

Company Registration No. 01322325

SENSIENT HOLDINGS UK

**Annual Report and Financial Statements
Year ended 31 December 2014**



SENSIENT HOLDINGS UK
Company Registration No. 01322325

REPORT AND FINANCIAL STATEMENTS 2014

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REPORT AND FINANCIAL STATEMENTS 2014

OFFICERS AND PROFESSIONAL ADVISERS

Directors

B M Conners
L C Watson

Secretary

K&L Gates LLP

Registered office

Bilton Road
Bletchley
Milton Keynes
Bucks
MK1 1HP

Solicitors

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

Auditor

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

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STRATEGIC REPORT

The directors present their Strategic Report for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

Sensient Holdings UK acts as the holding company for the European operation of the flavours and colours activities of the Sensient Technologies Corporation group, of Milwaukee, Wisconsin, USA.

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

	2014	2013	Change
	£'000	£'000	%
Interest payable net of interest receivable	(174)	(187)	(7%)
Profit after tax	4,189	3,119	34%
Current assets as % of current liabilities	281%	172%	109%

Interest payable net of interest receivable reduced by 7% as a result of the increasing LIBOR interest rate.

The company received dividends of £770,250, £1,900,000 and £1,911,360 from its subsidiary undertakings, Sensient Flavors Ltd, Sensient Colors UK Ltd and Sensient Flavours Belgium NV respectively (2013 £1,600,000 from Sensient Colors UK Limited and £1,597,045 from Sensient Flavors Belgium NV) resulting in increased profit after tax.

The company's "quick ratio" (current assets as a percentage of current liabilities) is higher due to the dividends received and a reduction in intergroup borrowings.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk and uncertainty facing the company is liquidity risk.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term intercompany debt finance.

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



L C Watson

Director

Date: 4/26/2016

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DIRECTOR'S REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

RESULTS AND DIVIDENDS

The profit after tax for the year of £4,189,480, (2013: £3,119,287) is dealt with in the profit and loss account on page 7.

The company declared and paid no interim dividends (2013 £Nil).

DIRECTORS

The directors who served during the year were as follows:

L C Watson

B M Conners

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

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

DISCLOSURE OF INFORMATION TO AUDITOR

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

FUTURE DEVELOPMENTS

The company expects to continue to operate as a holding company with financing costs at similar market rates.


GOING CONCERN

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

REAPPOINTMENT OF AUDITOR

The auditor, Ernst & Young LLP, is deemed to be reappointed in accordance with section 485 of the Companies Act 2006 by virtue of an elective resolution passed by members on 9 September 1994.

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


L C Watson
Director

Date: 4/22/2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under the 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 true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENSIENT HOLDINGS UK

We have audited the financial statements of Sensient Holdings UK for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the 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 2014 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENSIENT HOLDINGS UK (Continued)

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Ken Griffin (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Registered Auditor
Bristol

Date:

11 May 2016 ²⁰¹⁵

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PROFIT AND LOSS ACCOUNT
Year ended 31 December 2014

	Note	2014 £	2013 £
Administrative (expense) gain		(254,900)	85,840
OPERATING (LOSS) GAIN	2	(254,900)	85,840
Income from fixed asset investments	7	4,618,190	3,197,045
Interest payable and similar charges	4	(202,196)	(209,244)
Interest receivable and similar income	5	28,386	22,482
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,189,480	3,096,123
Tax on profit on ordinary activities	6	-	23,464
PROFIT FOR THE FINANCIAL YEAR	12	4,189,480	3,119,587

All results derive from continuing operations.

There are no gains or losses during either the current or prior year, other than those presented in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses has been presented.

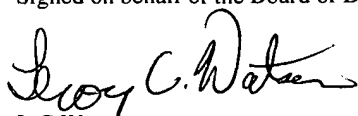
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BALANCE SHEET
As at 31 December 2014

		2014 £	2013 £
FIXED ASSETS			
Investments	7	27,326,567	27,217,631
CURRENT ASSETS			
Debtors	8	11,069,150	7,288,709
CREDITORS: amounts falling due within one year	9	<u>(3,938,219)</u>	<u>(4,238,322)</u>
NET CURRENT ASSETS		<u>7,130,931</u>	<u>3,050,387</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		34,457,498	30,268,018
CREDITORS: amounts falling due after more than one year	10	(8,854,404)	(8,854,404)
NET ASSETS		<u>25,603,094</u>	<u>21,413,614</u>
CAPITAL AND RESERVES			
Called up share capital	11	10,000,000	10,000,000
Capital contribution	12	4,787,374	4,787,374
Profit and loss account	12	10,815,720	6,626,240
SHAREHOLDERS' FUNDS	12	<u>25,603,094</u>	<u>21,413,614</u>

