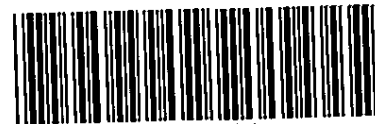


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**Report of the Directors and
Financial Statements for the Year Ended 31 December 2012
for
Airedale Chemical Co Limited**

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**Contents of the Financial Statements
for the Year Ended 31 December 2012**

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Airedale Chemical Co Limited
Company Information
for the Year Ended 31 December 2012

DIRECTORS.

R P Chadwick
B M Hall
S P Wilkinson
J M Leighton
C L Thomson
C J Chadwick
R M Wolff
D Fox

SECRETARY.

C L Thomson

REGISTERED OFFICE.

Airedale Mills
Skipton Road
Crosshills
KEIGHLEY
West Yorkshire
BD20 7BX

REGISTERED NUMBER:

01149113 (England and Wales)

AUDITORS:

Stirk Lambert & Co
Chartered Accountants
Statutory Auditors
Russell Chambers
61a North Street
Keighley
West Yorkshire
BD21 3DS

**Report of the Directors
for the Year Ended 31 December 2012**

The directors present their report with the financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of manufacture and supply of dyestuffs and speciality chemicals

REVIEW OF BUSINESS

The results for the year and the financial position of the company are shown in the financial statements

The Directors are satisfied with the results for 2012, as we still operate in difficult market conditions. We are happy to report an increase in turnover although profitability remained stable. We are confident as a business that 2013 will show growth yet again in both turnover and profitability as key contracts were awarded to us during 2012 for which we didn't realise a full years impact of these. The company anticipate significant growth in the next few years and enhancing our financial strength remains our primary objective.

Turnover for the year ended 31st December 2012 amounted to £31,960,521 an increase of 10.9% on the previous financial year. The majority of sales remain UK based but we still have small amount of export mainly into Europe. We have seen these levels stabilise after a fall in the previous year on exports to Australia and New Zealand which is solely cost related due to shipping.

Gross margin increased by 6% to £8,499,485, however, in overall terms gross margin decreased from 27.8% in 2011 to 26.6% in 2012 of turnover demonstrating the difficult market conditions we have operated in. Margins have been squeezed to maintain business in most areas. An erratic sterling dollar rate has also hindered the business during the year on cost bases for certain products.

The company are pleased to report we have again increased employee numbers during 2012, and one of our primary objectives remains staff welfare and job security. Average staffing levels increased in 2012 to 67 from 61 in 2011, as the company continues on track with its growth strategy.

We continue to outperform our competitors on customer service which undoubtedly has led to our success/growth in the industry.

Profit before taxation amounted to £844,065 compared to £969,683 in 2011.

The company continues to reinvest its cash into fixed assets to facilitate its growth. During the year the reinvestment in fixed assets amounted to £815,717.

Airedale Chemical renegotiated its banking facilities with HSBC in September 2012. The increased facilities had a positive impact on the finance charges associated with phosphoric acid business in 2012, however only marginally due to the signing of the facility in relation to our year end. We envisage these savings in 2013 to be far greater. As a result of these new increased facilities we have been given a greater degree of flexibility on phosphoric purchasing. Airedale Chemical would like to thank HSBC for their support of our business and look forward to building a long term partnership.

Stock increased from £5,982,093 in 2011 to £7,526,932 in 2012, an increase of 25.8%.

Once again we have invested significant time and effort into working capital management. This enables the company to keep borrowing to a minimum which in turn reduces finance charges. We have hit our targets on trade debtors collection time, which in the current economic climate has been challenging. The company minimises bad debt exposure with the use of strict credit control procedures. As a result of this control we have not experienced any bad debtors in the year.

The company purchases a significant amount of chemicals in foreign currencies, and as such the company recognise exposure to currency rate fluctuations. The company manages its exposure to exchange rate fluctuations by using various hedging methods.

We have continued to work closely with the Health and Safety Executive and environmental bodies to ensure obligations are met and surpassed.

