Financial Statements
Akcros Chemicals Limited

For the year ended 31 December 2013

Registered number: 00995767

Company Information

Directors	R Catchpole M Charnock L R Litwinowicz T Engelen
Company secretary	M Charnock
Registered number	00995767
Registered office	5 The Courtyard Timothy's Bridge Road Stratford-upon-Avon Warwickshire CV37 9NP
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT
Bankers	RBS Invoice Finance Limited 3rd Floor 1 Spinningfields Square Manchester M3 3AP
	NatWest Bank plc 49 Church Street Eccles Manchester M30 0AF
Solicitors	HBJ Gateley Wareing LLP One Eleven Edmund Street Birmingham B3 2HJ

Contents

Strategic Report
For the year ended 31 December 2013

The directors present their Strategic Report for the year ended 31 December 2013.

Business review

Akcros Chemicals is part of the Akcros Group had another good year generating a profit before tax of close to £2M, in a year of mixed economic health in its principle markets. It generated cash and brought down debts to strengthen the balance sheet, resulting in its net asset value rising to over £11M and net debt dropping to less than £3M. The Group has also improved its finance structure by implementing separate asset financing of it's US operation through Chase, giving more flexibility for future investment and development in both regions.

The US business benefited in part from the assumption of the Northern American Biocides Polymer business of Dow, consolidating sales to customers and giving Akcros long term access to registrations for isothiazolinone products in US and Canada. There was an offset in some tolling business where lower volumes in the first 9 months impacted on profitability, but in other product lines, Akcros had a healthy year. Business in Hong Kong grew during the year and trade with Asia is increasing year by year as Akcros strengthens its position in the region.

Economic activity levels in the Eurozone continued to affect the business, although the level of activity in the second half of the year was above previous years, with signs that this would continue into 2014. Better stability in raw material prices assisted in managing margins across the product lines and strong product technology, particularly in phenol free products, has positioned the company well for future growth. The only deficit versus budget came in Biocides where a slow change-over of customers from old to new technology reduced sales in mid-year; all customers are now on the new technology and the business outlook is strong.

The North American deal with Dow was extended worldwide effective 1st September but this had negligible impact on the bottom line due to customers stocking up on product prior to the change-over; it is anticipated that this will settle into regular business in 2014 with a resulting uplift in profits. This extension of the deal gives Akcros global approvals now and for the future under the BPR for its biocide range. As part of this deal an extruder is being commissioned in its New Brunswick site during Q1 2014 to self-manufacture solid biocides, an important future product line due to improved handling and safety characteristics.

In health and safety management the company continued its good safety management practices to achieve another year free from LTI and reportable accidents.

The company and its employees are looking forward to further development of the business in 2014, with exciting projects to come and the opening an Akcros manufacturing site in India.

Principal risks and uncertainties

The company operates in a changing economic and competitive environment that presents risks, many of which are driven by factors that we cannot control or predict.

A significant level of the company's purchases are based on commodity prices which can fluctuate significantly. Gross margin is heavily influenced by the ability to pass on price increases to customers and the purchasing of the product at competitive prices.

Financial instruments

The company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, foreign currency exchange rates, credit risk and liquidity risk.

The company's principal financial instruments comprise sterling bank balances, debt factoring facilities, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations.

Strategic Report (continued)

The main risks arising from the company's financial instruments can be analysed as follows:

Foreign currency risk
The company is exposed in its trading operations to the risk of changes in foreign currency exchange rates. The main foreign currencies in which the company operate are the Euro and the US dollar.

Management monitor the level of overall exposure and, where possible, the company will create a natural hedge by buying and selling in the same currency.

Credit risk
The company's principal financial assets are bank balances and trade debtors. The latter represents the company's maximum exposure to credit risk in relation to financial assets.

Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

Liquidity risk
The company's policy has been to ensure continuity of funding through aquiring an element of its fixed assets under finance and operating leases, and arranging funding for operations via short-term credit facilities with it's principle funder.

The directors have reviewed forecasts for the next 12 months and the facilities available, and consider that these facilities are more than adequate to meet the cash flow needs of the business.

