

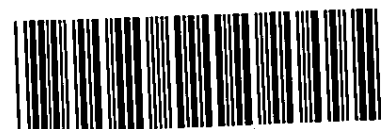
Registered number: 01428569

FORWARD CHEMICALS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2012

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FORWARD CHEMICALS LIMITED

COMPANY INFORMATION

Directors	G Hale (resigned 31 January 2012) Mrs V M Hale (resigned 31 January 2012) J E Moseley (resigned 31 January 2012) F J Cox (resigned 31 January 2012) Mrs L Shepherd (resigned 31 January 2012) P Hale (resigned 31 January 2012) M S Doran (resigned 31 January 2012) P B North (resigned 31 January 2012) P A Theodore (appointed 31 January 2012) M R Bachmann (appointed 31 January 2012) A Brighenti (appointed 31 January 2012)
Company secretary	Salans Secretarial Services Limited
Company number	01428569
Registered office	P O Box 12 12 Tanhouse Lane Widnes Cheshire WA8 0RD
Auditor	PKF (UK) LLP 5 Temple Square Temple Street Liverpool L2 5RH
Bankers	Barclays Bank plc City Office Business Centre P O Box 357 57 Mosley Street Manchester M60 2AU

FORWARD CHEMICALS LIMITED

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FORWARD CHEMICALS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 AUGUST 2012

The directors present their report and the financial statements for the period ended 31 August 2012

Principal activities and business review

The company's principal activity during the period was the production and sale of industrial and laundry chemicals

Business review

Principal risks and uncertainties arise from a competitive market

The market is expected to remain competitive for the foreseeable future

The company will continue to develop its product range to meet market needs

On 31 January 2012 Zep Europe B V, a wholly owned subsidiary of Zep Inc ("Zep"), a leading producer and market leader of a wide range of cleaning and maintenance solutions, completed the purchase of the whole of the issued share capital of the company's immediate parent undertaking, Hale Group Limited ("Hale Group") Hale Group will become a part of Zep's European sales and service channel, where Zep has provided high-efficiency products and customised service to customers in Italy, France, Belgium, the Netherlands and Luxembourg since 1992

On 1 June 2012 Forward Chemicals Limited completed the purchase of the whole of the issued share capital of Mykal Industries Limited ("Mykal") Mykal is a leading manufacturer of a broad range of branded and private label cleaning and degreasing products for the European retail, do-it-yourself and professional distribution markets The acquisition furthers the group strategy to expand its market in Europe with an extended portfolio of well-recognised branded and private label products as well as opening new retail and distribution channels

This provides substantial opportunity to all businesses within the Hale Group to build upon their existing strengths and reputation with the backing of the Zep Group

Results

The profit for the period, after taxation, amounted to £94,030 (year ended 31 December 2011 - £192,723)

Directors

The directors who served during the period were

G Hale (resigned 31 January 2012)
Mrs V M Hale (resigned 31 January 2012)
J E Moseley (resigned 31 January 2012)
F J Cox (resigned 31 January 2012)
Mrs L Shepherd (resigned 31 January 2012)
P Hale (resigned 31 January 2012)
M S Doran (resigned 31 January 2012)
P B North (resigned 31 January 2012)
P A Theodore (appointed 31 January 2012)
M R Bachmann (appointed 31 January 2012)
A Brighenti (appointed 31 January 2012)

Financial instruments

The company does not actively use financial instruments as part of its financial risk management It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures The nature of its financial instruments means that they are not subject to price or liquidity risk

FORWARD CHEMICALS LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2012**

The company does not enter into forward contracts for foreign currencies. Therefore, the foreign exchange risk is that associated with exchange rate fluctuations when buying and selling goods in foreign currencies.

Provision of information to auditor

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

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

This report was approved by the board on **8 FEBRUARY 2013** and signed on its behalf

A Brighenti
Director



FORWARD CHEMICALS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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 these financial statements the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy at any time the financial position of the company and to 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.