**Report of the Directors
for the Year Ended 31 December 2012**

Airedale was awarded ISO14001 accreditation in late 2012. This together with our ISO9001-2008 demonstrates our commitment to operate our company under a 'best practice' philosophy.

We have incurred significant cost in continuing our commitments to REACH legislation as we move towards the 2013 registration of products handled in excess of 100 metric tonnes. We have worked closely with external experts in REACH legislation to ensure all obligations in this area are met by the deadline of May 2013.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2012.

DIRECTORS

The directors during the year under review were

R P Chadwick
B M Hall
S P Wilkinson
J M Leighton
C L Thomson
C J Chadwick
R M Wolff
D Fox

The beneficial interests of the directors holding office on 31 December 2012 in the issued share capital of the company were as follows

	31 12 12	1 1 12
Ordinary £1 shares		
R P Chadwick	3,430	3,430
B M Hall	-	-
S P Wilkinson	660	660
J M Leighton	-	-
C L Thomson	-	-
C J Chadwick	1,984	1,984
R M Wolff	-	-
D Fox	-	-

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made charitable donation in the year of £2,394 (2011 £6,496)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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.

**Report of the Directors
for the Year Ended 31 December 2012**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.


STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Stirk Lambert & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



C L Thomson - Secretary



19 June 2013

**Report of the Independent Auditors to the Members of
Airedale Chemical Co Limited**

We have audited the financial statements of Airedale Chemical Co Limited for the year ended 31 December 2012 on pages six to twenty three. 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on pages three and four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 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.

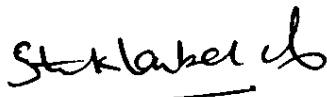
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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, 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.



Richard Hudson FCA (Senior Statutory Auditor)
for and on behalf of Stirk Lambert & Co
Chartered Accountants
Statutory Auditors
Russell Chambers
61a North Street
Keighley
West Yorkshire
BD21 3DS

19 June 2013

Airedale Chemical Co Limited (Registered number 01149113)

**Profit and Loss Account
for the Year Ended 31 December 2012**

	Notes	31 12 12		31 12 11	
		£	£	£	£
TURNOVER	2		31,960,521		28,808,088
Cost of sales			23,461,036		20,788,837
GROSS PROFIT			8,499,485		8,019,251
Distribution costs		1,910,180		1,742,728	
Administrative expenses		5,070,792		5,310,777	
			6,980,972		7,053,505
			1,518,513		965,746
Other operating income			-		378,411
OPERATING PROFIT	4		1,518,513		1,344,157
Interest receivable and similar income			38		215
			1,518,551		1,344,372
Interest payable and similar charges	5		674,486		374,689
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			844,065		969,683
Tax on profit on ordinary activities	6		181,091		301,667
PROFIT FOR THE FINANCIAL YEAR			662,974		668,016
Retained profit brought forward			1,351,383		672,011
			2,014,357		1,340,027
Reserve transfer			-		11,356
RETAINED PROFIT CARRIED FORWARD			2,014,357		1,351,383

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

The notes form part of these financial statements

**Statement of Total Recognised Gains and Losses
for the Year Ended 31 December 2012**

	31 12 12 £	31 12 11 £
PROFIT FOR THE FINANCIAL YEAR	662,974	668,016
Unrealised deficit on revaluation of properties	-	(776,181)
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>662,974</u>	<u>(108,165)</u>

**Note of Historical Cost Profits and Losses
for the Year Ended 31 December 2012**

	31 12 12 £	31 12 11 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	844,065	969,683
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	-	11,356
	<hr/>	<hr/>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>844,065</u>	<u>981,039</u>
 HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION	 <u>662,974</u>	 <u>679,372</u>

The notes form part of these financial statements

Airedale Chemical Co Limited (Registered number. 01149113)