These financial statements were approved by the Board of Directors on 26 April 2016

Signed on behalf of the Board of Directors


L C Watson
Director

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NOTES TO THE ACCOUNTS
Year ended 31 December 2014

1. ACCOUNTING POLICIES

Basis of preparation

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

The financial statements are prepared under the historical cost convention.

Going Concern

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

Group accounts

The company is a subsidiary of Sensient Technologies Corporation, a company incorporated in the United States of America. The company has therefore taken advantage of section 400 of the Companies Act 2006 not to prepare group financial statements. The financial statements therefore present information about the company only.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Deferred taxation

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

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate ruling at that date. These transactions are dealt with in the profit and loss account.

Cash flow statement

The company has taken advantage of the exemption not to prepare a cash flow statement under FRS 1 (Revised) as the company is a wholly owned subsidiary of Sensient Technologies Corporation which prepares consolidated financial statements that are publicly available.

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NOTES TO THE ACCOUNTS
Year ended 31 December 2014

2. OPERATING LOSS

	2014 £	2013 £
Operating loss is after charging:		
Professional expenses	6,924	-
Foreign exchange loss	<u>247,976</u>	<u>(85,840)</u>

The auditor's remuneration for the audit of the financial statements has been borne by a fellow group company in both the current and the preceding year.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company has no employees and the directors received no remuneration for their services to the company in the year and in the preceding financial year.

Number of directors accruing benefits under a money purchase scheme*	2	2
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* Costs associated with these Schemes are borne by other group undertakings.

A fellow subsidiary undertaking, Sensient Colors UK Ltd, was charged a management fee of £278,365 (2013: £362,446) in respect of UK administration costs by Sensient Technologies Corporation, the company's ultimate parent company, which includes directors' remuneration for 2 (2013: 2) of the company's directors which it is not possible to identify separately.

The company had no employees in either the current or the prior year and hence no staff costs.

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NOTES TO THE ACCOUNTS
Year ended 31 December 2014

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Intercompany interest payable	202,196	209,154
Other interest payable	-	90
	<u>202,196</u>	<u>209,244</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£	£
Intercompany interest receivable	22,935	22,482
Other interest receivable	5,451	-
	<u>28,386</u>	<u>22,482</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Tax on profit on ordinary activities

The tax credit is made up as follows:

	2014	2013
	£	£
United Kingdom Corporation tax	-	(23,464)
	<u>-</u>	<u>(23,464)</u>
Tax on profit on ordinary activities	<u>-</u>	<u>(23,464)</u>

b) Factors affecting the current tax credit

The tax assessed for the year is lower than the standard rate of corporation tax for the period: 21.5% (2013: 23.25%)

The differences are reconciled below:

	2014	2013
	£	£
Profit on ordinary activities before tax	<u>4,189,480</u>	<u>3,096,123</u>
Tax at 21.5% (2013: 23.25%) thereon:	900,738	719,849
Effects of:		
Income not taxable	(992,911)	(743,313)
Group relief surrendered	<u>92,173</u>	<u>-</u>
Current tax credit for year	<u>-</u>	<u>(23,464)</u>

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Year ended 31 December 2014

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

c) Deferred tax

A deferred tax asset has not been recognised in respect of timing differences relating to non-trade and capital tax losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £2,053,015 (2013: £27,292). The asset would be recovered if suitable taxable profits were to arise in future periods against which the asset could reverse.

d) Factors that may affect the future tax charge

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The Government intends to enact further reductions in the main tax rate down to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020. As these tax rates were not substantively enacted at the balance sheet date, the relevant rate reductions are not yet reflected in these financial statements in accordance with UK GAAP, as it is a non-adjusting event occurring after the reporting period.

We estimate that the future rate change to 18% would further reduce the UK deferred tax at balance sheet date. The actual impact will be dependent on the deferred tax position at that time.

