

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014
FOR
STANDARD SOAP COMPANY LIMITED**



Bishop Fleming Bath Limited
Minerva House
Lower Bristol Road
Bath
BA2 9ER

STANDARD SOAP COMPANY LIMITED
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FOR THE YEAR ENDED 30 SEPTEMBER 2014

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STANDARD SOAP COMPANY LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2014

DIRECTORS:

C C Lim
K H Pung
M Torrance

SECRETARY:

K H Pung

REGISTERED OFFICE:

C/O The Standard Soap Company Limited
Derby Road
Ashby-De-La-Zouche
Leicestershire
LE65 2HG

REGISTERED NUMBER:

03081008

AUDITORS:

Bishop Fleming Bath Limited
Minerva House
Lower Bristol Road
Bath
BA2 9ER

STANDARD SOAP COMPANY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

The directors present their report with the financial statements of the company for the year ended 30 September 2014.

PRINCIPAL ACTIVITY

The principal activity of the company up until the cessation of trade in the year under review was that of the development and manufacture of personal care products, including liquids, solid soap bars and creams.

REVIEW OF BUSINESS

The company reported an operating loss of £51,138 this year compared to an operating profit £66,234 last year.

During the period the company entered into a Company Voluntary Arrangement with a view to discharging debts owing in respect of the defined benefit pension scheme and under intercompany loans. Please see Note 1 of the financial statements for more information on this.

DIVIDENDS

No dividends will be distributed for the year ended 30 September 2014.

The results for the year are set out on page 5.

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2013 to the date of this report.

C C Lim
K H Pung
M Torrance

RISK

The company's operations are financed by specific loans from its parent company.

The company also carries appropriate business insurance including public liability.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

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.

As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

STANDARD SOAP COMPANY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

AUDITORS

The auditors, Bishop Fleming Bath Limited, are deemed to be reappointed under section 487 (2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:



C C Lim - Director

Date: 18 November 2014

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF STANDARD SOAP COMPANY LIMITED

We have audited the financial statements of Standard Soap Company Limited for the year ended 30 September 2014 on pages five to twenty one. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 financial statements 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 30 September 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Simon Morrison (Senior Statutory Auditor)
for and on behalf of Bishop Fleming Bath Limited
Minerva House
Lower Bristol Road
Bath
BA2 9ER

Date: 10/11/2014

STANDARD SOAP COMPANY LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Notes	2014 £	2013 £
Other operating income		84,427	247,023
Distribution costs		-	-
Administrative expenses		<u>(135,565)</u>	<u>(180,789)</u>
OPERATING (LOSS)/ PROFIT BEFORE EXCEPTIONAL ITEMS		(51,138)	66,234
Exceptional items	3	<u>-</u>	<u>17,382,527</u>
OPERATING PROFIT/ (LOSS)		(51,138)	17,448,761
Finance costs	4	-	(1,052)
Finance income	4	<u>63</u>	<u>-</u>
PROFIT/ (LOSS) BEFORE INCOME TAX	5	(51,075)	17,447,709
Income tax	6	<u>-</u>	<u>-</u>
PROFIT/ (LOSS) FOR THE YEAR		<u>(51,075)</u>	<u>17,447,709</u>

The notes form part of these financial statements

STANDARD SOAP COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2014

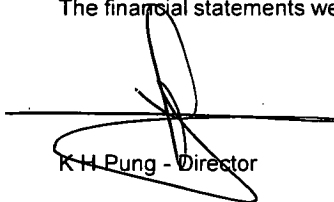
	2014 £	2013 £
(LOSS)/PROFIT FOR THE YEAR	(51,075)	17,447,709
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(51,075)</u>	<u>17,447,709</u>

The notes form part of these financial statements

STANDARD SOAP COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2014

	Notes	2014 £	2013 £
ASSETS			
CURRENT ASSETS			
Trade and other receivables	7	20,000	473,555
Assets available for sale	8	-	2,200,000
Cash and cash equivalents	9	<u>282,364</u>	<u>123,966</u>
		<u>302,364</u>	<u>2,797,521</u>
TOTAL ASSETS		<u>302,364</u>	<u>2,797,521</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	10	2,000,000	2,000,000
Other reserves	11	-	-
Retained earnings	11	<u>(1,719,107)</u>	<u>(1,668,032)</u>
TOTAL EQUITY		<u>280,893</u>	<u>331,968</u>
CURRENT LIABILITIES			
Trade and other payables	12	21,471	1,475,553
Provisions		-	-
Pension Liability	15	<u>-</u>	<u>990,000</u>
		<u>21,471</u>	<u>2,465,553</u>
TOTAL LIABILITIES		<u>21,471</u>	<u>2,465,553</u>
TOTAL EQUITY AND LIABILITIES		<u>302,364</u>	<u>2,797,521</u>

