

COMPANY REGISTRATION NUMBER 01068577

ARTO CHEMICALS LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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ARTO CHEMICALS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2014

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ARTO CHEMICALS LIMITED

STRATEGIC REPORT

YEAR ENDED 30 SEPTEMBER 2014

The directors present their strategic report for the company and its subsidiary (the Group) for the year ended 30 September 2014.

REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR

The group continued its principal activities throughout the current year.

Key performance indicators

Management use a range of performance measures to monitor and manage the business.

	2014	2013	2012	2011
	£	£	£	£
Turnover	12,228,538	13,536,602	15,439,139	17,739,813
Turnover growth %	(9.66)	(12.32)	(12.97)	8.11
Gross profit	1,140,470	1,257,054	1,428,656	1,796,651
Profit before tax	97,989	201,324	269,654	407,254
Net assets	7,566,506	7,721,069	7,464,209	7,487,636
	Tonnes	Tonnes	Tonnes	Tonnes
Dealings in chemicals and synthetic raw materials	10,822	9,970	13,963	14,819

Development and financial performance during the year

As reported in the Group's profit and loss account revenue has decreased by 9.66% from £13,536,602 to £12,228,538 in the current period. Profit before tax has also decreased from £201,324 to £97,989. The decrease in profits is largely due to lower profits of the subsidiary company.

Financial position at the reporting date

The balance sheet date shows the company's net assets at the year end have decreased from £7,721,069 to £7,566,506.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

Management continually monitor the key risks facing the group together with controls used for managing these risks. The directors review the principal risks facing the business at least annually.

The principal risks and uncertainties facing the group are as follows :

- Economic downturn – The group acknowledges the importance of maintaining a close relationship with its customers in order to take early action in the event of a potential decline in sales. The group is well established and has built up its reputation over the years by providing an efficient delivery of its goods to its customers.
- Competitor pressure – the market in which the group operates is very competitive, and therefore competitor pressure could result in losing business to key competitors. The group manages this risk by providing a quality service and maintaining strong relationships with its customers.

ARTO CHEMICALS LIMITED

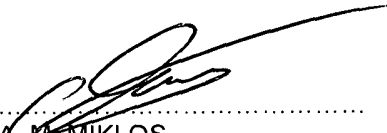
STRATEGIC REPORT
continued

YEAR ENDED 30 SEPTEMBER 2014

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS continued

- Reliance on key suppliers – the group's purchasing activities could expose it to over reliance on certain suppliers and inflationary pricing pressure. The group manages this risk by ensuring that there are alternative suppliers that may be used, if necessary.
- Loss of key personnel – this would present operational difficulties for the group. However, management seek to ensure that the performance of key personnel is recognised.

Signed by order of the directors


.....
A. M. MIKLOS
Company Secretary

Approved by the directors on 13 April.....2015

ARTO CHEMICALS LIMITED

DIRECTOR'S REPORT

YEAR ENDED 30 SEPTEMBER 2014

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 30 September 2014.

FUTURE DEVELOPMENTS

The directors are pleased that despite the difficult economic conditions the group continues to trade profitably. The group supplies a large number of customers in a wide variety of industries in forty countries around the world. The directors are confident that with control over costs the group will be able to report another profitable year.

The business is increasingly involved in the international trade of regrind plastic polymers which are sold primarily to recycling companies for compounding into pellet form for end use in diverse industry sectors. The directors believe that in future more and more companies will use recycled materials within their products in order to promote the beneficial environment impact this has. As a result the directors are looking into setting up a complete recycling/compounding plant in order to take advantage of this growing market. This would involve a significant level of investment to include the purchase of a suitable site, machinery (shredders, grinders, compounding lines, packing lines, laboratory equipment-to include an injection moulding machine) and ancillary equipment such as forklift truck.

The company always keeps significant cash reserves in order to take advantage of spot purchases as and when they arise.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £76,511. Particulars of dividends paid are detailed in note 11 to the financial statements.

FINANCIAL INSTRUMENTS

The group operates a centralised treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with its activities.

The group principal financial instruments include financial assets and liabilities such as trade receivables and trade payables arising directly from its operations.

PRINCIPAL RISKS AND UNCERTAINTIES

The company and its subsidiary undertaking's activities as international traders in chemicals and synthetic raw materials are largely dependent upon its ability to provide these goods to customers at competitive prices. The group has built up its reputation over the years by providing an efficient delivery of its goods to its customers.