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NOTES TO THE ACCOUNTS
Year ended 31 December 2014

7. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiaries £
Costs	
Brought forward for the year	59,965,667
Investment in Sensient Strasbourg	108,936
Sale of Biolux Finance N.V.	(893,742)
At 31 December 2014	<u>59,180,861</u>
Provisions for impairment in investments	
At 1 January 2014	32,748,036
Credit in the year, provision release for sale of Biolux Finance N.V.	(893,742)
At 31 December 2014	<u>31,854,294</u>
Net book value	
At 31 December 2014	<u>27,326,567</u>
At 31 December 2013	<u>27,217,631</u>
Dividend income	
Sensient Flavors Ltd	770,250
Sensient Colors UK Ltd	1,900,000
Sensient Flavors Belgium N.V.	1,911,360
Gain on sale of Biolux Finance N.V.	<u>36,580</u>
Total	<u>4,618,190</u>

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NOTES TO THE ACCOUNTS
Year ended 31 December 2014

7. INVESTMENTS HELD AS FIXED ASSETS (continued)

Interests in subsidiaries

The company owns directly (+) or indirectly 100% of the shares in the principal subsidiaries listed below:

* All Pointing sub-group companies are listed.

Company	Main activities	Incorporated in
Sensient Flavors Limited	+ Manufacture and sale of flavouring ingredients for the food industry	Great Britain
Sensient Colors U.K. Limited	+ Manufacture and sale of colours	Great Britain
Sensient Technologies Limited	+ Holds loan notes	Great Britain
Sensient Flavors Strasbourg	+ Manufacture and sale of flavouring ingredients for the food industry	France
Sensient Flavors Belgium N.V.	+ Manufacture and sale of flavouring ingredients for the food industry	Belgium
* Pointing Holdings Limited	Holding company	Great Britain
* Pointing Limited	No longer trading	Great Britain
* Pointing International Limited	Intermediate holding company	Great Britain
* Pointing Color Inc	Intermediate holding company	USA
* Sensient Colors South Africa PTY Ltd	Manufacture and sale of colours	South Africa
* Sensient Food Colors L.P.	No longer trading	USA

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NOTES TO THE ACCOUNTS
Year ended 31 December 2014

8. DEBTORS

	2014	2013
	£	£
Loan notes owed by group companies	3,603,249	3,851,225
Amounts owed by group companies	7,465,901	3,437,484
	<u>11,069,150</u>	<u>7,288,709</u>

Loans Notes owed by group companies comprise:

An unsecured loan note of EUR 4,639,323 repayable on demand and interest is charged at LIBOR plus 0.25%.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Amounts owed to group companies	3,938,219	4,238,322
	<u>3,938,219</u>	<u>4,238,322</u>

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NOTES TO THE ACCOUNTS
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10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £	2013 £
Loans - from group companies	<u>8,854,404</u>	<u>8,854,404</u>

An unsecured loan of £8,854,404 repayable in 31 March 2014 was extended indefinitely in 2 yearly intervals. The loan has been re-classified therefore as long term, interest was charged at LIBOR plus 1/2%.

Repayable as follows:-

	2014 £	2013 £
Between one and two years	<u>8,854,404</u>	<u>8,854,404</u>

11. ALLOTTED AND ISSUED SHARE CAPITAL

	2014 £	2013 £
Called up, allotted and fully paid		
10,000,000 (2013:10,000,000) ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>

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NOTES TO THE ACCOUNTS
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12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND RESERVES

	Share capital £	Capital Contribution £	Profit and loss account £	Total £
At 1 January 2013	10,000,000	4,787,374	3,506,653	18,294,027
Profit for the year	-	-	3,119,587	3,119,587
At 1 January 2014	10,000,000	4,787,374	6,626,240	21,413,614
Profit for the year	-	-	4,189,480	4,189,480
At 31 December 2014	10,000,000	4,787,374	10,815,720	25,603,094

13. ULTIMATE PARENT COMPANY

The ultimate parent company and controlling entity is Sensient Technologies Corporation. The immediate parent company is Sensient Technologies Holding Company LLC. Both companies are incorporated in the United States of America. The financial statements of the ultimate parent company, which is the largest and smallest group that prepares consolidated accounts, are filed at the Securities and Exchange Commission, Washington DC.

14. RELATED PARTIES

The company has taken exemption, under paragraph 3 (c) of FRS 8, from reporting transactions with other group companies wholly owned by Sensient Technologies Corporation.