

Company Registration No. 1514781

SENSIENT FLAVORS LIMITED

Report and Financial Statements

31 December 2013



REPORT AND FINANCIAL STATEMENTS 2013

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SENSIENT FLAVORS LIMITED
Company Registration No. 1514781

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S. Sonnenberg
J. T. Makal

SECRETARY

Gravitas Company Secretarial Services Limited
110 Cannon Street
London
EC4N 6AR

REGISTERED OFFICE

Bilton Road
Bletchley
Milton Keynes
Buckinghamshire
MK1 1HP

BANKERS

Deutsche Bank AG
Winchester House
1 Great Winchester Street
London
EC2N 2DB

SOLICITORS

Kirkpatrick & Lockhart Preston Gates Ellis LLP
110 Cannon Street
London
EC4N 6AR

AUDITORS

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

SENSIENT FLAVORS LIMITED

Company Registration No. 1514781

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2013

Principal Activities

The principal activity of the company during the year continued to be the manufacture and sale of flavouring ingredients for the food industry in the United Kingdom, Europe and other overseas markets.

The company's key performance indicators during the year were as follows:

	2013	2012	Change
	£'000	£'000	%
Turnover	34,083	32,364	5%
Depreciation and amortisation	911	779	17%
Operating profit	1,484	1,172	27%
Profit after tax	1,083	687	58%
Current assets as % of current liabilities	178%	76%	102%
Average no of employees	181	169	7%

Turnover has increased during the year due to a significant new UK based customer. This customer remains through 2014. We have also experienced an increase in export sales outside of Europe.

Operating profit has increased due to the increase in turnover as well as decreased operating expenses. Operating costs include depreciation charges of £910,592.

Profit after tax has increased due to the increase in gross sales which in turn drives an increase in profits.

The "quick ratio" (current assets as a percentage of current liabilities) has improved during the year due to the settlement of liabilities due to group companies.

The directors consider that Sensient Flavors has an excellent future which has continued in 2014 to consolidate its position as one of the United Kingdom's leading ingredient manufacturers.

Future developments

The directors aim to maintain the policies of the company.

Principal Risks and Uncertainties

The directors continually review and evaluate the risks that the company is facing. The principal risks and uncertainties facing the company are broadly grouped as – competitive, legislative and financial instrument risk.

Competitive risks

The flavour industry throughout Europe has faced very strong competition in recent years. The company puts strong emphasis on its excellent service levels, quality of its product and competitive pricing to its customer base to maintain its position within the market.

Legislative risks

Legislative risk within the UK food and flavour industry is controlled by the Food Standards Agency. Other industry specific recognised bodies provide good practice / standards to follow.

SENSIENT FLAVORS LIMITED

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STRATEGIC REPORT (Continued)

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

- **Cash flow risk**

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company uses foreign exchange forward contracts to hedge significant exposures.

- **Credit risk**

The company's principal financial assets are bank and cash balances and trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the related cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counter parties are banks with high credit ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counter parties and customers.

- **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.

- **Price risk**

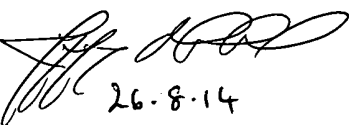
The company is exposed to commodity price risk. The company generally purchases these commodities based upon market prices that are established with the vendor as part of the purchase process. The company does not use commodity financial instruments to hedge commodity prices due to cost benefit considerations.

Research and development

The group carries out product research and development to enhance its current portfolio of products. Research and development expenditure charged to operating profit in the current year is £108,000 (2012: £99,000).

By order of the Board

Director



J.T. MAXAL

Date:

26.8.14

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for Sensient Flavors Limited for the year ended 31 December 2013.

