Date:

28/11/14.

## **DIRECTORS' REPORT**

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

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The company's principal activity is the manufacture and distribution of synthetic and natural colours for the industrial, food, pharmaceutical and cosmetic industries.

For a review of the business please see Strategic Report on page 2.

### **DIVIDENDS**

A dividend of £1,600,000 (2012 - £6,000,000) was paid in December 2013 to Sensient Holdings UK in relation to the ordinary shares.

### **DIRECTORS**

The directors who served during the year were as follows:

J Makal  
M DeMeyer  
B M Connors

### **DIRECTORS' INDEMNITIES**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### **AUDITOR**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### **GOING CONCERN**

After making enquires, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### **FUTURE DEVELOPMENTS**

Sensient Colors UK Limited has a strong future as an added value manufacturing company, supporting customers throughout Europe, Middle East and Africa.

The directors expect the general level of activity to continue.

**DIRECTORS' REPORT**

**ELECTIVE RESOLUTION**

At the Annual General Meeting held on 29 December 1993 elective resolutions were passed to dispense with the following requirements:

- a) To lay directors' reports and financial statements before the members in a general meeting.
- b) To hold Annual General Meetings
- c) To appoint auditors annually.

Approved by the Board of Directors  
and signed on behalf of the Board

M DeMeyer  
Director



Date

28/11/14



## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 proper 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 SENSIENT COLORS UK LIMITED**

We have audited the financial statements of Sensient Colors UK Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 22. 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 auditors**

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). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion**

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 the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENSIENT COLORS UK LIMITED**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Ernst & Young LLP*

Rachel Wilden (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Registered Auditor

Cambridge

Date *28 November 2014*

**SENSIENT COLORS UK LIMITED**  
**Company Registration No 741008**

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2013**

	<b>Note</b>	<b>2013 £</b>	<b>2012 £</b>
<b>TURNOVER</b>	2	17,176,361	28,085,389
Cost of sales		(12,915,828)	(21,374,325)
<b>GROSS PROFIT</b>		4,260,533	6,711,064
Distribution costs		(1,620,756)	(2,885,388)
Administrative expenses		(1,992,693)	(1,966,814)
Other operating income	4	1,188,000	-
<b>OPERATING PROFIT</b>	5	1,835,084	1,858,862
Interest receivable and similar income	6	20	15,455
Interest payable and similar charges	7	(14,613)	(7,224)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,820,491	1,867,093
Tax on profit on ordinary activities	8	(448,139)	(482,296)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	16	1,372,352	1,384,797

All activities derive from continuing operations.

There are no recognised gains and losses other than the profit for the financial year and the profit for the preceding financial year. Accordingly, no statement of total recognised gains and losses is given.

**SENSIENT COLORS UK LIMITED**  
**Company Registration No 741008**

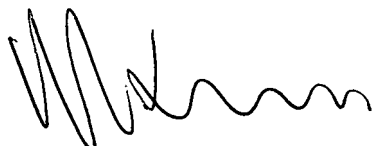
**BALANCE SHEET**  
**31 December 2013**

	Note	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	10	4,359,174	4,057,750
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Stocks	11	5,073,211	5,686,932
Debtors	12	4,359,586	3,469,144
Cash at bank and in hand		29,971	37,589
		<hr/>	<hr/>
		9,462,768	9,193,665
<b>CREDITORS: amounts falling due within one year</b>	13	(7,409,221)	(6,585,154)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		2,053,547	2,608,511
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,412,721	6,666,261
		<hr/>	<hr/>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(157,186)	(183,078)
		<hr/>	<hr/>
<b>NET ASSETS</b>		6,255,535	6,483,183
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	87,051	87,051
Profit and loss account		6,168,484	6,396,132
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS</b>	16	6,255,535	6,483,183
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

M DeMeyer  
Director



28/11/14.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2013**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Depreciation is not provided on freehold land. On other assets it is provided at rates calculated to write off the assets over their estimated useful lives. The rates of depreciation are as follows:

Freehold buildings	2% - 4.0% per annum on cost
Plant and machinery	6.7% - 33.3% per annum on cost

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**Stocks**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2013**

**1. ACCOUNTING POLICIES**

**Foreign exchange**

Transactions in foreign currencies are recorded using the rate of exchange 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**

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term.

**Pension costs**

The company operates money purchase contributory pension schemes for which contributions are charged monthly in the profit and loss account as they accrue.

**Cash flow statement**

The company is a wholly owned subsidiary of Sensient Technologies Corporation and the cash flows of the company are included in the consolidated cash flow statement of that company. Consequently, under the terms of FRS1 'Cash flow statements' the company is exempt from preparing a cash flow statement.

**Derivative instruments**

The company uses forward foreign currency contracts to reduce exposure to foreign currency exchange rates.

**Revenue Recognition**

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, usually on despatch.

**2. TURNOVER**

Turnover represents amounts derived from the provision of goods which fall within the company's ordinary activities after deduction of value added tax. Turnover arises from the sales of synthetic and natural colours in the UK and abroad.

