

FORWARD CHEMICALS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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FORWARD CHEMICALS LIMITED

COMPANY INFORMATION

Directors	G Hale Mrs V M Hale J E Moseley F J A Cox Mrs L Shepherd P Hale M S Doran
Company secretary	J E Moseley
Company number	1428569
Registered office	P O Box 12 12 Tanhouse Lane Widnes Cheshire WA8 0RD
Auditors	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 YEAR ENDED 31 DECEMBER 2009

The directors present their report and the financial statements for the year ended 31 December 2009

Principal activities and business review

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

During the year turnover decreased from £5,802,997 in 2008 to £5,596,607 and the profit on ordinary activities before taxation was £235,596 compared to a profit of £248,555 in 2008

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

Results

The profit for the year, after taxation, amounted to £171,754 (2008 - £186,507)

Directors

The directors who served during the year were

G Hale
Mrs V M Hale
J E Moseley
F J A Cox
Mrs L Shepherd
P Hale
M S Doran

Charitable contributions

Charitable contributions totalling £675 (2008 - £1,720) were made in the year

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.

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.

FORWARD CHEMICALS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009**

Provision of information to auditors

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 auditors are 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 auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

This report was approved by the board on 26 MAY 2010 and signed on its behalf



J E Moseley
Secretary

FORWARD CHEMICALS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

FORWARD CHEMICALS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FORWARD CHEMICALS LIMITED

We have audited the financial statements of Forward Chemicals Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses 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 auditors' 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 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 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

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.

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 2009 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.


FORWARD CHEMICALS LIMITED

INDEPENDENT AUDITORS' 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



Brian Ricketts (Senior statutory auditor)

For and on behalf of PKF (UK) LLP, Statutory auditors

Liverpool, UK

28 May 2010

FORWARD CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £
TURNOVER	1,2	5,596,607	5,802,997
Cost of sales		<u>(3,792,992)</u>	<u>(4,059,262)</u>
GROSS PROFIT		1,803,615	1,743,735
Selling and distribution costs		(578,355)	(606,211)
Administrative expenses		<u>(1,103,233)</u>	<u>(973,042)</u>
OPERATING PROFIT	3	122,027	164,482
Interest receivable		24,581	32,187
Interest payable	6	(12)	(114)
Other finance income	7	<u>89,000</u>	<u>52,000</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		235,596	248,555
Tax on profit on ordinary activities	8	<u>(63,842)</u>	<u>(62,048)</u>
PROFIT FOR THE FINANCIAL YEAR	16	<u><u>171,754</u></u>	<u><u>186,507</u></u>

All amounts relate to continuing operations

The notes on pages 9 to 21 form part of these financial statements

FORWARD CHEMICALS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £	2008 £
PROFIT FOR THE FINANCIAL YEAR		171,754	186,507
Actuarial loss related to pension scheme	19	(38,000)	(365,000)
Deferred tax attributable to actuarial loss	19	10,640	102,200
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u>144,394</u>	<u>(76,293)</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009 £	2008 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	235,596	248,555
Realisation of valuation gains of previous periods	-	70,900
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	16,490	(1,620)
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>252,086</u>	<u>317,835</u>
HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION	<u>188,244</u>	<u>255,787</u>

The notes on pages 9 to 21 form part of these financial statements

FORWARD CHEMICALS LIMITED
REGISTERED NUMBER: 1428569

BALANCE SHEET
AS AT 31 DECEMBER 2009

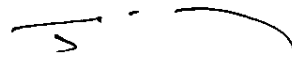
	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Tangible fixed assets	9		2,258,630		2,301,740
Fixed asset investments	10		6,102		10,102
			<u>2,264,732</u>		<u>2,311,842</u>
CURRENT ASSETS					
Stocks	11	669,188		855,336	
Debtors	12	653,488		924,417	
Cash at bank		1,215,472		644,520	
		<u>2,538,148</u>		<u>2,424,273</u>	
CREDITORS: amounts falling due within one year	13	(1,390,756)		(1,442,298)	
NET CURRENT ASSETS			<u>1,147,392</u>		<u>981,975</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,412,124</u>		<u>3,293,817</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	14		(4,370)		(3,097)
NET ASSETS EXCLUDING PENSION SCHEME ASSETS			<u>3,407,754</u>		<u>3,290,720</u>
Defined benefit pension scheme asset	19		351,360		324,000
NET ASSETS INCLUDING PENSION SCHEME ASSETS			<u>3,759,114</u>		<u>3,614,720</u>
CAPITAL AND RESERVES					
Called up share capital	15		838,200		838,200
Revaluation reserve	16		1,503,677		1,520,167
Profit and loss account	16		1,417,237		1,256,353
SHAREHOLDERS' FUNDS	17		<u>3,759,114</u>		<u>3,614,720</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
26 MAY 2010