Cashflow interest rate risk
The interest rate on the company's borrowings is at market rate and the company's policy is to keep downward pressure on borrowings such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The directors monitor the overall level of borrowing and interest costs to limit any adverse effects on the financial performance of the company.

Financial key performance indicators

The directors monitor and manage the performance of the company assisted by the production of detailed monthly management reports containing detailed monthly accounts and a number of key financial and non-financial performance measures. The main KPI's include turnover, gross margin and operating costs by business segment.

This report was approved by the board on 16 April 2014 and signed on its behalf.

M Charnock
Director

Directors' Report
For the year ended 31 December 2013

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

Results and dividends

The profit for the year, after taxation, amounted to £161,000 (2012 - loss £267,000).

The directors do not recommend the payment of a dividend (2012: £Nil).

Directors

The directors who served during the year were:

R Catchpole
M Charnock
L R Litwinowicz
T Engelen

No director had any interests in the shares of the company.

The interests of the directors in the shares of the parent undertaking are disclosed in the accounts of that company.

Employees

The Management Team communicates regularly with employees through team briefings and periodic team meetings chaired by the directors.

The company is committed to equality of opportunity and makes every reasonable effort to ensure that there is no harassment or unlawful discrimination in the way that the company treats its employees, contractors, job applicants and visitors.

Charitable contributions

Donations to UK charities amounted to £1,000 (2012: £400).

Matters covered in the Strategic report

The Business review, Principal risks and uncertainties and the Financial key performance indicators have been included in the Strategic report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' Report
For the year ended 31 December 2013

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006 at the forthcoming Annual General Meeting.

This report was approved by the board on 16 April 2014 and signed on its behalf.

M Charnock
Director

Directors' Responsibilities Statement

For the year ended 31 December 2013

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable 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 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;
- 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.

Grant Thornton

Independent Auditor's Report to the Members of Akcros Chemicals Limited

We have audited the financial statements of Akcros Chemicals Limited for the year ended 31 December 2013, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and reconciliation of net cash flow to movement in net funds/debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its 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.

GrantThornton

Independent Auditor's Report to the Members of Akcros Chemicals 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, 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.

Grant Thornton UK LLP

David Munton (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Birmingham

16 April 2014

Profit and Loss Account

For the year ended 31 December 2013

	Note	2013 £000	2012 £000
Turnover	1,2	**50,786**	48,570
Cost of sales		**(45,361)**	(44,371)
Gross profit		**5,425**	4,199
Distribution costs		**(2,585)**	(2,300)
Administrative expenses		**(2,599)**	(2,231)
Other operating income	3	**88**	98
Operating profit/(loss)	4	**329**	(234)
Interest receivable and similar income	7	**77**	115
Interest payable and similar charges	8	**(144)**	(191)
Profit/(loss) on ordinary activities before taxation		**262**	(310)
Tax on profit/(loss) on ordinary activities	9	**(101)**	43
Profit/(loss) for the financial year	17	**161**	(267)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The notes on pages 11 to 22 form part of these financial statements.

Balance Sheet

As at 31 December 2013

	Note	£000	2013 £000	£000	2012 £000
Fixed assets					
Tangible assets	10		**3,893**		4,181
Current assets					
Stocks	11	**5,818**		5,722	
Debtors	12	**10,252**		10,694	
Cash at bank		**1,017**		932	
		17,087		17,348	
Creditors: amounts falling due within one year	13	**(9,922)**		(10,748)	
Net current assets			**7,165**		6,600
Total assets less current liabilities			**11,058**		10,781
Creditors: amounts falling due after more than one year	14		**(322)**		(292)
Provisions for liabilities					
Deferred tax	15		**(155)**		(69)
Net assets			**10,581**		10,420
Capital and reserves					
Called up share capital	16		**1,000**		1,000
Profit and loss account	17		**9,581**		9,420
Equity shareholders' funds	18		**10,581**		10,420

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 April 2014.

R Catchpole
Director

The notes on pages 11 to 22 form part of these financial statements.