The financial statements were approved by the Board of Directors on 18 November 2014 and were signed on its behalf by:


K.H. Pung - Director

Date: 18 November 2014

The notes form part of these financial statements

STANDARD SOAP COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Called up share capital £	Profit and loss account £	Other reserves £	Total equity £
Balance at 1 October 2012	2,000,000	(16,277,510)	(2,838,231)	(17,115,741)
Changes in equity				
Total comprehensive income		17,447,709		17,447,709
Transfer of pension reserve	-	(2,838,231)	2,838,231	-
Balance at 30 September 2013	<u>2,000,000</u>	<u>(1,668,032)</u>	<u>-</u>	<u>331,968</u>
Changes in equity				
Total comprehensive income	-	(51,075)	-	(51,075)
Transfer of pension reserve				
Balance at 30 September 2014	<u><u>2,000,000</u></u>	<u><u>(1,719,107)</u></u>	<u><u>-</u></u>	<u><u>280,893</u></u>

The notes form part of these financial statements

STANDARD SOAP COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

		2014 £	2013 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(2,041,665)</u>	<u>(19,182)</u>
Net cash from operating activities		<u>(2,041,665)</u>	<u>(19,182)</u>
Cash flows from investing activities			
Sale of tangible fixed assets		2,200,000	100,049
Interest received		<u>63</u>	<u>-</u>
Net cash from investing activities		<u>2,200,063</u>	<u>100,049</u>
Increase in cash and cash equivalents		158,368	80,867
Cash and cash equivalents at beginning of year	2	<u>123,996</u>	<u>43,099</u>
Cash and cash equivalents at end of year	2	<u><u>282,364</u></u>	<u><u>123,966</u></u>

These notes form part of these financial statements

STANDARD SOAP COMPANY LIMITED

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2014 £	2013 £
(Loss)/Profit before income tax	(51,075)	17,447,709
Depreciation charges	-	-
(Profit) on disposal of fixed assets	-	(100,049)
Property revaluation	-	300,000
(Decrease) in additional pension provision	-	(2,201,769)
Finance costs	-	1,052
Finance income	(63)	-
	(51,138)	15,446,943
Non-cash reduction in intercompany loan	-	(13,633,527)
Non-cash intercompany loan	-	473,000
Decrease in inventories	-	36,697
Decrease/(Increase) in trade and other receivables	453,555	(408,897)
Decrease in trade and other payables	(1,454,082)	(86,171)
Difference between pension charge and cash contributions	(990,000)	(1,847,231)
Cash generated from operations	(2,041,665)	(19,182)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts:

Year ended 30 September 2014

	30/9/14 £	1/10/13 £
Cash and cash equivalents	282,364	123,993
	282,364	123,993

Year ended 30 September 2013

	30/9/13 £	1/10/12 £
Cash and cash equivalents	123,966	43,099
	123,966	43,099

These notes form part of these financial statements

STANDARD SOAP COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The financial statements are presented in Pounds Sterling, being the functional currency of the company, and have been prepared under the historical cost convention, except for pensions, property held as available for sale assets and certain intercompany balances that have been measured at fair value due to the break up basis of accounting being adopted.

The financial statements are not prepared on a going concern basis due to the decision of the directors to cease trading. The accounts are prepared on a break-up basis.

Freehold property was reclassified as assets held for resale in a previous period from non current assets, in accordance with IAS 1. These assets have been revalued at the prior year end to their realisable value of £2,200,000.

Inter-group liabilities have been revalued at the prior year end to the liability under the Company Voluntary Arrangement of £990,000, based on the break-up basis of accounting.

The defined benefit pension scheme liability has been revalued at the prior year end to reflect the liability under the Company Voluntary Arrangement of £990,000, based on the break up basis of accounting.