With regard to specific risks :

i) Liquidity risk

The group manages its cash and borrowing requirements to maximise its profits. It has been successful in keeping its borrowing costs to a nominal figure. The directors need to maintain substantial cash balances from time to time to take advantage of spot purchasing opportunities.

ii) Foreign currency risk

The group's foreign currency exposure arises both from its sales and purchases. The group does not hedge against this exposure as it seeks to balance purchases and sales in foreign currencies.

ARTO CHEMICALS LIMITED

DIRECTOR'S REPORT (*continued*)

YEAR ENDED 30 SEPTEMBER 2014

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

iii) Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Additionally the company insures against bad debts and its own exposure is normally limited to 10% of the amount owed by the customer. Amounts due are monitored on a regular basis and provision for doubtful debts is made where necessary.

Cash borrowings and derivative instruments are handled through banks and companies which must fulfil credit rating criteria approved by the board.

iv) Interest rate risk

In view of the level of borrowings the group's exposure to interest rate risk is low. The group has substantial cash reserves to counter this risk.

v) Health & Safety

The group is aware of its health and safety responsibilities to its employees and members of the public. A programme of staff training is maintained to ensure that such risks are minimised.

DIRECTORS

The directors who served the company during the year were as follows:

Dr. T. Miklos
Mrs. A. D. Miklos
Miss S. M. Miklos
Mr. A. M. Miklos

Dr. T. Miklos passed away on 1 June 2014.

FIXED ASSETS

The directors estimate that the open market value of the freehold properties stated at a book value of £389,803 in the balance sheet at 30 September 2014 amounted to £475,000.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 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;
- 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.

ARTO CHEMICALS LIMITED
DIRECTORS' REPORT (*continued*)
YEAR ENDED 30 SEPTEMBER 2014

DIRECTORS INDEMNITY

The company's Articles of Association provide, subject to the provision of UK legislation, an indemnity for directors and officers of the company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their duties, or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers of the company.

Appropriate directors and officers liability insurance cover is in place in respect of all of the company's directors.

AUDITOR


Rhodes & Rhodes are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

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

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.
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Registered office:
Arto House
London Road
Binfield
Bracknell
Berkshire
United Kingdom
RG42 4BU

Signed by order of the directors


A.M. MIKLOS
Company Secretary

Approved by the directors on 13 April 2015

ARTO CHEMICALS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ARTO CHEMICALS LIMITED

YEAR ENDED 30 SEPTEMBER 2014

We have audited the group and parent company financial statements of Arto Chemicals Limited for the year ended 30 September 2014. 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 shareholders, 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 shareholders 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 shareholders 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 4, 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 FRC'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 group and the parent company's affairs as at 30 September 2014 and of the group and parent 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 MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's 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.

ARTO CHEMICALS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ARTO CHEMICALS LIMITED (*continued*)**

YEAR ENDED 30 SEPTEMBER 2014

JOHN H. KATZ

.....
JOHN KATZ (Senior Statutory
Auditor)

For and on behalf of
RHODES & RHODES
Chartered Accountants
& Statutory Auditor

42 Doughty Street
London
WC1N 2LY

Dated this 13th day of April 2015

ARTO CHEMICALS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2014

		2014 £	2013 £
TURNOVER	Note 2	12,228,538	13,536,602
Cost of sales		11,088,068	12,279,548
GROSS PROFIT		1,140,470	1,257,054
Administrative expenses		1,069,596	1,086,543
Other operating income	3	(24,315)	(23,956)
OPERATING PROFIT	4	95,189	194,467
Income from shares in group undertakings	7	-	-
Interest receivable	8	2,806	6,989
Interest payable and similar charges	9	(6)	(132)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		97,989	201,324
Tax on profit on ordinary activities	10	21,478	46,180
PROFIT FOR THE FINANCIAL YEAR		76,511	155,144

All of the activities of the group are classed as continuing.