FORWARD CHEMICALS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORWARD CHEMICALS LIMITED

We have audited the financial statements of Forward Chemicals Limited for the period ended 31 August 2012 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 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 August 2012 and of its profit for the period 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

FORWARD CHEMICALS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORWARD CHEMICALS LIMITED

Matters on which we are required to report by exception

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

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

PKF (UK) LLP

Brian Ricketts (Senior statutory auditor)
for and behalf of PKF (UK) LLP, Statutory auditor
Liverpool, UK

21 February 2013.

FORWARD CHEMICALS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 AUGUST 2012**

	Note	Period ended 31 August 2012 £	Year ended 31 December 2011 £
TURNOVER	1,2	3,135,669	4,727,732
Cost of sales		<u>(2,173,809)</u>	<u>(3,029,990)</u>
GROSS PROFIT		961,860	1,697,742
Distribution costs		<u>(397,946)</u>	<u>(588,162)</u>
Administrative expenses		<u>(542,503)</u>	<u>(1,014,452)</u>
OPERATING PROFIT	3	21,411	95,128
Interest receivable and similar income		11,333	37,256
Interest payable and similar charges	7	<u>(9,960)</u>	(29)
Other finance income	8	<u>95,000</u>	<u>112,000</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		117,784	244,355
Tax on profit on ordinary activities	9	<u>(23,754)</u>	<u>(51,632)</u>
PROFIT FOR THE FINANCIAL PERIOD	17	<u>94,030</u>	<u><u>192,723</u></u>

All amounts relate to continuing operations

The notes on pages 9 to 22 form part of these financial statements

FORWARD CHEMICALS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 31 AUGUST 2012**

		Period ended 31 August 2012 £	Year ended 31 December 2011 £
	Note		
PROFIT FOR THE FINANCIAL PERIOD		94,030	192,723
Actuarial (loss) / gain related to pension scheme	20	(245,000)	11,000
Deferred tax attributable to actuarial gain	20	(1,200)	(115,440)
Pension surplus not recognised	20	253,000	369,000
		<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD		100,830	457,283
		<hr/> <hr/>	<hr/> <hr/>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE PERIOD ENDED 31 AUGUST 2012**

	Period ended 31 August 2012 £	Year ended 31 December 2011 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	117,784	244,355
Difference between a historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	10,994	16,490
	<hr/>	<hr/>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	128,778	260,845
	<hr/> <hr/>	<hr/> <hr/>
HISTORICAL PROFIT FOR THE PERIOD AFTER TAXATION	105,024	209,213
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 22 form part of these financial statements

FORWARD CHEMICALS LIMITED
REGISTERED NUMBER: 01428569

BALANCE SHEET
AS AT 31 AUGUST 2012

	Note	£	31 August 2012 £	31 December 2011 £
FIXED ASSETS				
Tangible assets	10		2,204,970	2,258,190
Investments	11		2,618,144	102
			4,823,114	2,258,292
CURRENT ASSETS				
Stocks	12	726,964		651,162
Debtors	13	1,039,598		717,513
Cash at bank		4,515		1,348,142
		1,771,077		2,716,817
CREDITORS amounts falling due within one year	14	(2,758,459)	(1,178,613)	
NET CURRENT (LIABILITIES)/ASSETS			(987,382)	1,538,204
TOTAL ASSETS LESS CURRENT LIABILITIES			3,835,732	3,796,496
PROVISIONS FOR LIABILITIES				
Deferred tax	15		-	(2,794)
NET ASSETS EXCLUDING PENSION SCHEME ASSETS			3,835,732	3,793,702
Defined benefit pension scheme asset	20		547,200	488,400
NET ASSETS INCLUDING PENSION SCHEME ASSETS			4,382,932	4,282,102
CAPITAL AND RESERVES				
Called up share capital	16		838,200	838,200
Revaluation reserve	17		1,459,703	1,470,697
Profit and loss account	17		2,085,029	1,973,205
SHAREHOLDERS' FUNDS	18		4,382,932	4,282,102

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
8 FEBRUARY 2013

A Brighenti
Director

The notes on pages 9 to 22 form part of these financial statements

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with applicable accounting standards

The accounting reference period has been shortened to 31 August to conform to the accounting reference date of other group companies

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts

Turnover arises from the company's principal activity and sales are made to customers on credit terms. Revenue is recognised for accounting purposes at the date of despatch of the relevant goods

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at annual rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant, machinery and equipment	-	20% reducing balance and 20% straight line
Motor vehicles	-	25% straight line

1.5 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account.