Balance Sheet
31 December 2012

	Notes	31 12 12 £	£	31 12 11 £	£
FIXED ASSETS					
Intangible assets	7		3,895		5,841
Tangible assets	8		3,794,190		3,622,937
Investments	9		-		-
			<u>3,798,085</u>		<u>3,628,778</u>
CURRENT ASSETS					
Stocks	10	7,526,932		5,982,093	
Debtors	11	6,773,103		4,952,056	
Cash at bank and in hand		794,535		34,371	
		<u>15,094,570</u>		<u>10,968,520</u>	
CREDITORS					
Amounts falling due within one year	12	13,972,652		10,177,675	
NET CURRENT ASSETS			<u>1,121,918</u>		<u>790,845</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,920,003		4,419,623
CREDITORS					
Amounts falling due after more than one year	13		(2,654,955)		(2,755,549)
PROVISIONS FOR LIABILITIES	17		(127,000)		(189,000)
NET ASSETS			<u>2,138,048</u>		<u>1,475,074</u>
CAPITAL AND RESERVES					
Called up share capital	18		11,000		11,000
Revaluation reserve	19		112,691		112,691
Profit and loss account			2,014,357		1,351,383
SHAREHOLDERS' FUNDS	25		<u>2,138,048</u>		<u>1,475,074</u>

The financial statements were approved by the Board of Directors on 19 June 2013 and were signed on its behalf by



R P Chadwick - Director

The notes form part of these financial statements

Cash Flow Statement
for the Year Ended 31 December 2012

	Notes	31 12 12 £	£	31 12 11 £	£
Net cash outflow from operating activities	1		(130,038)		(943,174)
Returns on investments and servicing of finance	2		(674,448)		(374,474)
Taxation			(278,667)		-
Capital expenditure	2		(174,923)		(113,618)
			<u>(1,258,076)</u>		<u>(1,431,266)</u>
Financing	2		3,009,731		(1,788,031)
Increase/(decrease) in cash in the period			<u>1,751,655</u>		<u>(3,219,297)</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase/(decrease) in cash in the period		1,751,655		(3,219,297)	
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(3,263,144)</u>		<u>2,098,346</u>	
Change in net debt resulting from cash flows			(1,511,489)		(1,120,951)
New finance leases			<u>(627,833)</u>		<u>(418,703)</u>
Movement in net debt in the period			<u>(2,139,322)</u>		<u>(1,539,654)</u>
Net debt at 1 January			<u>(6,000,846)</u>		<u>(4,461,192)</u>
Net debt at 31 December			<u><u>(8,140,168)</u></u>		<u><u>(6,000,846)</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 December 2012

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	31 12 12	31 12 11
	£	£
Operating profit	1,518,513	1,344,157
Depreciation charges	634,794	620,000
Profit on disposal of fixed assets	(1,345)	(9,694)
Increase in stocks	(1,544,839)	(3,555,528)
Increase in debtors	(1,817,634)	(875,220)
Increase in creditors	1,080,473	1,533,111
Net cash outflow from operating activities	(130,038)	(943,174)

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31 12 12	31 12 11
	£	£
Returns on investments and servicing of finance		
Interest received	38	215
Interest paid	(633,204)	(326,688)
Interest element of hire purchase payments	(41,282)	(48,001)
Net cash outflow for returns on investments and servicing of finance	(674,448)	(374,474)
Capital expenditure		
Purchase of tangible fixed assets	(187,923)	(304,948)
Sale of tangible fixed assets	13,000	191,330
Net cash outflow for capital expenditure	(174,923)	(113,618)
Financing		
New loans in year	26,697,158	6,265,952
Loan repayments in year	(22,830,813)	(7,173,085)
Decrease in other loans	-	(742,500)
Net movement in non-director loans	(284,738)	586,501
Capital repayments in year	(445,288)	(403,059)
Amount introduced by directors	437,891	845,630
Amount withdrawn by directors	(564,479)	(1,167,470)
Net cash inflow/(outflow) from financing	3,009,731	(1,788,031)