DIVIDENDS

A dividend of £13.7m was received from the liquidation of Sensient Flavors (Wales) Ltd on 16th December 2013 (2012: £nil). No dividends have been declared or paid by the company during the year (2012: Nil)

DIRECTORS

The current membership of the board is set out on page 1. Paul Heesterman resigned as director on 14th March 2014 and was replaced by Steffen Sonnenberg, who was appointed as a director on 14th March 2014. The directors who served during the year were:

P. J. Heesterman - Resigned 14 March 2014
J. T. Makal

Post Balance Sheet Events

There have been no material post balance sheet events, which would require disclosure or adjustment to the 31 December 2013 Financial Statements.

Auditors

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 29 November 2006.

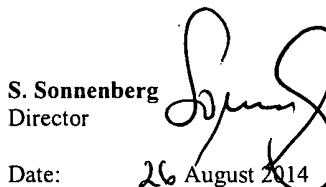
Disclosure of Information for the auditors

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.

Approved by the Board of Directors,
And signed on behalf of the Board.


J. T. Makal
Director

Date: 26 August 2014


S. Sonnenberg
Director

Date: 26 August 2014

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 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. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit and loss of the company. In preparing those 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;
- 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 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 safe guarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SENSIENT FLAVORS LIMITED**

We have audited the financial statements of Sensient Flavors Ltd for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. 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 5, 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 also 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 Strategic Report and the Directors Report 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 2013 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

SENSIENT FLAVORS LIMITED
Company Registration No. 1514781

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SENSIENT FLAVORS LIMITED (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, 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.

Ernst & Young LLP

Ken Griffin (Senior statutory auditor)
Ernst & Young LLP, Statutory auditor
Bristol
Date:

8 September 2014

SENSIENT FLAVORS LIMITED
Company Registration No. 1514781

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2013

	<i>Note</i>	2013 £	2012 £
TURNOVER: continuing operations	2	34,082,968	32,363,656
Cost of sales		(28,104,745)	(26,424,060)
Gross profit		5,978,223	5,939,596
Operating expenses	3	(4,820,227)	(5,057,461)
Other operating income		325,707	289,577
OPERATING PROFIT: continuing operations		1,483,703	1,171,712
Profit on disposal of fixed asset		178,492	-
Income from shares in group undertakings	8	13,660,489	-
Write off on disposal of investment	8	(13,650,000)	-
Interest payable and similar charges	5	(221,168)	(265,544)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	1,451,516	906,168
Tax on profit on ordinary activities	7	(368,114)	(218,997)
PROFIT FOR THE FINANCIAL YEAR	17	1,083,402	687,171

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2013

	2013 £	2012 £
Profit for the financial year	1,083,402	687,171

BALANCE SHEET
As at 31 December 2013.

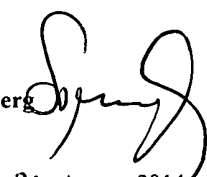
	<i>Note</i>	2013 £	2012 £
FIXED ASSETS			
Investments	8	-	13,650,000
Tangible assets	9	12,668,112	10,693,872
		<u>12,668,112</u>	<u>24,343,872</u>
CURRENT ASSETS			
Stocks	11	9,901,374	8,564,075
Debtors	12	7,908,485	7,341,552
Cash at bank and in hand		100,189	18,084
		<u>17,910,048</u>	<u>15,923,711</u>
CREDITORS: amounts falling due within one year	13	(10,065,066)	(20,837,891)
NET CURRENT ASSETS (LIABILITIES)		<u>7,844,982</u>	<u>(4,914,180)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>20,513,094</u>	<u>19,429,692</u>
CREDITORS: amounts falling due after more than one year	14	(13,650,000)	(13,650,000)
NET ASSETS		<u>6,863,094</u>	<u>5,779,692</u>
CAPITAL AND RESERVES			
Called up share capital	16	609,000	609,000
Share premium account	17	147,000	147,000
Profit and loss account	17	6,107,094	5,023,692
EQUITY SHAREHOLDERS' FUNDS	17	<u>6,863,094</u>	<u>5,779,692</u>

The Board of Directors approved these financial statements on August 26th 2014.