1.6 Investments

Investments in subsidiary undertakings are valued at cost less provision for impairment.

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

1 ACCOUNTING POLICIES (continued)

1.7 Operating leases

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

1.8 Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Raw materials and consumables are valued at purchase cost on a first in, first out basis including transport costs. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal. Finished goods are valued at the cost of direct materials used. Provision is made for obsolete, slow-moving and defective items where appropriate.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.11 Pensions

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

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 1 January 2010.

2 TURNOVER

The analysis of turnover and other details by activity and geographical location have been omitted as the directors consider that this disclosure would be prejudicial to the interests of the company's trade.

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	Period ended 31 August 2012 £	Year ended 31 December 2011 £
Depreciation of tangible fixed assets		
- owned by the company	54,288	83,939
Operating lease rentals		
- computer equipment	2,537	-
Difference on foreign exchange	764	(513)
(Profit) on disposal of tangible fixed assets	-	(872)
	<u> </u>	<u> </u>

4. AUDITOR'S REMUNERATION

	Period ended 31 August 2012 £	Year ended 31 December 2011 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	8,500	10,300
Fees payable to the company's auditor and its associates in respect of		
Taxation compliance services	1,825	2,275
All other non-audit services not included above	2,300	400
	<u> </u>	<u> </u>
	Period ended 31 August 2012 £	Year ended 31 December 2011 £
Fees payable to the company's auditor and its associates in connection with the company's pension scheme(s) in respect of		
The auditing of accounts of the scheme(s)	2,500	3,000
	<u> </u>	<u> </u>

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	Period ended 31 August 2012 £	Year ended 31 December 2011 £
Wages and salaries	767,438	1,254,259
Social security costs	83,385	127,754
Other pension costs (Note 20)	74,379	97,246
	<u>925,202</u>	<u>1,479,259</u>

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

	Period ended 31 August 2012 No	Year ended 31 December 2011 No
Production	22	23
Sales & distribution	8	8
Administration	16	17
	<u>46</u>	<u>48</u>

6 DIRECTORS' REMUNERATION

	Period ended 31 August 2012 £	Year ended 31 December 2011 £
Emoluments	<u>215,163</u>	<u>488,866</u>

During the period 1 January 2012 to 1 June 2012 retirement benefits were accruing to 4 directors (year ended 31 December 2011 - 4) in respect of defined contribution pension schemes

As disclosed in the Directors' Report on 1 June 2012 Forward Chemicals Limited completed the purchase of all the shares of Mykal Industries Limited and the directors of Forward Chemicals Limited in office on 31 December 2011 resigned

The highest paid director during the period received remuneration of £61,618 (year ended 31 December 2011 - £150,782)

FORWARD CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

7. INTEREST PAYABLE

	Period ended 31 August 2012 £	Year ended 31 December 2011 £
On bank loans and overdrafts	-	29
On loans from group undertakings	9,960	-
	<u>9,960</u>	<u>29</u>

8. OTHER FINANCE INCOME

	Period ended 31 August 2012 £	Year ended 31 December 2011 £
Expected return on pension scheme assets	156,000	240,000
Interest on pension scheme liabilities	(61,000)	(128,000)
	<u>95,000</u>	<u>112,000</u>

9 TAXATION

	Period ended 31 August 2012 £	Year ended 31 December 2011 £
Analysis of tax charge in the period/year		
Current tax (see note below)		
UK corporation tax charge on profit for the period/year	27,668	52,489
Deferred tax (see note 15)		
Origination and reversal of timing differences	(3,914)	(857)
Tax on profit on ordinary activities	<u>23,754</u>	<u>51,632</u>