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2012**

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 12 £	Cash flow £	Other non-cash changes £	At 31 12 12 £
Net cash				
Cash at bank and in hand	34,371	760,164		794,535
Bank overdrafts	(991,491)	991,491		-
	<u>(957,120)</u>	<u>1,751,655</u>		<u>794,535</u>
Debt				
Hire purchase	(765,325)	445,288	(627,833)	(947,870)
Debts falling due within one year	(1,941,041)	(3,854,784)	-	(5,795,825)
Debts falling due after one year	(2,337,360)	146,352	-	(2,191,008)
	<u>(5,043,726)</u>	<u>(3,263,144)</u>	<u>(627,833)</u>	<u>(8,934,703)</u>
Total	<u>(6,000,846)</u>	<u>(1,511,489)</u>	<u>(627,833)</u>	<u>(8,140,168)</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2012**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets

Turnover

Turnover represents the amounts received or receivable for goods and services provided to customers, excluding VAT

Intangible assets

Costs directly attributable to obtaining the IPPC licence have been capitalised and are amortised on the straight-line basis over the estimated useful economic life of 10 years, which was chosen because it represents the length of period the directors expect benefits to arise from holding the permit

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Freehold property	- 2% on cost
Improvements to property	- 2% on cost
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

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 that result in an obligation to pay more tax in the future, or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements

Deferred tax is measured 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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Research and development

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

1 ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Fixed asset investments

The company has adopted UITF Abstract 32, FRS11, FRS12 and FRS21 in relation to arriving at its stated profit after impairment of fixed assets.

Employer-financed retirement benefit scheme (efrbs)

The company has established trusts for the benefit of employees and persons connected with them. Monies held in these trusts are held by independent trustees and managed at their discretion. The trustees are empowered to provide both retirement and other employee benefits.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and are payable after completion of the employment, such monies are charged to the profit and loss account in the period during which services are rendered by employees.

2 TURNOVER

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

An analysis of turnover by geographical market is given below:

	31 12 12	31 12 11
	£	£
United Kingdom	31,466,722	28,339,926
Other European Union Countries	457,116	438,131
Australia & New Zealand	36,683	30,031
	<u>31,960,521</u>	<u>28,808,088</u>

3 STAFF COSTS

	31 12 12	31 12 11
	£	£
Wages and salaries	3,154,330	3,278,592
Social security costs	257,472	230,321
Other pension costs	41,818	175,470
	<u>3,453,620</u>	<u>3,684,383</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

3 **STAFF COSTS - continued**

The average monthly number of employees during the year was as follows

	31 12 12	31 12 11
Management and Administration	16	15
Sales and Distribution Staff	23	21
Technical Staff	6	6
Production	22	19
	<u>67</u>	<u>61</u>

4 **OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	31 12 12 £	31 12 11 £
Hire of plant and machinery	459,176	338,262
Other operating leases	58,175	57,549
Depreciation - owned assets	333,019	363,847
Depreciation - assets on hire purchase contracts	299,829	254,212
Profit on disposal of fixed assets	(1,345)	(9,694)
Patents and licenses amortisation	1,946	1,948
Auditors' remuneration	12,000	10,000
Research and development	55,545	37,698

Directors' remuneration	<u>479,250</u>	<u>418,500</u>
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Information regarding the highest paid director is as follows

	31 12 12 £	31 12 11 £
Emoluments etc	<u>83,000</u>	<u>81,500</u>

5 **INTEREST PAYABLE AND SIMILAR CHARGES**

	31 12 12 £	31 12 11 £
Bank interest	12,741	11,064
Bank loan interest	100,326	79,973
Interest on directors loans	12,219	6,692
Interest on pension scheme loan	2,661	4,013
Other interest	371,202	112,809
Mortgage interest	19,534	22,686
Invoice discounting interest charges	114,521	89,451
Hire purchase	41,282	48,001
	<u>674,486</u>	<u>374,689</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

6 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	31 12 12 £	31 12 11 £
Current tax		
UK corporation tax	243,091	278,667
Deferred tax	(62,000)	23,000
Tax on profit on ordinary activities	<u>181,091</u>	<u>301,667</u>

UK corporation tax has been charged at 23.96% (2011 - 25.88%)

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	31 12 12 £	31 12 11 £
Profit on ordinary activities before tax	<u>844,065</u>	<u>969,683</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.959% (2011 - 25.879%)	202,230	250,944
Effects of		
Expenses not deductible for tax purposes	22,936	25,991
Depreciation in excess of capital allowances	22,878	16,758
Utilisation of tax losses	-	(3,355)
Repairs included in improvements to property	(4,953)	(11,671)
Current tax charge	<u>243,091</u>	<u>278,667</u>