Signed on behalf of the Board of Directors


J.T. Makal
Director

Date: 26 August 2014


S. Sonnenberg
Director

Date: 26 August 2014

SENSIENT FLAVORS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2013**

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of preparation

The company is supported by its parent company, Sensient Technologies Corporation. The company has received a parental support letter from its parent company which enables the financial statements to be prepared on a going concern basis.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses.

Provision for depreciation is made so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful economic life of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings	2½ %
Plant and machinery	5 - 15 %
Computer equipment	20 %

Depreciation is not provided on freehold land.

Assets in the course of construction are capitalised at cost. No depreciation is charged until the assets are brought into service.

Intangible assets

Customer lists and know how are included at cost and depreciated in equal annual instalments over the period of twenty years which is their estimated economic useful life. Provision is made for any impairment.

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs; in the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Operating leases

Costs in respect of operating leases are charged in arriving at operating profit on a straight-line basis over the lease term.

SENSIENT FLAVORS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

1. ACCOUNTING POLICIES (continued)

Related parties

The company has taken advantage of the exemption available in FRS 8 relating to the disclosure of transactions with other group companies.

Cash flow statement

The company is exempt from preparing a cash flow statement as a group cash flow statement is prepared by its parent company, Sensient Technologies Corporation.

Pension scheme arrangements

The company operates a defined contribution pension scheme and the payments made to the scheme are charged to the profit and loss account as they are incurred. The assets of the defined contribution scheme are held separately from those of the company in an independently administered fund.

Turnover

Turnover excludes value added tax and trade discounts and represents the invoiced value of goods and services supplied through the principal activity of the company, which is the manufacture and sale of flavouring ingredients for the food industry.

Research and development

Research and development expenditure is charged to the profit and loss account as incurred.

Government grants

Government grants are credited to a deferred income account; the capital element is released to the profit and loss account in equal instalments over the period of the expected useful lives of the assets concerned. The labour element is released to the profit and loss account to match the cost of job creation.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial period. All differences are dealt with through the profit and loss account.

Capitalisation of interest

Interest on loans acquired to purchase fixed assets is capitalised into the cost of the asset up to the date when the asset is completed. Upon completion of the asset, interest on the loan is written off to the profit and loss account. Capitalised interest is amortised over the useful economic life of the assets for which the loan was received.

Consolidated financial statements

As a wholly owned subsidiary of Sensient Technologies Corporation, which prepares consolidated financial statements, under Section 228A of the Companies Act 2006, the company is not required to produce its own consolidated financial statements. These accounts are for the company only.

SENSIENT FLAVORS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's principal activities excluding Value Added Tax and trade discounts.

Turnover is attributable to each of the company's geographical markets as follows:

	2013	2012
	£	£
Geographical analysis of turnover by destination		
United Kingdom	16,478,548	15,621,020
Other European countries	7,272,796	6,494,542
Rest of the world	10,331,624	10,248,094
	<u>34,082,968</u>	<u>32,363,656</u>

3. OPERATING EXPENSES

	2013	2012
	£	£
Selling costs	1,292,526	1,172,953
Administrative expenses	3,527,701	3,884,508
	<u>4,820,227</u>	<u>5,057,461</u>

SENSIENT FLAVORS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2013	2012
	£	£
Directors' emoluments		
Emoluments	192,360	180,352
Pension contributions	14,626	14,200
	<u>206,986</u>	<u>194,552</u>

	No.	No.
Number of directors who are members of the company's defined contribution pension scheme	<u>1</u>	<u>1</u>

	No.	No.
Average number of persons employed (including executive directors)		
Production	115	109
Administration	<u>66</u>	<u>60</u>
	<u>181</u>	<u>169</u>

	£	£
Staff costs during the period (including directors)		
Wages and salaries	4,843,949	4,369,602
Social security costs	1,199,815	1,114,195
Pension contributions	<u>368,376</u>	<u>375,988</u>
	<u>6,412,140</u>	<u>5,859,785</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£	£
Intercompany interest	<u>221,168</u>	<u>265,544</u>

The interest rate is based on LIBOR + 1% on a quarterly basis, using the daily sterling interbank lending rate, 3month, mean LIBOR.