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

9. TAXATION (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 26% (2011 - 28%) The differences are explained below

	Period ended 31 August 2012 £	Year ended 31 December 2011 £
Profit on ordinary activities before tax	117,784	244,355
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	30,624	68,419
Effects of:		
Depreciation for the year in excess of capital allowances	10,003	10,219
Effect of change in tax rate during the year	(1,432)	-
Permanent timing differences	2,614	3,361
Group relief claimed	(10,666)	-
Short term timing difference leading to an increase (decrease) in taxation	1,902	-
Group relief	8,620	-
Marginal relief	(477)	(11,590)
FRS 17 adjustment	(13,520)	(17,920)
Current tax charge for the period/year (see note above)	27,668	52,489

Factors that may affect future tax charges

There were no factors that may affect future tax charges

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

10 TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Plant, machinery and equipment £	Total £
Cost or valuation				
At 1 January 2012	2,260,000	141,048	1,421,199	3,822,247
Additions	-	-	1,068	1,068
At 31 August 2012	2,260,000	141,048	1,422,267	3,823,315
Depreciation				
At 1 January 2012	138,400	57,460	1,368,197	1,564,057
Charge for the period	23,067	23,508	7,713	54,288
At 31 August 2012	161,467	80,968	1,375,910	1,618,345
Net book value				
At 31 August 2012	2,098,533	60,080	46,357	2,204,970
At 31 December 2011	2,121,600	83,588	53,002	2,258,190

Freehold land amounting to £530,000 (31 December 2011 - £530,000) has not been depreciated

Cost or valuation of land and buildings at 31 August 2012 is as follows

At valuation 31 December 2007 based on existing use basis, £2,260,000

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

	31 August 2012 £	31 December 2011 £
Cost	1,056,596	1,056,598
Accumulated depreciation	(417,768)	(405,695)
Net book value	638,828	650,903

The company's freehold properties were last valued in 2007 by an external valuer on the basis of market value on the assumption that the property would be sold as part of the continuing business. The directors are of the opinion that the 2007 valuation approximates to their current market value at 31 August 2012. The next formal valuation is due to be carried out at the end of 2012.

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2012	102
Additions	2,618,144
Disposals	(102)
	<u>2,618,144</u>
At 31 August 2012	
Net book value	
At 31 August 2012	<u>2,618,144</u>
At 31 December 2011	<u>102</u>

Subsidiary undertakings

The following is a subsidiary undertaking of the company at the period end

Name	Class of shares	Holding
Mykal Industries Limited	Ordinary shares of £1 each	100%

The aggregate of the share capital and reserves as at 31 August 2012 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Mykal Industries Limited	<u>1,085,189</u>	<u>(210,624)</u>

Maintenance Chemicals Limited, a subsidiary undertaking of the company, was dissolved and removed from the register at Companies House on 7 August 2012

12. STOCKS

	31 August 2012 £	31 December 2011 £
Raw materials	433,745	406,021
Finished goods and goods for resale	293,219	245,141
	<u>726,964</u>	<u>651,162</u>

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

13 DEBTORS

	31 August 2012 £	31 December 2011 £
Trade debtors	569,780	667,402
Amounts owed by group undertakings	406,065	-
Other debtors	69	35,696
Prepayments and accrued income	62,564	14,415
Deferred tax asset (see note 15)	1,120	-
	<u>1,039,598</u>	<u>717,513</u>

14 CREDITORS

Amounts falling due within one year

	31 August 2012 £	31 December 2011 £
Bank loans and overdrafts	51,357	88,529
Trade creditors	211,213	133,722
Amounts owed to group undertakings	2,126,701	595,254
Corporation tax	80,158	52,490
Social security and other taxes	114,773	172,025
Other creditors	85,076	55,203
Accruals and deferred income	89,181	81,390
	<u>2,758,459</u>	<u>1,178,613</u>

Bank security details are shown in Note 19

15 DEFERRED TAXATION

	31 August 2012 £	31 December 2011 £
At beginning of period/year	(2,794)	(3,651)
Released during period/year	3,914	857
	<u>1,120</u>	<u>(2,794)</u>

The deferred taxation balance is made up as follows

	31 August 2012 £	31 December 2011 £
Accelerated capital allowances	<u>1,120</u>	<u>(2,794)</u>

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

15 DEFERRED TAXATION (continued)

No provision has been made for the potential tax liability that would be payable should the company dispose of the revalued land and buildings at the revalued amount. The potential liability of £58,357 (31 December 2011 - £60,953) has not been provided for as it is not the intention of the directors to dispose of the land and buildings in the foreseeable future.