<b>Geographical analysis of turnover by destination:</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
United Kingdom	1,902,299	5,918,767
Rest of the world	15,274,062	22,166,622
	<u>17,176,361</u>	<u>28,085,389</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2013**

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Directors' emoluments</b>		
Directors' remuneration	219,630	209,513
Pension contributions to money purchase schemes	13,680	12,750
	<u>233,310</u>	<u>222,263</u>

The total amount payable to the highest paid director in respect of emoluments was £219,630 (2012: £209,513). Company pension contributions of £13,680 (2012: £12,750) were made to a money purchase scheme on their behalf. The highest paid director did not receive any shares for qualifying services or exercise any share options in either the current or prior year.

	<b>No.</b>	<b>No.</b>
Number of directors who received shares in respect of qualifying services	<u>-</u>	<u>-</u>
Number of directors who exercised share options	<u>-</u>	<u>-</u>
Number of directors accruing benefits under a defined benefit pension scheme	<u>-</u>	<u>-</u>
Number of directors accruing benefits under a money purchase scheme	<u>3</u>	<u>3</u>

A management charge of £362,446 (2012: £334,938) in respect of administration costs has been made by Sensient Technologies Corporation, the company's ultimate parent company, which includes directors' remuneration for 2 (2012: 2) of the company's directors which it is not possible to identify separately.

	<b>No.</b>	<b>No.</b>
<b>Average monthly number of persons employed</b>		
Production	55	66
Sales and distribution	20	28
Administration	9	11
	<u>84</u>	<u>105</u>

	<b>£</b>	<b>£</b>
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	2,832,565	3,115,797
Social security costs	327,880	337,026
Pension costs	320,367	296,799
	<u>3,480,812</u>	<u>3,749,622</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2013**

**4. OTHER OPERATING INCOME**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Other Operating Income	1,188,000	-

As mentioned in the Strategic Report, the transition of the Food and Pharmaceutical trade businesses was completed in 2013, in order to allow the UK site to focus on the Industrial colour markets in Europe, Middle East and Africa. The other operating income represents compensation from an affiliate entity in connection with this transition.

**5. OPERATING PROFIT**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Operating profit is after charging/(crediting):</b>		
Depreciation		
Owned assets	569,177	536,811
Loss on disposal of fixed assets	13,171	-
Auditor's remuneration		
Audit of financial statements	42,000	42,000
iXBRL tagging	1,160	1,160
Foreign exchange (gains)/losses	(85,069)	33,394
Rentals under operating leases		
Hire of plant and machinery	5,368	2,319
Other operating leases	221,827	228,882
	<u>221,827</u>	<u>228,882</u>

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Interest on amounts due from Group undertakings	20	15,455
	<u>20</u>	<u>15,455</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Interest on amounts due to Group undertakings	14,613	7,224
	<u>14,613</u>	<u>7,224</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2013**

**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax based on the results for the year	258,676	306,748
Adjustment in respect of prior years	(5,324)	23,513
Amount charged to group relief	220,679	214,384
	<u>474,031</u>	<u>544,645</u>
Total current tax	474,031	544,645
<b>Deferred tax</b>		
Timing differences, origination and reversal	(7,423)	(29,043)
Adjustment in respect of prior years	5,031	(16,791)
Effect of changes in tax rates	(23,500)	(16,515)
	<u>(25,892)</u>	<u>(62,349)</u>
Total deferred tax (note 14)	(25,892)	(62,349)
Tax on profit on ordinary activities	<u>448,139</u>	<u>482,296</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 23.25% (2012 – 24.50%). The actual tax charge for the current and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	1,820,491	1,867,093
	<u>423,202</u>	<u>457,387</u>
Tax on profit on ordinary activities at standard rate	423,202	457,387
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	48,730	34,702
Capital allowances in (excess)/deficit of depreciation	11,482	28,908
Other short term timing differences	(4,059)	135
Prior period adjustments	(5,324)	23,513
	<u>474,031</u>	<u>544,645</u>
Total actual amount of current tax	474,031	544,645

Factors that may affect future tax charges:

The Finance Act 2013 reduced the main rate of UK corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. Deferred tax assets and liabilities at 31 December 2013 have been calculated at 20% and the reduction in the deferred tax asset/ liability has been included within the tax charge for the year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2013**

**9. DIVIDENDS ON EQUITY SHARES**

A dividend of £1,600,000 (2012: £6,000,000) was paid in December 2013 to Sensient Holdings UK in relation to the ordinary shares.

**10. TANGIBLE FIXED ASSETS**

	<b>Freehold land and buildings £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2013	3,500,209	8,901,844	12,402,053
Additions in year	194,906	688,867	883,773
Disposals in year	(17,086)	(738,187)	(755,273)
At 31 December 2013	<u>3,678,029</u>	<u>8,852,524</u>	<u>12,530,553</u>
<b>Depreciation</b>			
At 1 January 2013	1,803,485	6,540,818	8,344,303
Charge for the year	130,109	439,068	569,177
Disposals	(10,554)	(731,547)	(742,101)
At 31 December 2013	<u>1,923,040</u>	<u>6,248,339</u>	<u>8,171,379</u>
<b>Net book value</b>			
At 31 December 2013	<u>1,754,989</u>	<u>2,604,185</u>	<u>4,359,174</u>
At 31 December 2012	<u>1,696,723</u>	<u>2,361,026</u>	<u>4,057,750</u>

Included in freehold land and buildings is land with a cost of £372,267 (2012: £372,267).