Company Voluntary Arrangement

During the prior period the company entered into a Company Voluntary Arrangement with a view to discharging debts owing in respect of the defined benefit pension scheme and under intercompany loans. The terms of the Company Voluntary Arrangement provided for the net proceeds arising from the disposal of the freehold property to be split on an equal basis between the pension scheme and the intercompany creditors. Each share of the net proceeds was estimated to be £990,000 and due to the break-up basis of accounting being adopted this resulted in various adjustments to the accounts.

Financial Assets

The company's financial assets include cash and cash equivalents and trade receivables and other receivables and all, therefore, comprise loans and receivables.

All financial assets are initially recognised at fair value plus transaction costs, when the company becomes party to the contractual provisions of the instrument.

Interest and other cash flows resulting from holding financial assets are recognised in the statement of comprehensive income using the effective interest method.

Trade and other receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Provision for impairment of trade and other receivables is made when objective evidence is received that the company will not be able to collect all amounts due to it in accordance with the original terms of the receivable. The amount of the impairment is determined as the difference between the assets' carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Any change in their value through impairment or reversal of impairment is recognised in profit and loss.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition.

A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the company retains the contractual right to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the company transfers substantially all the risk and rewards of ownership of the asset.

STANDARD SOAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. **ACCOUNTING POLICIES - continued**

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments such as bank deposits, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Equity

Share capital represents the nominal value of equity shares that have been issued. Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

Financial liabilities

The company's financial liabilities include bank loans, trade and other payables.

Financial liabilities are recognised when the company becomes a party to the contractual agreement of the instrument. All interest related charges are recognised as an expense in 'finance costs' in the statement of comprehensive income using the effective interest method.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost less settled payments.

Classification as equity or financial liability

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classed as financial liabilities.

An equity instrument is any contract that evidences a residual interest in the asset of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to equity.

Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the year end date. They are calculated according to the tax rates and tax laws enacted and substantively enacted at the year end date, based on the taxable profit for the year.

Deferred tax is provided on items that may become taxable at a later date, on the difference between the balance sheet value and tax base value, on an undiscounted basis.

Foreign currencies

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

Hire purchase and leasing commitments

Rentals payable under operating leases are charged to the income statement on a straight line basis over the period of the term of the relevant lease.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

1. ACCOUNTING POLICIES - continued**Employee benefit costs**

The company operated a defined benefit pension scheme for employees. The assets of the scheme were held separately from those of the company. As the company is preparing its financial statements on a break-up basis and not the going concern basis the company has not applied IAS 19 Employee Benefits in respect of the defined benefit pension scheme for the current period. The defined benefit pension scheme liability was revalued at the prior year end to reflect the final liability under the Company Voluntary Arrangement of £990,000. This differs from the buy-out value determined under Section 75 of the Pensions Act 1995, as agreed with the Pensions Regulator of £12.5m, as under the break-up basis the directors considered it appropriate to carry the financial liability at its estimated amount.

The interest cost and the expected return on assets were shown as a net amount in the income statement as other finance costs or income, recognised in the period in which they arise, while service costs are spread systematically over the expected service lives of employees.

Plan assets were recorded at fair value based on market price information and in the case of quoted securities is the published bid price. Plan obligations were measured on an actuarial basis using the projected credit unit method and were discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

Revenue recognition

Revenue is derived from the provision of goods and services to third party and inter group customers.

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding trade discounts, VAT and other sales taxes or duties.

Borrowing costs

Borrowing costs are recognised in the income statement as finance costs in the period in which they occur.

Consolidated financial statements

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared consolidated financial statements as it is exempt from the requirement to do so under the Companies Act 2006 as it is a subsidiary undertaking of Kuala Lumpur Kepong Berhad, a company incorporated in Malaysia, and is included in the consolidated financial statements of that company.

Segmental reporting

An operating segment is a distinguishable component of the company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the directors to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

As the directors review financial information for and make decisions about the company's performance overall, they have identified a single operating segment, that of development and manufacture of personal care products.

Standard and interpretations in issue, not yet effective:

The company has not early adopted the following new standards, amendments or interpretations that have been issued but are not yet effective.