Cash Flow Statement

For the year ended 31 December 2013

	Note	2013 £000	2012 £000
Net cash flow from operating activities	25	**1,823**	1,913
Returns on investments and servicing of finance	26	**(67)**	(76)
Taxation		**13**	-
Capital expenditure and financial investment	26	**(306)**	(1,117)
Cash inflow before financing		**1,463**	720
Financing	26	**127**	(134)
Increase in cash in the year		**1,590**	586

Reconciliation of Net Cash Flow to Movement in Net Debt

For the year ended 31 December 2013

	2013 £000	2012 £000
Increase in cash in the year	**1,590**	586
Cash inflow from increase in debt and lease financing	**(127)**	(215)
Movement in net debt in the year	**1,463**	371
Net debt at 1 January 2013	**(4,154)**	(4,525)
Net debt at 31 December 2013	**(2,691)**	(4,154)

The notes on pages 11 to 22 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Turnover

Turnover represents the amounts, net of rebates, (excluding value added tax) derived from the provision of goods to customers, and is recognised on the despatch of those goods.

1.3 Related party transactions

As a subsidiary undertaking, 90% or more of whose voting rights are controlled by Akcros Holdings Limited, the company has taken advantage of the exemption in FRS 8 not to disclose related party transactions with other members of the group.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	4% to 33% per annum
Fixtures, fittings and equipment	-	10% to 20% per annum
Improvements to leased assets	-	Over the remaining term of lease or life of asset if shorter

Where there is evidence of impairment, fixed assets are written down to recoverable amount.

1.5 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. 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.

1.6 Leasing and hire purchase

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Interest is charged to the profit and loss account over the term of the lease to produce a constant rate of charge on the balance of capital repayments outstanding. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting Policies (continued)

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

1.9 Taxation

The charge or credit for taxation is based on the result for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

1.10 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.11 Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

Notes to the Financial Statements
For the year ended 31 December 2013

2. Turnover

The turnover and result for the year are entirely attributable to the manufacture and sale of PVC stabilisers and other speciality chemicals.

A geographical analysis of turnover, by destination, is as follows:

	2013	2012
	£000	£000
United Kingdom	**11,871**	11,156
Rest of European Union	**35,027**	29,833
Rest of World	**3,888**	7,581
	50,786	48,570

3. Other operating income

	2013	2012
	£000	£000
Other operating income	**88**	98

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2013	2012
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the company	**326**	230
- held under finance leases	**268**	263
Auditor's remuneration	**32**	30
Auditor's remuneration - non-audit	**5**	5
Operating lease rentals:		
- plant and machinery	**171**	248
- land and buildings	**611**	586
Research and development expenditure written off	**284**	257
Provision against amounts due from related undertaking	**245**	-

Notes to the Financial Statements

For the year ended 31 December 2013

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2013 £000	2012 £000
Wages and salaries	**4,874**	4,263
Social security costs	**457**	426
Other pension costs	**366**	342
	5,697	5,031

The average monthly number of employees, including the directors, during the year was as follows:

	2013 No.	2012 No.
Production	**69**	70
Administrative and management	**36**	37
	105	107

6. Directors' remuneration

	2013 £000	2012 £000
Remuneration	**479**	272
Company pension contributions to defined contribution pension schemes	**52**	34

During the year retirement benefits were accruing to 2 directors (2012 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £225,000 (2012 - £144,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £29,000 (2012 - £18,000).

Notes to the Financial Statements

For the year ended 31 December 2013

7. Interest receivable and similar income

	2013 £000	2012 £000
Interest receivable from group companies	**77**	111
Interest receivable from related parties	**-**	4
	77	115

8. Interest payable and similar charges

	2013 £000	2012 £000
On bank loans and overdrafts	**112**	159
On finance leases and hire purchase contracts	**32**	32
	144	191

9. Taxation

	2013 £000	2012 £000
Analysis of tax charge/(credit) in the year		
Current tax (see note below)		
UK corporation tax credit on profit/(loss) for the year	**18**	(10)
Adjustments in respect of prior periods	**(3)**	-
Total current tax	**15**	(10)
Deferred tax (see note 15)		
Origination and reversal of timing differences	**86**	(33)
Tax on profit/(loss) on ordinary activities	**101**	(43)