The notes on page 15 to 26 form part of these financial statements

ARTO CHEMICALS LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 30 SEPTEMBER 2014

	2014 £	2013 £
Profit for the financial year attributable to the shareholders	76,511	155,144
Currency translation difference on foreign currency net investments	(146,074)	101,716
Total gains and losses recognised since the last annual report	<u>(69,563)</u>	<u>256,860</u>

The notes on page 15 to 26 form part of these financial statements

ARTO CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2014

	Note	2014 £	2013 £
TURNOVER	2	6,269,628	5,907,760
Cost of sales		<u>5,575,917</u>	<u>5,254,823</u>
GROSS PROFIT		693,711	652,937
Administrative expenses		705,060	598,004
Other operating income	3	(24,315)	(23,956)
OPERATING PROFIT	4	12,966	78,889
Income from shares in group undertakings	7	328,834	20,901
Interest receivable	8	2,757	6,976
Interest payable and similar charges	9	(6)	(132)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		344,551	106,634
Tax on profit on ordinary activities	10	3,543	16,060
PROFIT FOR THE FINANCIAL YEAR		<u>341,008</u>	<u>90,574</u>

All of the activities of the company are classed as continuing.

The notes on page 15 to 26 form part of these financial statements

ARTO CHEMICALS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 30 SEPTEMBER 2014


	Note	2014 £	2013 £
Profit for the financial year attributable to the shareholders		341,008	90,574
Unrealised (loss)/profit on revaluation of: Shares in group companies brought forward		(410,571)	166,286
Total gains and losses recognised since the last annual report		<u>(69,563)</u>	<u>256,860</u>

The notes on page 15 to 26 form part of these financial statements

ARTO CHEMICALS LIMITED
CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Tangible assets	12	423,563	541,603
Investments	13	300,000	300,000
		<u>723,563</u>	<u>841,603</u>
CURRENT ASSETS			
Stocks	14	2,603,847	2,794,437
Debtors	15	2,073,663	2,250,233
Cash at bank		3,308,633	3,177,772
		<u>7,986,143</u>	<u>8,222,442</u>
CREDITORS: Amounts falling due within one year	16	<u>1,143,200</u>	<u>1,342,976</u>
NET CURRENT ASSETS		<u>6,842,943</u>	<u>6,879,466</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,566,506</u>	<u>7,721,069</u>
CAPITAL AND RESERVES			
Called-up equity share capital	18	1,500,000	1,500,000
Revaluation reserve	19	-	-
Other reserves	20	261,461	271,318
Profit and loss account	21	5,805,045	5,949,751
SHAREHOLDERS' FUNDS	22	<u>7,566,506</u>	<u>7,721,069</u>

These financial statements were approved by the directors and authorised for issue on 13 April 2015, and are signed on their behalf by:



 MISS S. M. MIKLOS
 Director

Company Registration Number: 01068577

The notes on page 15 to 26 form part of these financial statements


ARTO CHEMICALS LIMITED

BALANCE SHEET

30 SEPTEMBER 2014

	Note	2014 £	2013 £
ASSETS			
Tangible assets	12	423,563	429,996
Investments	13	2,053,421	2,463,992
		<u>2,476,984</u>	<u>2,893,988</u>
CURRENT ASSETS			
Stocks	14	2,518,974	2,735,070
Debtors	15	1,023,000	1,103,385
Cash at bank		2,136,162	1,575,566
		<u>5,678,136</u>	<u>5,414,021</u>
CREDITORS: Amounts falling due within one year	16	<u>588,614</u>	<u>586,940</u>
NET CURRENT ASSETS		<u>5,089,522</u>	<u>4,827,081</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,566,506</u>	<u>7,721,069</u>
CAPITAL AND RESERVES			
Called-up equity share capital	18	1,500,000	1,500,000
Revaluation reserve	19	1,581,499	1,992,070
Other reserves	20	124,532	124,532
Profit and loss account	21	4,360,475	4,104,467
SHAREHOLDERS' FUNDS	22	<u>7,566,506</u>	<u>7,721,069</u>

These financial statements were approved by the directors and authorised for issue on 13 April 2015, and are signed on their behalf by:



 MISS S. M. MIKLOS
 Director

Company Registration Number: 01068577

The notes on page 15 to 26 form part of these financial statements

ARTO CHEMICALS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 30 SEPTEMBER 2014

	Note	2014 £	2013 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	23	88,166	(690,484)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		2,806	6,989
Interest paid		(6)	(132)
		<hr/>	<hr/>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		2,800	6,857
TAXATION		(25,963)	(37,751)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(12,923)	(28,266)
Receipts from sale of fixed assets		163,781	-
		<hr/>	<hr/>
NET CASH INFLOW/(OUTFLOW) FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		150,858	(28,266)
EQUITY DIVIDENDS PAID		(85,000)	-
MANAGEMENT OF LIQUID RESOURCES			
Withdrawals/(deposits) from short term deposits		841	(604)
		<hr/>	<hr/>
INCREASE/(DECREASE) IN CASH	24	131,702	(750,248)

The notes on page 15 to 26 form part of these financial statements

ARTO CHEMICALS LIMITED

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2014

1. ACCOUNTING POLICIES

(i) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

(ii) Basis of consolidation

The group financial statements incorporate the financial statements of the company and its subsidiary undertaking, Arto Chemicals France SAS.