7 INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 January 2012 and 31 December 2012	<u>19,473</u>
AMORTISATION	
At 1 January 2012	13,632
Amortisation for year	<u>1,946</u>
At 31 December 2012	<u>15,578</u>
NET BOOK VALUE	
At 31 December 2012	<u>3,895</u>
At 31 December 2011	<u>5,841</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

8 TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST OR VALUATION			
At 1 January 2012	1,037,475	333,655	3,281,517
Additions	-	20,673	128,584
At 31 December 2012	1,037,475	354,328	3,410,101
DEPRECIATION			
At 1 January 2012	-	3,618	1,989,503
Charge for year	20,750	34,037	269,428
Eliminated on disposal	-	-	-
At 31 December 2012	20,750	37,655	2,258,931
NET BOOK VALUE			
At 31 December 2012	1,016,725	316,673	1,151,170
At 31 December 2011	1,037,475	330,037	1,292,014
	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 January 2012	292,551	1,725,940	6,671,138
Additions	24,293	642,206	815,756
Disposals	-	(69,069)	(69,069)
At 31 December 2012	316,844	2,299,077	7,417,825
DEPRECIATION			
At 1 January 2012	168,589	886,491	3,048,201
Charge for year	44,586	264,047	632,848
Eliminated on disposal	-	(57,414)	(57,414)
At 31 December 2012	213,175	1,093,124	3,623,635
NET BOOK VALUE			
At 31 December 2012	103,669	1,205,953	3,794,190
At 31 December 2011	123,962	839,449	3,622,937

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

8 TANGIBLE FIXED ASSETS - continued

Cost or valuation at 31 December 2012 is represented by

	Freehold property £	Improvements to property £	Plant and machinery £
Valuation in 2006	567,804	-	-
Valuation in 2011	(810,438)	(260,641)	-
Cost	1,280,109	614,969	3,410,101
	<u>1,037,475</u>	<u>354,328</u>	<u>3,410,101</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2006	-	-	567,804
Valuation in 2011	-	-	(1,071,079)
Cost	316,844	2,299,077	7,921,100
	<u>316,844</u>	<u>2,299,077</u>	<u>7,417,825</u>

If Freehold property had not been revalued it would have been included at the following historical cost

	31 12 12 £	31 12 11 £
Cost	1,280,109	1,249,992
Aggregate depreciation	<u>309,006</u>	<u>283,404</u>

Freehold property was valued on existing use value basis on 31 December 2011 by Jones Lang Lasalle

Improvements to property were also revalued at the same time on the same basis. If they had not been revalued they would have been included at the following historical cost

	31 12 12 £	31 12 11 £
Cost	614,969	434,993
Aggregate depreciation	<u>319,963</u>	<u>307,664</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

8 TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 January 2012	730,986	880,714	1,611,700
Additions	-	627,834	627,834
Transfer to ownership	(145,057)	(34,250)	(179,307)
At 31 December 2012	585,929	1,474,298	2,060,227
DEPRECIATION			
At 1 January 2012	201,219	264,086	465,305
Charge for year	91,351	208,478	299,829
Transfer to ownership	(60,356)	(21,607)	(81,963)
At 31 December 2012	232,214	450,957	683,171
NET BOOK VALUE			
At 31 December 2012	353,715	1,023,341	1,377,056
At 31 December 2011	529,767	616,628	1,146,395

9 FIXED ASSET INVESTMENTS

Following the company's exclusion from benefit during the year to 31 December 2009, the business benefit trust that was shown as a fixed asset under the operation of UITF Abstract 32 was impaired and the profit and loss account debited during that year under FRS 11. There have been no movements since that period and fixed asset investments stand at nil net book value comprising of original cost £4,503,000 less impairment provision of £4,503,000.