SENSIENT FLAVORS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013	2012
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets (note 9)	910,592	779,340
Auditors' remuneration		
- Audit	42,400	42,400
Operating lease hire – plant and machinery	230,975	251,214
– land and buildings	-	28,597
Foreign exchange losses	2,644	6,063

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

i) Tax charge for the year

	2013	2012
	£	£
Current Tax		
UK corporation tax on profits of the period	312,202	195,576
Adjustment in respect of previous periods	13,206	(11,598)
	325,408	183,978
Deferred taxation		
Origination and reversal of timing differences	33,834	26,839
Adjustment in respect of previous periods	2,708	4,976
Effect of changes in tax rates	6,164	3,204
Total deferred tax	42,706	35,019
Tax in profit on ordinary activities	368,114	218,997

ii) Factors affecting the current tax charge for the period

	2013	2012
	£	£
Profit on ordinary activities before taxation	1,451,516	906,168
United Kingdom corporation tax at 23.5% (2012 24.5%)	341,106	221,986
Expenses not deductible for tax purposes	24,448	49,827
R&D tax deduction	(61,362)	(49,398)
Capital allowances in excess of depreciation	(2,590)	(26,058)
Movement on short term timing difference	10,600	(781)
Adjustment in respect of prior years	13,206	(11,598)
	325,408	183,978

SENSIENT FLAVORS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

iii) Factors affecting future tax charges

Announcements were made during and after the year end by the Chancellor of the Exchequer of proposed changes to corporation tax rates that will have an effect on future tax charges and the carrying value of the deferred tax assets of the Company. The change in corporation tax rate from 24% (2012 rate) to 23% was announced on 5th December 2012 and became effective on 1st April 2013. The UK Government have also announced plans to reduce the corporation tax rate to 20%.

8. INVESTMENTS HELD AS FIXED ASSETS

	2013	2012
	£	£
Cost and net book value	-	13,650,000

The above investment related to Sensient Flavours Wales Limited, a dormant company incorporated in England and Wales. Sensient Flavors Limited held 100% of the share capital of Sensient Flavors Wales Limited, which was liquidated during the year and the investment written off. A dividend of £13,660,489 was received on the liquidation. Sensient Flavours Wales Limited held 100% of the share capital of DC Flavours Limited, a dormant company incorporated in England and Wales, which was also liquidated and written off during the year.

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Computer equipment £	Assets in course of construction £	Total £
Cost					
At 1 January 2013	6,183,832	18,065,350	1,561,266	619,562	26,430,010
Additions	-	-	-	2,886,341	2,886,341
Transfer	-	1,361,205	19,235	(1,380,440)	-
Disposal	(1,508)	-	-	-	(1,508)
At 31 December 2013	<u>6,182,324</u>	<u>19,426,555</u>	<u>1,580,501</u>	<u>2,125,463</u>	<u>29,314,843</u>
Depreciation					
At 1 January 2013	1,136,154	13,327,847	1,272,138	-	15,736,139
Charge for the year	220,808	672,680	17,104	-	910,592
At 31 December 2013	<u>1,356,962</u>	<u>14,000,527</u>	<u>1,289,242</u>	<u>-</u>	<u>16,646,731</u>
Net book value					
At 31 December 2013	4,825,362	5,426,028	291,259	2,125,463	12,668,112
At 31 December 2012	<u>5,047,678</u>	<u>4,737,503</u>	<u>289,128</u>	<u>619,563</u>	<u>10,693,872</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

9. TANGIBLE FIXED ASSETS (continued)

Included in the cost of £29,314,843 (2012 - £26,430,010) is capitalised interest of £183,664 (2012 - £183,664) on loans from group companies for the acquisition of assets. Interest was charged at a rate of 1% above the Canadian prime rate at the time.

Included within land and buildings is land of £1,683,606 (2012 - £1,683,606) which is not depreciated.