(iii) Turnover

The turnover, which excludes Value Added Tax, trade discounts and intra-group transactions, represents the invoiced value of goods and services supplied.

(iv) Fixed assets

All fixed assets are initially recorded at cost.

(v) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Land, Buildings & Improvements	- 2%/3.33%/10% on cost depending on type/location
Furniture, Fixtures & Equipment	- 10%/15%/20%/25%/33.33%/37.5% on cost depending upon type
Motor Vehicles	- 25% on net book value

(vi) Investments

Investment Properties

In accordance with SSAP 19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve, and (ii) no depreciation is provided in respect of freehold or leasehold investment properties with over 20 years to run. Where the total of the revaluation reserve is insufficient to cover a deficit, the amount by which the deficit exceeds the amount on the revaluation reserve is charged to the Profit & Loss Account. Although the Companies Act requires systematic annual depreciation of fixed assets, the directors consider that this policy of not providing depreciation results in the accounts giving a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Other Investments

Other fixed asset investments are stated at directors valuation less provision for permanent diminution in value.

(vii) Stocks

Stocks of materials are valued at the lower of cost and net realisable value. Cost is based on raw materials costs plus transport costs. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal. Provision has been made for slow-moving or defective items where appropriate.

ARTO CHEMICALS LIMITED
NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2014

1. ACCOUNTING POLICIES *(continued)*

(viii) Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

(ix) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(x) Foreign currencies

The accounts of the overseas subsidiary are translated into sterling at the rate of exchange ruling at the balance sheet date. Other assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which the transactions occur, except for: (i) monetary assets and liabilities which are translated at the rate ruling at the balance sheet date (other than those in (ii) below); and (ii) transactions to be settled at a contracted rate and trading transactions covered by a related or matching forward contract which are translated at those contracted rates. Differences arising on the translation of such items are dealt with in the profit and loss account, with the exception of translation differences on opening net assets of overseas subsidiaries which are dealt with through reserves.

(xi) 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.

(xii) Liquid resources

The following are included as liquid resources for the purposes of preparing the cash flow statement : Short term deposits.

ARTO CHEMICALS LIMITED

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2014

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

The analysis of turnover by geographical markets has been omitted as in the opinion of the directors, this would be seriously prejudicial to the interest of the group.

3. OTHER OPERATING INCOME

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Rent receivable	<u>24,315</u>	<u>23,956</u>	<u>24,315</u>	<u>23,956</u>

4. OPERATING PROFIT

Operating profit is stated after charging:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Depreciation of owned fixed assets	28,798	29,123	19,356	18,594
Profit on disposal of fixed assets	69,110	-	-	-
Auditor's remuneration				
- as auditor	25,030	25,619	20,000	20,000
- for other services	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by group/company during the financial year were:

	Group		Company	
	2014	2013	2014	2013
	No	No	No	No
Number of sales and administrative staff	<u>12</u>	<u>12</u>	<u>9</u>	<u>9</u>

The aggregate payroll costs of the above were:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Wages and salaries	605,548	616,739	430,970	359,941
Social security costs	93,759	100,103	50,638	43,050
Staff pension costs	36,191	53,714	11,585	13,033
Directors pension costs	22,365	22,365	22,365	22,365
	<u>757,863</u>	<u>792,921</u>	<u>515,558</u>	<u>438,389</u>

ARTO CHEMICALS LIMITED

NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2014

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Remuneration receivable	285,892	389,185	285,892	223,995
Value of company pension contributions to money purchase schemes	22,365	22,365	22,365	22,365
	<u>308,257</u>	<u>411,550</u>	<u>308,257</u>	<u>246,360</u>