16 SHARE CAPITAL

	31 August 2012 £	31 December 2011 £
Allotted, called up and fully paid		
838,200 Ordinary shares of £1 each	<u>838,200</u>	<u>838,200</u>

17 RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 January 2012	1,470,697	1,973,205
Profit for the period		94,030
Pension reserve movement		6,800
Revaluation reserve - depreciation transfer to P/L account	(10,994)	
P/L account - depreciation transfer from revaluation reserve	-	10,994
	<u>1,459,703</u>	<u>2,085,029</u>
At 31 August 2012		

The closing balance on the balance sheet includes a £547,200 (2011 - £488,400) credit, stated after deferred taxation of £172,800 (31 December 2011 - £171,600), in respect of pension scheme liabilities of the company pension scheme.

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 August 2012 £	31 December 2011 £
Opening shareholders' funds	4,282,102	3,824,819
Profit for the period/year	94,030	192,723
Other recognised gains and losses during the period/year	6,800	264,560
	<u>4,382,932</u>	<u>4,282,102</u>
Closing shareholders' funds		

19 CONTINGENT LIABILITIES

The company's bankers hold unlimited cross guarantees in favour of fellow subsidiary undertaking Rexodan International Limited.

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

20. PENSION COMMITMENTS

The company sponsors the Forward Chemicals Limited Pension & Life Assurance Scheme which is a defined benefit scheme, funded by the payment of contributions to a separate trustee administered fund. The contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the "Attained Age Method". At 1 January 2010, the latest valuation date, the actuarial valuation of the scheme's assets was 163% of the value of the benefits accrued to members after allowing for future increases in earnings. The market value of the scheme's assets at the valuation date was £4,639,000.

The contributions to the scheme over the financial period have been £NIL (year ended 31 December 2011 - £7,000). The contribution rate was 14% of pensionable salaries plus the cost of death in service benefits but the contribution rate was reduced to 0% in 2011 following publication of the results of the triennial valuation with an effective date of 1 January 2010. The company does not expect to contribute to the Forward Chemicals Limited Pension & Life Assurance Scheme in the next accounting year.

The company has fully adopted Financial Reporting Standard 17 "Retirement Benefits" (FRS 17). FRS 17 requires that the company includes the assets and liabilities of these arrangements in the company's balance sheet. Current service costs, curtailment and settlement gains and losses and net financial returns are included in the profit and loss account in the period to which they relate. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

In determining the overall expected rate of return on assets, the assets are taken at an ongoing value as they are largely protected from volatility due to the nature of the investment vehicle. The assets are held in a unitised with profits policy which aims to smooth out fluctuations in the scheme's return.

The company's total pension cost included within operating profit for the period was £74,379 (year ended 31 December 2011 - £97,246), being £43,000 (year ended 31 December 2011 - £55,000) in respect of its defined benefit pension scheme arrangements and £31,379 (year ended 31 December 2011 - £42,246) in respect of its defined contribution pension arrangements.

The amounts in the financial statements for the period ended 31 August 2012, relating to pensions, are based on a full actuarial valuation dated 1 January 2010.

The amounts recognised in the balance sheet are as follows:

	Period ended 31 August 2012 £	Year ended 31 December 2011 £
Present value of funded obligations	(2,066,000)	(1,909,000)
Fair value of scheme assets	4,197,000	4,233,000
Surplus in scheme	2,131,000	2,324,000
Surplus not recognised	(1,411,000)	(1,664,000)
Surplus included in balance sheet	720,000	660,000
Related deferred tax liability	(172,800)	(171,600)
Net asset	547,200	488,400

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

20 PENSION COMMITMENTS (continued)

The amounts recognised in profit or loss are as follows

	Period ended 31 August 2012 £	Year ended 31 December 2011 £
Current service cost	(43,000)	(55,000)
Interest on obligation	(61,000)	(128,000)
Expected return on scheme assets	156,000	240,000
Total	52,000	57,000
Actual return on scheme assets	(31,000)	303,000