G Hale
Director



J E Moseley
Director



The notes on pages 9 to 21 form part of these financial statements

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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 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 Turnover

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

1.3 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 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, fixtures, fittings and office equipment	-	20%	reducing balance
Motor vehicles	-	25%	straight line
Computer equipment	-	20%	straight line

1.4 Revaluation of tangible fixed assets

Individual freehold 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.

1.5 Investments

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

Other investments held as fixed assets are shown at cost less provision for their impairment.

1.6 Operating leases

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

1.7 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.

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES (continued)

1.8 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

1.9 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

1.10 Pensions

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

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 1 January 2007

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 YEAR ENDED 31 DECEMBER 2009

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2009 £	2008 £
Depreciation of tangible fixed assets		
- owned by the company	57,128	63,682
Auditors' remuneration	9,500	9,250
Operating lease rentals		
- motor vehicles	23,396	29,643
Difference on foreign exchange	(1,194)	(41,441)
Loss on sale of tangible assets	-	1,331
	<u> </u>	<u> </u>

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2009 £	2008 £
Wages and salaries	1,636,306	1,621,730
Social security costs	185,402	178,428
Other pension costs (Note 19)	106,519	245,798
	<u> </u>	<u> </u>
	1,928,227	2,045,956
	<u> </u>	<u> </u>

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

	2009 No	2008 No
Production	29	35
Sales & Distribution	7	7
Administration	17	19
	<u> </u>	<u> </u>
	53	61
	<u> </u>	<u> </u>

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

5 DIRECTORS' REMUNERATION

	2009 £	2008 £
Emoluments	<u>718,817</u>	<u>567,500</u>
Company pension contributions to money purchase pension schemes	<u>-</u>	<u>137,083</u>

During the year retirement benefits were accruing to no directors (2008 - 1) in respect of money purchase pension schemes

During the year retirement benefits were accruing to 3 directors (2008 - 3) in respect of defined benefit pension schemes

The highest paid director received remuneration of £443,287 (2008 - £241,812)

6 INTEREST PAYABLE

	2009 £	2008 £
On bank loans and overdrafts	<u>12</u>	<u>114</u>

7 OTHER FINANCE INCOME

	2009 £	2008 £
Expected return on pension scheme assets	255,000	208,000
Interest on pension scheme liabilities	(166,000)	(156,000)
	<u>89,000</u>	<u>52,000</u>

FORWARD CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

8 TAXATION

	2009 £	2008 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	47,934	72,167
Adjustments in respect of prior periods	(6,645)	(4,725)
Total current tax	<u>41,289</u>	<u>67,442</u>
Deferred tax		
Origination and reversal of timing differences	1,273	(1,694)
Deferred tax movements on actuarial loss	21,280	(3,700)
Total deferred tax (see note 14)	<u>22,553</u>	<u>(5,394)</u>
Tax on profit on ordinary activities	<u><u>63,842</u></u>	<u><u>62,048</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2008 - higher than) the standard rate of corporation tax in the UK (28%) The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before tax	<u>235,596</u>	<u>248,555</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 28.5%)	65,967	70,838
Effects of.		
Depreciation for the year in excess of capital allowances	7,407	9,396
Effect of change in tax rate during the year	-	374
Permanent timing differences	11,785	5,736
Marginal relief	(5,416)	(2,207)
Adjustments to tax charge in respect of prior periods	(6,645)	(4,725)
FRS 17 adjustment	(21,280)	(11,970)
Utilisation of group losses	(10,529)	-
Current tax charge for the year (see note above)	<u><u>41,289</u></u>	<u><u>67,442</u></u>

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 YEAR ENDED 31 DECEMBER 2009

9 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Motor vehicles £	Plant, machinery and equipment £	Total £
Cost or valuation				
At 1 January 2009	2,260,000	24,315	1,381,940	3,666,255
Additions	-	-	14,018	14,018
At 31 December 2009	2,260,000	24,315	1,395,958	3,680,273
Depreciation				
At 1 January 2009	34,600	14,415	1,315,500	1,364,515
Charge for the year	34,600	2,400	20,128	57,128
At 31 December 2009	69,200	16,815	1,335,628	1,421,643
Net book value				
At 31 December 2009	2,190,800	7,500	60,330	2,258,630
At 31 December 2008	2,225,400	9,900	66,440	2,301,740