10 STOCKS

	31 12 12 £	31 12 11 £
Raw materials & finished goods	7,526,932	5,982,093

11 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 12 £	31 12 11 £
Trade debtors	5,548,486	4,549,017
Other debtors	629,054	4,640
Directors' current accounts	3,413	-
VAT	95,194	-
Prepayments	496,956	398,399
	6,773,103	4,952,056

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 12	31 12 11
	£	£
Bank loans and overdrafts (see note 14)	5,342,860	2,288,991
Other loans (see note 14)	452,965	643,541
Hire purchase contracts (see note 15)	483,923	347,136
Trade creditors	2,432,318	2,958,266
Tax	243,091	278,667
Social security and other taxes	91,333	350,396
Invoice discounting accounts	3,978,669	2,550,571
Directors' current accounts	250,000	500,000
Accrued expenses	697,493	260,107
	<u>13,972,652</u>	<u>10,177,675</u>

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 12 12	31 12 11
	£	£
Bank loans (see note 14)	743,083	922,097
Other loans (see note 14)	1,447,925	1,415,263
Hire purchase contracts (see note 15)	463,947	418,189
	<u>2,654,955</u>	<u>2,755,549</u>

14 LOANS

An analysis of the maturity of loans is given below

	31 12 12	31 12 11
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	-	991,491
Bank loans	5,342,860	1,297,500
Other loans	452,965	643,541
	<u>5,795,825</u>	<u>2,932,532</u>
Amounts falling due between one and two years		
Bank loans	91,001	94,000
Other loans	1,149,854	1,244,016
Directors loan accounts	298,071	171,247
	<u>1,538,926</u>	<u>1,509,263</u>
Amounts falling due between two and five years		
Bank loans	<u>278,589</u>	<u>282,000</u>
Amounts falling due in more than five years		
Repayable by instalments		
Bank loans	<u>373,493</u>	<u>546,097</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

14 LOANS - continued

The bank loans are repayable as follows -

A Combined Limit Multi Currency Facility incorporating import loan with HSBC commencing September 2012, with no fixed repayment terms, facilities are repayable on demand Interest is calculated at 2.75% over Bank of England base rate

Term loan with HSBC commencing September 2012, repayable in monthly instalments over a period of fifteen years with interest payable at 2% over base rate

15 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	31 12 12	31 12 11
	£	£
Gross obligations repayable		
Within one year	498,341	373,150
Between one and five years	494,815	439,672
	<u>993,156</u>	<u>812,822</u>
Finance charges repayable		
Within one year	14,418	26,014
Between one and five years	30,868	21,483
	<u>45,286</u>	<u>47,497</u>
Net obligations repayable		
Within one year	483,923	347,136
Between one and five years	463,947	418,189
	<u>947,870</u>	<u>765,325</u>

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	31 12 12	31 12 11	31 12 12	31 12 11
	£	£	£	£
Expiring				
Within one year	-	-	9,100	10,378
Between one and five years	54,000	54,000	312,085	306,684
In more than five years	-	-	29,535	44,036
	<u>54,000</u>	<u>54,000</u>	<u>350,720</u>	<u>361,098</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

16 SECURED DEBTS

The following secured debts are included within creditors

	31 12 12	31 12 11
	£	£
Bank overdrafts	-	991,491
Bank loans	6,085,943	2,219,597
Hire purchase contracts	947,870	765,325
	<u>7,033,813</u>	<u>3,976,413</u>

HSBC borrowings are secured by a Debenture comprising fixed and floating charges over all assets of the company

First legal Mortgage over the freehold property of Airedale Chemical Company Limited known as Airedale Mill, Skipton Road, Crosshills, Keighley, dated 6 August 2012 in favour of HSBC

Unsupported personal guarantee by R P Chadwick for £108,500 in relation to the property loan

Hire Purchase creditors are secured on the assets to which the agreement relates

Invoice discounting accounts are secured against the debtors ledger of the company

17 PROVISIONS FOR LIABILITIES

	31 12 12	31 12 11
	£	£
Deferred tax	<u>127,000</u>	<u>189,000</u>
		Deferred tax
		£
Balance at 1 January 2012		189,000
Increase in provision		(62,000)
Balance at 31 December 2012		<u>127,000</u>

18 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			31 12 12	31 12 11
Number	Class	Nominal value	£	£
11,000	Ordinary	£1	<u>11,000</u>	<u>11,000</u>

19 RESERVES

	Revaluation reserve
	£
At 1 January 2012	<u>112,691</u>
At 31 December 2012	<u>112,691</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

20 PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets are held separately from those of the company in a separately administered fund. During the year contributions of £41,818 were paid to the fund (2011: property with a market value of £150,000 was transferred as a contribution to the scheme).