Remuneration of highest paid director:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Total remuneration (excluding pension contributions)	102,436	117,571	102,436	117,571
Value of company pension contributions to money purchase schemes	11,007	-	11,007	-
	<u>113,443</u>	<u>117,571</u>	<u>113,443</u>	<u>117,571</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	Group		Company	
	2014	2013	2014	2013
	No	No	No	No
Money purchase schemes	4	4	4	4

7. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Income from group undertakings	-	-	328,834	20,901

8. INTEREST RECEIVABLE

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank interest receivable	2,806	6,989	2,757	6,976

9. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Interest payable on bank borrowing	6	2	6	2
Other similar charges payable	-	130	-	130
	<u>6</u>	<u>132</u>	<u>6</u>	<u>132</u>

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10. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Current tax:				
UK Corporation tax based on the results for the year at 20% (2013 - 20%)	4,500	16,000	4,500	16,000
Over/under provision in prior year	(957)	60	(957)	60
Overseas taxation	17,935	30,120	-	-
Total current tax	21,478	46,180	3,543	16,060

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2013 – 20%)

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Profit on ordinary activities before taxation	97,989	201,324	344,551	106,634
Profit on ordinary activities by rate of tax	19,598	40,265	68,910	21,327
Expenses not deductible for tax purposes	663	(8,242)	1,191	(2,916)
Depreciation for year in excess of capital allowances	41	812	41	812
Tax adjustment on overseas earnings	67,775	16,508	-	-
Adjustment in respect of previous year	(957)	60	(957)	60
Other items	(65,642)	(3,223)	(65,642)	(3,223)
Total current tax (note 10(a))	21,478	46,180	3,543	16,060

(c) Factors that may affect future tax charges

No provision has been made for deferred tax on (a) the revaluation of investment in subsidiary undertaking and (b) the revaluation of investment property. The total amount unprovided is £252,000. The investments are held for the long term and it is not envisaged that any tax will become payable in the foreseeable future.

11. DIVIDENDS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Equity dividends paid during the year:				
Dividends on equity shares	85,000	-	85,000	-

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12. TANGIBLE FIXED ASSETS

(a) The Group	Freehold Land, Buildings & Improvements	Furniture, Fixtures and Equipment	Motor Vehicles	Total
Cost	£	£	£	£
At 1 October 2013	899,553	167,179	52,728	1,119,460
Translation adjustment	(21,825)	(3,914)	-	(25,739)
Additions	-	12,923	-	12,923
Disposals	(303,186)	(54,378)	-	(357,564)
	<u>574,542</u>	<u>121,810</u>	<u>52,728</u>	<u>749,080</u>
Depreciation				
At 1 October 2013	390,484	159,410	27,963	577,857
Translation adjustment	(14,348)	(3,896)	-	(18,244)
Charge for year	17,119	5,488	6,191	28,798
On disposals	(208,516)	(54,378)	-	(262,894)
	<u>184,739</u>	<u>106,624</u>	<u>34,154</u>	<u>325,517</u>
Net Book Value				
At 30 September 2014	<u>389,803</u>	<u>15,186</u>	<u>18,574</u>	<u>423,563</u>
At 30 September 2013	<u>509,069</u>	<u>7,769</u>	<u>24,765</u>	<u>541,603</u>

Included in the cost of freehold land and buildings are buildings in the sum of £625,134 which have been depreciated in accordance with the group's policy.

(a) The Company	Freehold Land, Buildings & Improvements	Furniture, Fixtures and Equipment	Motor Vehicles	Total
Cost or valuation	£	£	£	£
At 1 October 2013	574,542	108,887	52,728	736,157
Additions	-	12,923	-	12,923
Disposals	-	-	-	-
	<u>574,542</u>	<u>121,810</u>	<u>52,728</u>	<u>749,080</u>
Depreciation				
At 1 October 2013	176,808	101,390	27,963	306,161
Charge for the year	7,931	5,234	6,191	19,356
On disposals	-	-	-	-
	<u>184,739</u>	<u>106,624</u>	<u>34,154</u>	<u>325,517</u>
Net Book Value				
At 30 September 2014	<u>389,803</u>	<u>15,186</u>	<u>18,574</u>	<u>423,563</u>
At 30 September 2013	<u>397,734</u>	<u>7,497</u>	<u>24,765</u>	<u>429,996</u>

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12. TANGIBLE FIXED ASSETS (continued)

(b) Included in the cost of freehold land and buildings are buildings in the sum of £349,510 which have been depreciated in accordance with the group's policy.