Notes to the Financial Statements

For the year ended 31 December 2013

9. Taxation (continued)

Factors affecting the tax charge/(credit) for the year

The tax assessed for the year is lower than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £000	2012 £000
Profit/(loss) on ordinary activities before tax	262	(310)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	61	(76)
Effects of:		
Expenses not deductible for tax purposes	65	18
Capital allowances for year in excess of depreciation	(6)	(49)
Enhanced deduction for research and development expenditure	(20)	(19)
Adjustments to tax charge in respect of prior periods	(3)	(10)
Unrelieved taxation losses carried forward	(82)	96
Group relief given without charge	-	30
Current tax charge/(credit) for the year (see note above)	15	(10)

10. Tangible fixed assets

	Improvements to leasehold land and buildings £000	Plant & machinery £000	Fixtures & fittings £000	Payments on account and assets in course of construction £000	Total £000
Cost					
At 1 January 2013	326	28,140	919	-	29,385
Additions	48	228	-	30	306
At 31 December 2013	374	28,368	919	30	29,691
Depreciation					
At 1 January 2013	40	24,252	912	-	25,204
Charge for the year	16	577	1	-	594
At 31 December 2013	56	24,829	913	-	25,798
Net book value					
At 31 December 2013	318	3,539	6	30	3,893
At 31 December 2012	286	3,888	7	-	4,181

Notes to the Financial Statements

For the year ended 31 December 2013

10. Tangible fixed assets (continued)

The net book value of assets held under finance leases at the year end was £1,750,652 (2012: £1,968,448). Depreciation totalling £267,669 was charged on these assets during the year (2012: £262,654).

11. Stocks

	2013 £000	2012 £000
Raw materials and consumables	**1,545**	1,412
Finished goods and goods for resale	**4,273**	4,310
	5,818	5,722

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

12. Debtors

	2013 £000	2012 £000
Trade debtors	**6,989**	6,578
Amounts owed by group undertakings	**2,753**	3,696
Amounts owed by related parties	**-**	136
Corporation tax recoverable	**-**	10
Other debtors	**510**	274
	10,252	10,694

13. Creditors: Amounts falling due within one year

	2013 £000	2012 £000
Bank overdraft	**3,053**	4,558
Net obligations under finance leases and hire purchase contracts	**333**	236
Trade creditors	**5,144**	4,844
Corporation tax	**18**	-
Other taxation and social security	**121**	134
Accruals and deferred income	**1,253**	976
	9,922	10,748

The bank overdraft relates to debt factoring facilities and is secured by a fixed charge over trade debtors.

Notes to the Financial Statements

For the year ended 31 December 2013

14. Creditors: Amounts falling due after more than one year

	2013 £000	2012 £000
Net obligations under finance leases and hire purchase contracts	**322**	292

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2013 £000	2012 £000
Between one and five years	**322**	292

The finance leases and hire purchase contracts are secured on the assets concerned.

15. Deferred taxation

	2013 £000	2012 £000
At beginning of year	**69**	102
Charge for/(released during) year (P&L)	**86**	(33)
At end of year	**155**	69

The provision for deferred taxation is made up as follows:

	2013 £000	2012 £000
Accelerated capital allowances	**209**	210
Short term timing differences	**(6)**	(6)
Losses and other deductions	**(48)**	(135)
	155	69

16. Share capital

	2013 £000	2012 £000
Allotted, called up and fully paid		
1,000,000 equity ordinary shares of £1 each	**1,000**	1,000

Notes to the Financial Statements

For the year ended 31 December 2013

17. Reserves

	Profit and loss account £000
At 1 January 2013	9,420
Profit for the financial year	161
At 31 December 2013	9,581

18. Reconciliation of movement in equity shareholders' funds

	2013 £000	2012 £000
Opening equity shareholders' funds	10,420	10,687
Profit/(loss) for the financial year	161	(267)
Closing equity shareholders' funds	10,581	10,420

19. Capital commitments

At 31 December 2013 the company had capital commitments as follows:

	2013 £000	2012 £000
Contracted for but not provided in these financial statements	200	-

20. Operating lease commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013 £000	2012 £000	2013 £000	2012 £000
Expiry date:				
Within 1 year	-	-	5	21
Between 2 and 5 years	-	-	83	35
After more than 5 years	611	515	-	-

21. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary undertaking of Akcros Holdings Limited, a company incorporated in the UK. There is no ultimate controlling party.