**11. STOCKS**

	<b>2013 £</b>	<b>2012 £</b>
Raw materials and consumables	875,264	1,117,466
Work in progress	774,375	762,952
Finished goods and goods for resale	<u>3,423,572</u>	<u>3,806,514</u>
	<u>5,073,211</u>	<u>5,686,932</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2013**

**12. DEBTORS**

	2013 £	2012 £
Trade debtors	1,153,807	2,295,017
Amounts owed by group undertakings - fellow subsidiaries	2,827,522	743,744
Other debtors	290,547	298,810
Prepayments and accrued income	87,710	131,573
	<u>4,359,586</u>	<u>3,469,144</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013 £	2012 £
Trade creditors	1,038,839	1,351,487
Amounts owed to group undertakings - fellow subsidiaries	4,907,950	3,904,562
Group relief payable to fellow group companies	804,442	478,530
Other taxes and social security	73,581	88,367
Accruals and deferred income	584,409	762,208
	<u>7,409,221</u>	<u>6,585,154</u>

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

**Deferred taxation**

	£
Balance at 1 January 2013	183,078
Credit to profit and loss account (note 8)	(30,923)
Adjustment in respect of prior years	5,031
	<u>157,186</u>
Balance at 31 December 2013	<u>157,186</u>

The amounts provided in the accounts and the amounts not provided are as follows:

	Provided 2013 £	2012 £	Not provided 2013 £	2012 £
Capital allowances in advance of depreciation	160,945	191,416	-	-
Pension and bonus accrual	(3,759)	(8,338)	-	-
	<u>157,186</u>	<u>183,078</u>	<u>-</u>	<u>-</u>

A deferred tax asset has not been recognised in respect of timing differences in relation to capital losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £53,603 (2012:£61,643). The asset would be recovered if suitable chargeable gains were to arise in the foreseeable future against which the asset may be offset

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2013**

**15. CALLED UP SHARE CAPITAL**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
100,000 ordinary shares of £1 each	100,000	100,000
	<u>          </u>	<u>          </u>
<b>Called up, allotted and fully paid</b>		
87,051 ordinary shares of £1 each	87,051	87,051
	<u>          </u>	<u>          </u>

**16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	1,372,352	1,384,797
	<u>          </u>	<u>          </u>
Net addition to shareholders' funds	1,372,352	1,384,797
Opening shareholders' funds	6,483,183	11,098,386
Dividend paid (Note 9)	(1,600,000)	(6,000,000)
	<u>          </u>	<u>          </u>
Closing shareholders' funds	6,255,535	6,483,183
	<u>          </u>	<u>          </u>

**17. OPERATING LEASE COMMITMENTS**

At 31 December 2013 the company was committed to making the following payments during the next year in respect of operating leases:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Leases which expire:				
Within one year	-	-	28,149	17,864
Between two and five years	-	-	64,961	108,587
After five years	87,500	87,500	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	87,500	87,500	93,110	126,451
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**18. CAPITAL COMMITMENTS**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Contracted for but not provided	92,086	125,634
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2013**

**19. CONTINGENT LIABILITIES**

The company was a party at 31 December 2013 and 31 December 2012 to a guarantee to HSBC in respect of Customs and Excise duty and value added tax on imports of £400,000 and a BACS payment guarantee of £400,000. No liability is expected to arise in the normal course of business.

**20. DERIVATIVES**

The company sells forward foreign currency contracts to hedge currency exposure on firm future commitments. The value of sales to which the company was committed at the balance sheet date amounted to £1,899,500 (2012: £1,247,297). The fair value of the derivatives held at the balance sheet date, determined by reference to their market values, are as follow:

	2013	2012
	£	£
Forward foreign currency contracts	(50,982)	8,894
	<u>          </u>	<u>          </u>

**21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

In the opinion of the directors, the company's ultimate parent company and controlling party is Sensient Technologies Corporation, a company incorporated in the United States of America. Sensient Technologies Corporation is the largest and smallest group for which consolidated financial statements are prepared.

Copies of the group financial statements of Sensient Technologies Corporation are filed at the Securities and Exchange Commission, Washington DC.

The company's immediate parent undertaking is Sensient Holdings UK. Sensient Holdings UK has not prepared consolidated accounts having taken advantage of the exemption available under section 400 of the Companies Act 2006.

**22. RELATED PARTY DISCLOSURES**

The company has taken advantage of the exemption conferred by FRS 8, from disclosing transactions with other wholly owned members of the Sensient Technologies Corporation group (the consolidated financial statements of which are publicly available).