10. INTANGIBLE FIXED ASSETS

	Customer list and know how
	£
Acquisition value	
At 1 January 2013 and 31 December 2013	<u>350,320</u>
Accumulated amortisation	
At 1 January 2013	350,320
Charge for the year	<u>-</u>
At 31 December 2013	<u>350,320</u>
Net book value	
At 31 December 2013	<u>-</u>
At 31 December 2012	<u>-</u>

11. STOCKS

	2013	2012
	£	£
Raw materials and consumables	4,155,151	4,164,514
Finished goods and goods for resale	<u>5,746,223</u>	<u>4,399,561</u>
	<u>9,901,374</u>	<u>8,564,075</u>

12. DEBTORS

	2013	2012
	£	£
Trade debtors	4,394,542	3,791,226
Amounts owed by group undertakings	2,775,190	2,817,363
Prepayments and accrued income	695,265	646,768
Deferred tax asset (see note 15)	<u>43,488</u>	<u>86,195</u>
	<u>7,908,485</u>	<u>7,341,552</u>

SENSIENT FLAVORS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£	£
Trade creditors	4,107,527	3,422,967
Amounts owed to group undertakings	4,933,651	15,974,441
Other taxation and social security payable	121,774	177,144
Accruals and deferred income	902,113	1,263,340
	<u>10,065,066</u>	<u>20,837,892</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013	2012
	£	£
Unsecured loan note	<u>13,650,000</u>	<u>13,650,000</u>

Interest on the unsecured loan due to Sensient Technologies Limited was £206,993 for the year ended 31 December 2013. Interest for the year ended 31 December 2012 was £265,544.

The loan note matures on 31 December 2016.

SENSIENT FLAVORS LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2013

15. DEFERRED TAX ASSET

The deferred taxation comprises the following:

	2013	2012
	£	£
Accelerated capital allowances	28,412	76,637
Short term timing differences	15,076	9,558
	<u>43,488</u>	<u>86,195</u>
Deferred taxation movement for the year		
Amount recognised at the start of the year		86,195
Deferred tax charge in P&L for year		(39,999)
Adjustment in respect of prior years		<u>(2,708)</u>
Balance at 31 December 2013 (see note 12)		<u>43,488</u>

16. CALLED UP SHARE CAPITAL

	2013	2012
	£	£
Allotted, called up and fully paid		
609,000 ordinary shares of £1 each	<u>609,000</u>	<u>609,000</u>

17. COMBINED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

	Share capital £	Share premium account £	Profit and loss account £	Total 2013 £	Total 2012 £
At 1 January 2013	609,000	147,000	5,023,692	5,779,692	5,092,521
Profit for the year	-	-	1,083,402	1,083,402	687,171
At 31 December 2013	<u>609,000</u>	<u>147,000</u>	<u>6,107,094</u>	<u>6,863,094</u>	<u>5,779,692</u>

SENSIENT FLAVORS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2013

18. PARENT COMPANY

The ultimate parent company and controlling party is Sensient Technologies Corporation, a company incorporated in the United States of America. The company's financial statements are filed at the Securities and Exchange Commission in Washington D.C. The largest and smallest group of undertakings for which group financial statements have been drawn up is held by Sensient Technologies Corporation.

The immediate parent company is Sensient Holdings UK Limited (formerly Sensient Technologies (UK) Limited), a company incorporated in Great Britain, and its financial statements are filed at Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2013, the company was committed to making the following payments during the next year in respect of plant and machinery operating leases:

	2013	2012
	£	£
Leases which expire:		
Within one year	35,605	12,604
Within 2 to 5 years	324,717	192,087
	<u>360,322</u>	<u>204,691</u>

20. SHARE OPTIONS

Options over shares in the parent company, Sensient Technologies Corporation are granted to senior executives. Options are granted at an exercise price equal to that of the market price of Sensient Technologies Corporation at the time of grant. There is no cash alternative. The cost associated with the equity settled options is included in the financial statements of Sensient Technologies Corporation; additionally it is not the intention of Sensient Technologies Corporation to pass on any of the relevant costs of the options to Sensient Flavors Limited. The cost is not significant in the context of the financial statements and has not been included in these financial statements.