Movements in the present value of the defined benefit obligation were as follows

	Period ended 31 August 2012 £	Year ended 31 December 2011 £
Opening defined benefit obligation	1,909,000	3,011,000
Current service cost	43,000	55,000
Interest cost	61,000	128,000
Actuarial losses/(gains)	58,000	52,000
Benefits paid and death in service insurance premiums	(5,000)	(1,337,000)
Closing defined benefit obligation	2,066,000	1,909,000

Changes in the fair value of scheme assets were as follows

	Period ended 31 August 2012 £	Year ended 31 December 2011 £
Opening fair value of scheme assets	4,233,000	5,260,000
Expected return on assets	156,000	240,000
Actuarial (losses) and gains	(187,000)	63,000
Contributions by employer	-	7,000
Benefits paid and death in service insurance premiums	(5,000)	(1,337,000)
	4,197,000	4,233,000

The total actuarial loss included in the statement of total recognised gains and losses for the period is £193,000 (year ended 31 December 2011 - gain of £68,000) stated after the effect of the movement in the limit on amount of surplus recognised due to some of the surplus not being recognisable of £253,000 (year ended 31 December 2011 - £369,000)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £1,249,000 (year ended 31 December 2011 - £1,442,000)

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

20 PENSION COMMITMENTS (continued)

The scheme's assets are held in an insurance contract of a type making it inappropriate to give a breakdown of assets by class

None of the fair values of the assets includes any of the company's own financial instruments or any property occupied by, or other assets used by, the company

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31 August 2012	31 December 2011
Discount rate	4.00 %	4.70 %
Expected return on scheme assets	5.00 %	5.50 %
Future salary increases	3.90 %	4.20 %
Future pension increases	5.00 %	5.00 %
Revaluation rate for deferred pensioners	5.00 %	5.00 %
Inflation	2.90 %	3.20 %

The mortality assumptions adopted at 31 August 2012 imply the following life expectancies

Male retiring at age 65	24.2 (31 December 2011 24.1)
Female retiring at age 65	26.6 (31 December 2011 26.5)
Male retiring at age 65 in 20 years time	26.2 (31 December 2011 26.1)
Female retiring at age 65 in 20 years time	28.5 (31 December 2011 28.4)

Amounts for the current and previous four periods are as follows

Defined benefit pension schemes

	31 August 2012 £	31 December 2011 £	31 December 2010 £	31 December 2009 £	31 December 2008 £
Defined benefit obligation	(2,066,000)	(1,909,000)	(3,011,000)	(3,125,000)	(2,645,000)
Scheme assets	4,197,000	4,233,000	5,260,000	4,639,000	4,429,000
Surplus	<u>2,131,000</u>	<u>2,324,000</u>	<u>2,249,000</u>	<u>1,514,000</u>	<u>1,784,000</u>
Experience adjustments on scheme liabilities	9,000	54,000	330,000	(48,000)	(15,000)
Experience adjustments on scheme assets	<u>(187,000)</u>	<u>63,000</u>	<u>473,000</u>	<u>(31,000)</u>	<u>(791,000)</u>

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

21 OPERATING LEASE COMMITMENTS

At 31 August 2012 the company had annual commitments under non-cancellable operating leases as follows

	31 August 2012 £	31 December 2011 £
Expiry date:		
Between 2 and 5 years	<u>4,627</u>	<u>-</u>

22 RELATED PARTY TRANSACTIONS

The company has taken advantage of the available exemption not to disclose transactions with group members due to consolidated accounts for Zep Inc, a company being incorporated in the USA, being publicly available from US Securities and Exchange Commission. The company is controlled by Hale Group Limited, and Hale Group Limited is ultimately controlled by Zep Inc, a company incorporated in the USA. Forward Chemicals Limited is a wholly owned subsidiary of Hale Group Limited.

23 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by Hale Group Limited. Hale Group Limited is ultimately controlled by Zep Inc, a company incorporated in the USA. This is the largest group for which consolidated accounts are prepared. In the opinion of the directors this is the company's ultimate parent company and ultimate controlling party. Consolidated accounts are available from US Securities and Exchange Commission.