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' was re-issued in October 2010 and amended in November 2013. It is applicable to financial assets and financial liabilities. The standard covers the classification, measurement and derecognition of financial assets and financial liabilities together with a new hedge accounting model. The IASB intends to expand IFRS 9 to add new requirements for impairment. The mandatory effective date for IFRS 9 is 1 January 2018. The standard has not yet been endorsed by the EU.

The company has commenced assessment of the impact of the above standard on presentation and disclosure but is not yet in a position to state whether these standards would have a material impact on its results of operations and financial position.

STANDARD SOAP COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

1. ACCOUNTING POLICIES - continued

Critical accounting estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognized in the financial statements other than those disclosed in the following notes arising out of the Company Voluntary Arrangement:

Note 3 - Break up adjustments

Note 8 – Assets available for sale

Note 15 - Provision of retirement benefits and contingencies

2. SEGMENTAL REPORTING

The company operates within one segment and as per IFRS 8 is exempt from preparing the disclosure as the entity;

- i) does not hold debt or equity instruments that are traded in a public market,
- ii) does not file, and is not planning to file, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

3. EXCEPTIONAL ITEMS

	2014	2013
	£	£
Fair value adjustment in relation to assets held for sale	-	(300,000)
Fair value adjustment in relation to pension deficit	-	4,049,000
Fair value adjustment in relation to intercompany creditors	-	13,633,527
	<u> </u>	<u> </u>

4. NET FINANCE COSTS

	2014	2013
	£	£
Finance income:		
Deposit account interest	<u>63</u>	<u>-</u>
Finance costs:		
Amounts payable to group Companies	-	1,052
Net finance costs	<u>-</u>	<u>1,052</u>

STANDARD SOAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2014

5. PROFIT/ (LOSS) BEFORE INCOME TAX

The profit/ (loss) before income tax is stated after charging/(crediting):

	2014	2013
	£	£
(Profit)/Loss on disposal of fixed assets	-	(100,049)
Auditors' remuneration	5,000	5,500
Foreign exchange differences	-	(43)
Exceptional Items	-	(17,382,527)

Exceptional items included above

In 2013 exceptional items represented a fair value reduction to the pension scheme liability of £4,049,000, a fair value reduction in the intercompany loan of £13,633,527 and a fair value adjustment increasing the valuation of the available for sale asset of £300,000.

During the prior period the company entered into a Company Voluntary Arrangement in order to discharge debts owing to group companies of £14.6m and in respect of a Section 75 buy-out value of the pension scheme of £12.5m. The Company Voluntary Arrangement provides for full and final settlement of each of the liabilities out of the net proceeds of the disposal of the freehold property owned by the company. The net proceeds attributable to each of the parties under the Company Voluntary Arrangement is £990,000 each and accordingly, under the break-up basis, the financial liabilities owing in respect of the intercompany balances and the pension scheme have been adjusted to £990,000 each, giving rise to the exceptional credits to the income statement set out above.

6. INCOME TAX

ANALYSIS OF TAX CHARGE IN THE YEAR

No liability to UK corporation tax arose on ordinary activities for the year ended 30 September 2014 nor for the year ended 30 September 2013.

STANDARD SOAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2014

6. INCOME TAX - continued

Factors affecting the tax charge

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

	2014 £	2013 £
(Loss)/Profit on ordinary activities before tax	<u>(51,075)</u>	<u>17,447,709</u>
(Loss)/ Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22% (2013 - 24%)	(11,235)	4,187,450
Effects of:		
Losses eliminated	3,144,228	-
(Income) not allowable for tax purposes	(234,900)	(4,267,818)
Expenses not allowable for tax purposes	-	72,720
Other short term timings differences	(8,757)	2,468
Capital gains	91,455	-
Utilisation of tax losses	<u>(2,980,791)</u>	<u>7,396</u>
Total income tax	<u>-</u>	<u>-</u>

7. TRADE AND OTHER RECEIVABLES

	2014 £	2013 £
Current:		
VAT	-	555
Prepayments and accrued income	<u>20,000</u>	<u>473,000</u>
	<u>20,000</u>	<u>473,555</u>

All of the company's trade and other receivables have been reviewed for indicators of impairment. No provision for impairment has been recorded at the year end date.