Freehold land amounting to £530,000 (2008 - £530,000) has not been depreciated

Cost or valuation at 31 December 2009 is as follows

	Land and buildings £
At cost	1,042,594
At valuation:	
31 December 1996 based on existing use basis	405,627
31 December 2007 based on existing use basis	811,779
	2,260,000

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, equating to existing use basis

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

	2009 £	2008 £
Cost	1,042,594	1,042,594
Accumulated depreciation	(369,475)	(351,365)
Net book value	673,119	691,229

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

10. FIXED ASSET INVESTMENTS

	Shares in group under- takings £	Sub total carried forward £
Cost or valuation		
At 1 January 2009 and 31 December 2009	102	102
	<u>102</u>	<u>102</u>
	Sub total brought forward £	Unlisted investments £
Cost or valuation		Total £
At 1 January 2009	102	10,000
Amounts written off	-	(4,000)
At 31 December 2009	<u>102</u>	<u>6,000</u>
	<u>102</u>	<u>6,102</u>

Subsidiary undertakings

The following is a subsidiary undertaking of the company

Name	Class of shares	Holding
Maintenance Chemicals Limited	Ordinary	99%

The aggregate of the share capital and reserves as at 31 December 2009 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) £
Maintenance Chemicals Limited	102	-
	<u>102</u>	<u>-</u>

Maintenance Chemicals Limited remained dormant during the year

11. STOCKS

	2009 £	2008 £
Raw materials	401,790	472,262
Finished goods and goods for resale	267,398	383,074
	<u>669,188</u>	<u>855,336</u>

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

12 DEBTORS

	2009 £	2008 £
Trade debtors	605,153	783,964
Amounts owed by group undertakings	-	118,498
Other debtors	400	665
Prepayments and accrued income	47,935	21,290
	<u>653,488</u>	<u>924,417</u>

13 CREDITORS

Amounts falling due within one year

	2009 £	2008 £
Bank loans and overdrafts	189,563	232,050
Trade creditors	252,496	448,685
Amounts owed to group undertakings	385,819	342,479
Corporation tax	47,935	72,167
Social security and other taxes	184,737	196,797
Other creditors	54,762	65,111
Accruals and deferred income	275,444	85,009
	<u>1,390,756</u>	<u>1,442,298</u>

Bank security details are shown in note 18

14. DEFERRED TAXATION

	2009 £	2008 £
At beginning of year	3,097	4,791
Charge for/(released during) year	1,273	(1,694)
	<u>4,370</u>	<u>3,097</u>

The provision for deferred taxation is made up as follows

	2009 £	2008 £
Accelerated capital allowances	<u>4,370</u>	<u>3,097</u>

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 £109,890 (2008 - £122,140) 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.

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

15. SHARE CAPITAL

	2009 £	2008 £
Allotted, called up and fully paid		
838,200 Ordinary shares of £1 each	<u>838,200</u>	<u>838,200</u>

16. RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 January 2009	1,520,167	1,256,353
Profit for the year	-	171,754
Pension reserve movement	-	(27,360)
Revaluation reserve - depreciation transfer to P/L account	(16,490)	-
P/L account - depreciation transfer from revaluation reserve	-	16,490
At 31 December 2009	<u>1,503,677</u>	<u>1,417,237</u>

The closing balance on the profit and loss account includes a £351,360 (2008 - £324,000) credit, stated after deferred taxation of £136,640 (2008 - £126,000), in respect of the company pension scheme

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Opening shareholders' funds	3,614,720	3,691,013
Profit for the year	171,754	186,507
Other recognised gains and losses during the year	(27,360)	(262,800)
Closing shareholders' funds	<u>3,759,114</u>	<u>3,614,720</u>

18. CONTINGENT LIABILITIES

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

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in independently administered funds. There is no liability in excess of contributions paid.

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 2007, the latest valuation date, the actuarial valuation of the scheme's assets was 130% 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 £4,267,643.