Notes to the Financial Statements

For the year ended 31 December 2013

22. Related party transactions

During the period £7,197 interest was accrued on a working capital loan provided to Dragonkraft Limited, which is a related party by virtue of common directors. At the year end £181,673 was due to the company in relation to a loan and £63,275 was due for purchases made. Full provision has been made against the non recoverability of this loan within these accounts.

23. Pension scheme

Prior to the sale of the company on 4 April 2007 to Akcros Holdings Limited , the company was a member of the group-wide Akzo Nobel (UK) Pension Scheme providing benefits based on final pensionable salary.

At the point of sale, a Deed of Withdrawal was signed between the company, Akzo Nobel NV as Guarantor and Akzo Nobel (UK) Pension Trustee Limited as the Trustee of the Scheme, to deal with the liabilities which would arise under Section 75 of the Pension Act 1995 in connection with the company's cessation of participation in the scheme. Employees pension benefits built up within the Akzo Nobel UK Pension Scheme stayed in deferment with the Scheme.

Post sale, the company has established a Group Stakeholder Pension Plan provided by Halifax Life Ltd. In 2011, the company moved their main pension provider to Scottish Widows, though a small minority have remained with Halifax. The company's contributions into this scheme are based on employee contributions as follows:

Employee	Employer
%	%
2	7.1
3	8.1
4	9.1

At the same time as making the change to Scottish Widows, the company have introduced an 'Opt-in' Salary Exchange system for employees to make their contributions into the pension scheme.

The company have also established insurance policies to replace other benefits enjoyed by employees as members of the Akzo Nobel (UK) Pension Trustee Limited, which were benefits self funded through the scheme. These policies are:

Group Income Protection Plan with Unum Limited - to provide a replacement income for employees unable to work through illness or injury.
Group Life Insurance with Norwich Union - providing a salary based lump sum payment to an employee's dependent's on death whilst in service.
Death In Service Pension with Norwich Union – providing a salary based pension to an individual's surviving partner on death whilst in service.

24. Contingent liabilities

The company has committed to provide such funding as necessary to enable its related party, Dragonkraft Europe Limited, to meet its liabilities as and when they fall due for a period of twelve months from the accounts signing date.

Notes to the Financial Statements

For the year ended 31 December 2013

25. Net cash flow from operating activities

	2013	2012
	£000	£000
Operating profit/(loss)	**329**	(234)
Depreciation of tangible fixed assets	**594**	493
Increase in stocks	**(96)**	(171)
Decrease in debtors	**432**	1,555
Increase in creditors	**564**	270
Net cash inflow from operating activities	**1,823**	1,913

26. Analysis of cash flows for headings netted in cash flow statement

	2013	2012
	£000	£000
Returns on investments and servicing of finance		
Interest received	**77**	115
Interest paid	**(112)**	(159)
Hire purchase interest	**(32)**	(32)
Net cash outflow from returns on investments and servicing of finance	**(67)**	(76)

	2013	2012
	£000	£000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(306)**	(1,117)

	2013	2012
	£000	£000
Financing		
New finance leases	**127**	215
Repayment of finance leases	**-**	(349)
Net cash inflow/(outflow) from financing	**127**	(134)

Notes to the Financial Statements
For the year ended 31 December 2013

27. Analysis of changes in net debt

	1 January 2013	Cash flow	Other non-cash changes	31 December 2013
	£000	£000	£000	£000
Cash at bank and in hand	932	85	-	1,017
Bank overdraft	(4,558)	1,505	-	(3,053)
	(3,626)	1,590	-	(2,036)
Debt:				
Debts due within one year	(236)	(127)	30	(333)
Debts falling due after more than one year	(292)	-	(30)	(322)
Net debt	(4,154)	1,463	-	(2,691)