13. INVESTMENTS

The Group

Property Investments £

COST OR VALUATION

At 1 October 2013

300,000

Revaluations

-

At 30 September 2014

300,000

NET BOOK VALUE

At 30 September 2014

300,000

At 30 September 2013

300,000

The Company

Shares in subsidiary undertakings £

Property Investments £

Total £

COST OR VALUATION

At 1 October 2013

2,163,992

300,000

2,463,992

Revaluations

(410,571)

-

(410,571)

At 30 September 2014

1,753,421

300,000

2,053,421

NET BOOK VALUE

At 30 September 2014

1,753,421

300,000

2,053,421

At 30 September 2013

2,163,992

300,000

2,463,992

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13. INVESTMENTS (Continued)

The investment property was revalued by the directors to an open market value on an existing use basis in September 2014.

The historical cost of property investments is £175,468 (2013 - £175,468).

The company owns 100% of the issued share capital of Arto Chemicals France SAS, a company incorporated in France. The principal activity of the subsidiary undertaking is that of dealers in synthetic raw materials.

In the opinion of the directors, the aggregate value of the subsidiary undertaking is not less than the aggregate amounts at which those assets are stated in the company's balance sheet.

Investment in subsidiary undertaking has been revalued by the directors on a net assets basis as they consider this provides a true and fair view of the company's affairs. The net asset basis is considered to provide a conservative value of the true worth of these investments. If these investments had not been revalued they would have been stated at a cost of £171,922 (2013 - £171,922).

14. STOCKS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Stock	<u>2,603,847</u>	<u>2,794,437</u>	<u>2,518,974</u>	<u>2,735,070</u>

15. DEBTORS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	1,982,715	2,120,439	924,788	915,128
Amounts owed by group undertakings	-	-	45,247	93,201
Other debtors	42,689	53,460	6,135	21,498
Prepayments and accrued income	48,259	76,334	46,830	73,558
	<u>2,073,663</u>	<u>2,250,233</u>	<u>1,023,000</u>	<u>1,103,385</u>

16. CREDITORS: Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	842,414	1,021,194	405,785	403,165
Other creditors including taxation and social security:				
Corporation tax	11,515	16,000	4,500	16,000
PAYE and social security	81,972	98,499	23,522	14,332
VAT	24,129	-	24,129	-
Other creditors	138,569	164,562	86,316	111,192
	<u>1,098,599</u>	<u>1,300,255</u>	<u>544,252</u>	<u>544,689</u>
Accruals and deferred income	44,601	42,721	44,362	42,251
	<u>1,143,200</u>	<u>1,342,976</u>	<u>588,614</u>	<u>586,940</u>

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17. RELATED PARTY TRANSACTIONS

The company was under the control of Dr. T. Miklos who passed away on 1st June 2014 when it became under the control of Mrs. A. D. Miklos.

Included in the pension cost charge of £33,950 (2013 - £35,398) (Note 26) are amounts totalling £22,365 (2013 - £22,365) in respect of directors pension which have been paid into the Arto Chemicals Limited Pension Scheme. The company is the sponsoring employer of the Arto Chemicals Limited Pension Scheme. Dr. T. Miklos (who passed away on 1st June 2014) and Mrs. A. D. Miklos were the two pensioner members of this scheme. Miss. S. M. Miklos and Mr. A. M. Miklos, directors of Arto Chemicals Limited are active members of the scheme.

Included in dividends paid are the following amounts paid to the directors :

Dr. T. Miklos - £68,000

Mrs. A. D. Miklos - £17,000

18. SHARE CAPITAL

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
500,000 Ordinary 'A' shares of £1 each	500,000	500,000	500,000	500,000
1,000,000 Ordinary 'B' shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000
	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>

"A" Ordinary Shares are voting shares and carry voting rights on all matters. "B" Ordinary Shares are non voting shares and are not entitled to vote at general meetings of the company unless the business of the meeting is or includes consideration of a resolution relating to certain matters as specified in Clause 4.2 of the Articles of Association, in which case holders of "B" Ordinary Shares shall be entitled to vote on such resolution.