21 CONTINGENT LIABILITIES

The company has appointed assets to an Employer Financed Retirement Benefits Scheme. The company is liable for PAYE/NIC that may arise on awards made by the Trustees. The directors are of the opinion that the Trustees will award most of the benefits in a way that will not result in a PAYE/NIC liability.

22 TRANSACTIONS WITH DIRECTORS

The following loan to directors subsisted during the years ended 31 December 2012 and 31 December 2011:

	31 12 12 £	31 12 11 £
R M Wolff		
Balance outstanding at start of year	-	-
Amounts advanced	48,413	-
Amounts repaid	(45,000)	-
Balance outstanding at end of year	<u>3,413</u>	<u>-</u>

The company has received from the directors and from the Self Administered Pension Scheme the following loans -

	Balance b/fwd £	Maximum balance in year £	Balance c/fwd £
C J Chadwick	8,560	147,301	125,685
R P Chadwick	326,943	327,074	76,675
B M Hall	152,554	157,622	157,622
J M Leighton	47,893	47,893	44,696
C Thomson	27,684	27,684	14,728
S P Wilkinson	50,289	50,289	40,410
Pension Scheme	76,244	76,244	76,244
R M Wolff	6,799	6,799	0
D Fox	50,000	88,256	88,256

The company pays a commercial rate of interest of 4.5% over the Bank of England base rate on all loans from directors and 3% over Bank of England base rate on loans from the Self Administered Pension Scheme.

During the year the company paid the following interest on loans to -
£

Directors	12,209
Self Administered Pension Scheme	2,661

The director with beneficial interests in the Self Administered Pension Scheme is Mr R P Chadwick.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

23 RELATED PARTY DISCLOSURES

The company has received the following loans from members of the directors families

	Balance b/fwd £	Maximum balance in year £	Balance c/fwd £
Executors of B Chadwick (Deceased)	1,167,772	1,167,772	1,149,854
L A Chadwick	404,741	404,741	85,424
E J Chadwick	7,076	7,076	2,730
E L Chadwick	6,650	6,908	6,908
D M Chadwick	2,039	2,039	0
L C Hall	1,091	1,178	1,178
J W Chadwick	3,949	3,949	0

The company pays a commercial rate of interest of 4.5% over the bank of England base rate on these loans. During the year the loans attracted interest of £21,150 (2011: £18,637).

J W Chadwick, a shareholder in the company, has a loan due to the company at 31 December 2012 of £345,804 (2011: £nil). The maximum balance outstanding during the year was £380,804.

D M Chadwick, brother of J W Chadwick, has a loan due to the company at 31 December 2012 of £147,364 (2011: £nil). The maximum balance outstanding during the year was £191,364.

DC Cleaning Solutions Limited

A company in which Mr Chris Chadwick is a shareholder

Sales to DC Cleaning Solutions Limited in the year totalled £57,894. All transactions were under normal commercial terms.

	31 12 12 £	31 12 11 £
Amount due from related party at the balance sheet date	<u>151,513</u>	<u>-</u>

24 ULTIMATE CONTROLLING PARTY

The directors control the company by virtue of their majority shareholding.

25 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 12 12 £	31 12 11 £
Profit for the financial year	662,974	668,016
Other recognised gains and losses relating to the year (net)	-	(776,181)
Net addition/(reduction) to shareholders' funds	<u>662,974</u>	<u>(108,165)</u>
Opening shareholders' funds	1,475,074	1,583,239
Closing shareholders' funds	<u>2,138,048</u>	<u>1,475,074</u>