8. ASSETS AVAILABLE FOR SALE

	2014 £	2013 £
Freehold property transferred from non-current assets	-	2,500,000
Fair value adjustment	<u>-</u>	<u>(300,000)</u>
	<u>-</u>	<u>2,200,000</u>

The fair value adjustment reflects the revaluation of the property at the 30 September 2013. The property was sold during the audit year for £2,200,000.

STANDARD SOAP COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

9. CASH AND CASH EQUIVALENTS

	2014 £	2013 £
Bank accounts	<u>282,364</u>	<u>123,966</u>
	<u><u>282,364</u></u>	<u><u>123,966</u></u>

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2014	2013
Number:	Class:	Nominal value:	£	£
2,000,000	Ordinary	£1	<u>2,000,000</u>	<u>2,000,000</u>

11. RESERVES

	Retained earnings £	Totals £
At 1 October 2013	(1,668,032)	(1,668,032)
Surplus for the year	<u>(51,075)</u>	<u>(51,075)</u>
At 30 September 2014	<u><u>(1,719,107)</u></u>	<u><u>(1,719,107)</u></u>

12. TRADE AND OTHER PAYABLES

	2014 £	2013 £
Current:		
Amounts owed to group undertakings	-	1,463,000
Social security and other taxes	5,441	-
Accruals and deferred income	<u>16,031</u>	<u>12,553</u>
	<u><u>21,472</u></u>	<u><u>1,475,553</u></u>

Payables due to related parties are detailed further in the related parties note.

13. FINANCIAL LIABILITIES - BORROWINGS

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's financial instruments are bank borrowings, related party borrowings, cash, bank deposits and various items such as short term receivables and payables that arise from its operations. The main purpose of these financial instruments is to fund the company's working capital requirement during the year.

The main risks arising from the company's financial instruments are credit risk, liquidity risk, interest rate risk and foreign exchange risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the period.

STANDARD SOAP COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

13. FINANCIAL LIABILITIES - BORROWINGS -continued

Credit risk

The company's principal financial assets are bank balances and trade and other receivables. The company's credit risk is primarily attributable to its trade and loan receivables. The amounts presented in the balance sheet are net of allowance for doubtful receivables. An allowance for impairment is made where there is objective evidence the company will not be able to collect all amounts due according to the original terms of the receivable concerned. The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below;

	2014 £	2013 £
Classes of financial assets - carrying amount		
Cash and cash equivalents	282,364	123,966
	<hr/>	<hr/>
	<u>282,364</u>	<u>123,966</u>

The company continuously monitors defaults of customers and other counterparties, and incorporates this information into its credit risk controls. External credit ratings and/or reports on customers and other counterparties are obtained and used. The company's policy is to deal only with credit worthy counterparties.

The company's management considers that all the above financial assets that are not impaired for the reporting dates under review are of good credit quality, including those that are past due.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable working capital needs. The company does this by taking out loans with banks and obtaining additional funding from related parties.

The company's borrowing analysis at the balance sheet date is presented above.

Amounts due to related parties

Amounts due to related parties are shown in note 17.

Intercompany creditors and pension scheme

During the prior period the company entered into a Company Voluntary Arrangement with a view to discharging debts owing in respect of the defined benefit pension scheme and under intercompany loans. The terms of the Company Voluntary Arrangement provided for the net proceeds arising from the disposal of the freehold property to be split on an equal basis between the pension scheme and the intercompany creditors. Each share of the net proceeds was estimated to be £990,000 and due to the break-up basis of accounting being adopted this has resulted in various adjustments to the accounts.

NOTES TO THE FINANCIAL STATEMENTS - continued
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14. FINANCIAL LIABILITIES - BORROWINGS - continued

Foreign exchange risk

The company is exposed to foreign exchange rise principally via transactional exposure, from the cost of future purchases of goods for resale which are denominated in a currency other than the functional currency of the company.

This risk is managed through use of natural hedges where possible, matching receipts from customers in foreign currency to purchases that are required in foreign currency. In addition, agreements for the purchase of goods are denominated in the functional currency of the company where possible.

Interest rate risk

The company finances its operations through retained profit, cash balances and the use of short and long term borrowings. Where possible, fixed rates of interest apply for bank and certain related party borrowings.

When the company places cash balances on deposit, rates used are fixed in the short term but for sufficiently short periods that there is no need to hedge against implied risk.

The directors consider the fair value of the loans not to be significantly different from their carrying value.

15. EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution

The company operated a defined contribution stakeholder pension scheme (which became available from 1 March 2002). The assets of the scheme were held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

There were no contributions payable in the year (2013: £Nil).

Defined benefit

The company operated a funded defined benefit scheme (which was closed to new entrants with effect from 1 March 2002 and closed to future accruals with effect from 1 July 2011), the assets of which are held as a segregated fund and administered by trustees.

The contributions to the defined benefit scheme at 30 September 2012 were determined by an independent qualified actuary on the basis of triennial valuation, using the projected unit valuation method. The last actuarial valuation as at 6 April 2008, carried out by Quattro Pensions Consulting Limited, indicated that the market value of the scheme's assets at the review date was £8,134,000 and that the actuarial value of those assets represented 84% of the value of past service liabilities on an ongoing basis.

The last valuation of the pension scheme in accordance with IAS19 was undertaken as at 30 September 2012. In the current period the company has agreed a settlement with the Pensions Regulator on a Section 75 Pensions Act 1995 buy-out basis. The gross liability under this settlement is £12.5m.

As a settlement has been agreed and the accounts are being prepared on a break up basis rather than the going concern basis the directors no longer consider it appropriate to account for the pension scheme as a defined benefit scheme under IAS 19.

As part of the process of agreeing the Section 75 buy-out value of £12.5m, the company agreed with the pension scheme, by way of a Company Voluntary Agreement which was entered into on 18 June 2013, that in full and final settlement of the gross liability of £12.5m a 50% share of the net proceeds of the disposal of the freehold property would be applied. The value of this share of the net proceeds was estimated to be £990,000 based on an exchange of contracts to dispose of the property after the year end date. Accordingly the pension liability has been revalued and stated at the estimated amount payable of £990,000 as at 30 September 2013. This has resulted in a credit of £4,049,000 to the income statement in the prior year.

STANDARD SOAP COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2014

15. **EMPLOYEE BENEFIT OBLIGATIONS- continued**

Under the terms of the Company Voluntary Arrangement the parent company, Kuala Lumpur Kepong Berhad has also advanced £473,000 as an advance payment against the expected share of the property disposal net proceeds on behalf of the Company to pension scheme creditors.

During the current year the property asset was sold and the settlement payment to the pension scheme was made.

At 30 September 2012 the pension liability consisted of an actuarial deficit of £2.8m arising under IAS19 and an additional provision of £2.2m based on the directors best estimate of a likely settlement with the Pension Protection Fund at that date.

16. **ULTIMATE PARENT COMPANY**

The company is a wholly owned subsidiary undertaking of KKK Overseas Investments Limited, a company incorporated in the British Virgin Islands.

The ultimate parent undertaking of the company is Kuala Lumpur Kepong Berhad, a company incorporated in Malaysia. Copies of the ultimate parent company's financial statements, of which the company is included, are available from Wisma Taiko, 1 Jalan SP Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia.

17. **RELATED PARTY DISCLOSURES**

At the year end the company had the following balances with fellow group undertakings;

	2014 £	2013 £
Amounts due to/(from) related parties		
Due in less than one year		
KL- Kepong Industrial Holdings Sdn Bhd	-	7,325
Kuala Lumpur Kepong Berhad	-	209,358
KKK Overseas Investments Limited	(20,000)	753,684
KKK International Ltd	-	492,633

No interest has been charged on loans from the ultimate parent company in the year (2013: £1,052).

During the year the company made the following transactions with fellow group undertakings shown above, all occurring on an arm's length basis;

	2014 £	2013 £
Transactions		
Provision against inter-group loans	-	(13,633,527)

18. **FAIR VALUE DISCLOSURES**

Measurement methods for financial assets and liabilities accounted for at amortised cost and at fair value are described below:

Trade and other receivables, cash and cash equivalents and trade and other payables

The carrying amount is considered a reasonable approximation of fair value due to the short duration of these instruments.

Bank loans

Fair value is considered to be equivalent to book value as loans are obtained at market rates.

Freehold Property available for sale

Fair value is considered to be equivalent to current market value.

Pension deficit

Fair value is considered to be the amount payable under the terms and expected outcome of the Company Voluntary Arrangement.

Intercompany loans

Fair value is considered to be the amount payable under the terms and expected outcome of the Company Voluntary Arrangement.