The contributions to the scheme over the financial year have been £38,000 (2008 - £42,000). The contribution rate is 14% of pensionable salaries plus the cost of death in service benefits. This contribution rate is to continue until review following the publication of results of the next triennial valuation of the scheme due with an effective date of 1 January 2010. The best estimate of contributions to be paid by the Company to the scheme for the period beginning after 31 December 2009 is £39,306. No contributions have been made to the scheme by any employees during the 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 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 was £106,519 (2008 - £245,798), being £51,000 (2008 - £52,000) in respect of its defined benefit pension scheme arrangements and £55,519 (2008 - £193,798) in respect of its defined contribution pension arrangements.

The amounts in the financial statements for the year ended 31 December 2009, relating to pensions, are based on a full actuarial valuation dated 1 January 2007.

The amounts recognised in the balance sheet are as follows:

	2009 £	2008 £
Present value of funded obligations	(3,125,000)	(2,645,000)
Fair value of scheme assets	4,639,000	4,429,000
	<hr/>	<hr/>
Surplus in scheme	1,514,000	1,784,000
Surplus not recognised	(1,026,000)	(1,334,000)
	<hr/>	<hr/>
Surplus recognised	488,000	450,000
	<hr/>	<hr/>
Surplus included in balance sheet	488,000	450,000
Related deferred tax liability	(136,640)	(126,000)
	<hr/>	<hr/>
Net asset	351,360	324,000
	<hr/>	<hr/>

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

19. PENSION COMMITMENTS (continued)

The amounts recognised in profit or loss are as follows

	2009 £	2008 £
Current service cost	(51,000)	(52,000)
Interest on obligation	(166,000)	(156,000)
Expected return on scheme assets	255,000	208,000
Total	38,000	-
Actual return on scheme assets	224,000	(583,000)

If there had been no limit on the expected return on scheme assets due to some of the surplus not being recoverable, the expected return on scheme assets would have been £265,000 (2008 - £300,000)

Changes in the present value of the defined benefit obligation are as follows

	2009 £	2008 £
Opening defined benefit obligation	2,645,000	2,676,000
Current service cost	51,000	52,000
Interest cost	166,000	156,000
Actuarial losses/(gains)	315,000	(225,000)
Benefits paid and death in service insurance premiums	(52,000)	(14,000)
Closing defined benefit obligation	3,125,000	2,645,000

Changes in the fair value of scheme assets are as follows

	2009 £	2008 £
Opening fair value of scheme assets	4,429,000	4,984,000
Expected return	255,000	208,000
Actuarial losses	(31,000)	(791,000)
Contributions by employer	38,000	42,000
Benefits paid and death in service insurance premiums	(52,000)	(14,000)
Closing fair value of scheme assets	4,639,000	4,429,000

The total actuarial loss included in the statement of total recognised gains and losses is £38,000 (2008 - £365,000) 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 £(308,000) (2008 - £(201,000))

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £1,063,000 (2008 - £1,101,000)

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

FORWARD CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

19. PENSION COMMITMENTS (continued)

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

	2009	2008
Discount rate at 31 December	5.70 %	6.30 %
Expected return on scheme assets at 31 December	6.00 %	6.00 %
Future salary increases	4.00 %	4.00 %
Future pension increases	5.00 %	5.00 %
Revaluation rate for deferred pensioners	5.00 %	5.00 %

The mortality assumptions adopted at 31 December 2009 imply the following life expectancies

Male retiring at age 65 in 2009	22.0
Female retiring at age 65 in 2009	24.9
Male retiring at age 65 in 2029	23.1
Female retiring at age 65 in 2029	25.9

Amounts for the current and previous four periods are as follows

Defined benefit pension schemes

	2009 £	2008 £	2007 £	2006 £	2005 £
Defined benefit obligation	(3,125,000)	(2,645,000)	(2,676,000)	(3,024,000)	(2,895,000)
Scheme assets	4,639,000	4,429,000	4,984,000	4,268,000	3,787,000
Surplus	1,514,000	1,784,000	2,308,000	1,244,000	892,000
Experience adjustments on scheme liabilities	(48,000)	(15,000)	98,000	192,000	(2,000)
Experience adjustments on scheme assets	(31,000)	(791,000)	565,000	209,000	31,000

20. OPERATING LEASE COMMITMENTS

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

	2009 £	2008 £
Expiry date:		
Within 1 year	12,026	3,672
Between 2 and 5 years	-	8,124

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the available exemption in FRS 8 not to disclose transactions with group members due to consolidated accounts being publicly available from Companies House

FORWARD CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by Hale Group Limited

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Hale Group Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3ZU.

In the opinion of the directors this is the company's ultimate parent company and ultimate controlling party.