19. REVALUATION RESERVE

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Balance brought forward	-	-	1,992,070	1,825,784
Revaluation of fixed assets	-	-	(410,571)	166,286
	<u>-</u>	<u>-</u>	<u>1,581,499</u>	<u>1,992,070</u>

ARTO CHEMICALS LIMITED

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20. OTHER RESERVES

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Net Investment Revaluation Reserve	124,532	124,532	124,532	124,532
Revaluation of property investments	-	-	-	-
	<u>124,532</u>	<u>124,532</u>	<u>124,532</u>	<u>124,532</u>
 b) Capital Reserve (Reserve Legale in French Subsidiary)				
Balance brought forward	34,780	33,102	-	-
(Loss)/gain on translation	(2,335)	1,678	-	-
	<u>32,445</u>	<u>34,780</u>	<u>-</u>	<u>-</u>
 c) Consolidation Reserve				
Balance brought forward	112,006	106,605	-	-
(Loss)/gain on translation	(7,522)	5,401	-	-
	<u>104,484</u>	<u>112,006</u>	<u>-</u>	<u>-</u>
	<u>261,461</u>	<u>271,318</u>	<u>124,532</u>	<u>124,532</u>

21. PROFIT AND LOSS ACCOUNT

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Balance brought forward	5,949,751	5,699,970	4,104,467	4,013,893
(Loss)/gain on translation	(136,217)	94,637	-	-
Profit for the financial year	76,511	155,144	341,008	90,574
Equity dividends	(85,000)	-	(85,000)	-
	<u>5,805,045</u>	<u>5,949,751</u>	<u>4,360,475</u>	<u>4,104,467</u>

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Profit for the financial year	76,511	155,144	341,008	90,574
(Loss)/gain on translation	(146,074)	101,716	-	-
Other net recognised gains and losses	-	-	(410,571)	166,286
Equity dividends	(85,000)	-	(85,000)	-
	<u>(154,563)</u>	<u>256,860</u>	<u>(154,563)</u>	<u>256,860</u>
Net (reduction)/addition to shareholders' funds	(154,563)	256,860	(154,563)	256,860
Opening shareholders' funds	7,721,069	7,464,209	7,721,069	7,464,209
	<u>7,566,506</u>	<u>7,721,069</u>	<u>7,566,506</u>	<u>7,721,069</u>

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23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating profit	95,189	194,467
Depreciation	28,798	29,123
(Loss)/profit on disposal of fixed assets	(69,110)	-
Exchange differences	(138,580)	95,826
Decrease/(Increase) in stocks	190,590	(715,432)
Decrease/(Increase) in debtors	176,570	(65,537)
(Decrease) in creditors	(195,291)	(228,931)
Net cash inflow/(outflow) from operating activities	88,166	(690,484)

24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2014 £	2013 £
Increase/(Decrease) in cash in the year before exchange adjustments	238,449	(827,996)
Exchange adjustments	(106,747)	77,748
Net cash flow	131,702	(750,248)
Cash used to increase liquid resources	(841)	604
Net funds at 1 October 2013	3,177,772	3,927,416
Net funds at 30 September 2014	3,308,633	3,177,772

25. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Oct 2013 £	Cash flows £	At 30 Sep 2014 £
Net cash :			
Cash in hand and at bank	3,165,255	131,702	3,296,957
Short term deposits	12,517	(841)	11,676
	3,177,772	130,861	3,308,633

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26. PENSION COMMITMENTS

The company operates a defined contribution scheme, Arto Chemicals Ltd. Pension Scheme for its directors. The assets of the scheme are held separately from those of the company in an independently administered fund. The company also makes contributions to pension schemes for certain employees. The pension cost charge of £33,950 (2013 £35,398) represents amounts payable by the company for the year.

27. CONTINGENT LIABILITIES

The company had the following contingent liabilities at 30th September 2014 :

	£
Guarantees in respect of :	
Arto Chemicals France SAS (Euros 457,347)	356,689
Belgium VAT bond (Euros 7,437)	5,800

28. TRANSACTIONS WITH DIRECTORS

During the year the company had the following transactions with AMK Polymers Limited, a company in which Mr. Andrew Sheard, the domestic partner of Miss S. M. Miklos, is interested as a director and shareholder.

Sales	- £69,052 (2013 - £38,735)
Purchases	- £44,137 (2013 - £77,764)

The balances outstanding at 30th September 2014 were as follows:

Debtors	- £6,730 (2013 - £2,325)
Creditors	- £9,870 (2013 - £23,904)