

ICO (UK) Limited

Directors' report and financial statements  
for the year ended 31 August 2011

Registered number 3261137

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# **ICO (UK) Limited**

## **Directors' report and financial statements for the year ended 31 August 2011**

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# **ICO (UK) Limited**

## **Directors' report for the year ended 31 August 2011**

Registered number 3261137

The directors present their report and the audited financial statements of the company for the year ended 31 August 2011

### **Business review and principal activities**

ICO (UK) Limited operates from a single site in the United Kingdom. The principal activities of the company are the provision of custom particle size reduction services for plastics and non-plastic material, and the manufacture and supply of polymer powder. The company also acts as a distributor of raw material polymer granules to the plastics industry.

During the previous year the ultimate parent company ICO Inc and all of its subsidiaries were acquired by A Schulman Inc. ICO Europe BV still remains the parent company of ICO (UK) Limited as there were no changes to the legal structure within the worldwide ICO Group organisation. The directors were happy with the additional integration initiatives implemented post acquisition and there has been a smooth transition in the current financial period.

ICO (UK) Limited had seven dormant companies which have been passed through the voluntary liquidation process, this was fully completed by June 2011.

The results for the period and the financial position at the period end were considered excellent by the directors due to both internal operational efficiencies, the positive impact of higher manufacturing throughput and the positive impact of post acquisition synergies.

### **Results and dividends**

The results of the company for the year show a profit on ordinary activities before taxation of £3,428,000 (11 month period ended 31 August 2010 £286,000) for the period and turnover of £32,122,000 (11 month period ended 31 August 2010 £26,240,000). The directors do not recommend the payment of a dividend (2010 £nil).

### **Business environment**

The market for particle size reduction in the United Kingdom and Europe is highly competitive and challenges exist both from United Kingdom based competitors and imports from other member states of the EC.

The market for ICO (UK) Limited's principal products continues to expand due to the potential cost savings the end user gains by converting their products to polymer based products.

### **Financial risk management policy**

The company operates in a framework of tight financial and non financial internal controls, ensuring that the local management operate in line with the overall objectives of the parent company. These internal controls are audited on a regular basis by the group internal control department.

# ICO (UK) Limited

## Directors' report for the year ended 31 August 2011 (continued)

### Strategy

The company's overriding objective is to achieve attractive and sustainable rates of growth, principally through organic growth

There are four key elements to the company's strategy for growth

- 1 Provide products that conform to ICO (UK) Limited's highest quality standards, whilst providing these benefits to our customers at the lowest possible cost
- 2 Provide the highest level of service to both new and existing customers to enable them to maximise the added value inherent in the ICO (UK) Limited product range
- 3 Continue to provide the necessary financial and manpower investment to ensure that we continue in the development of our current product range, ensuring that we meet the challenges of our customers in the future
- 4 Strive to recruit and retain the best employees in our local market

### Future outlook

ICO (UK) Limited strives to maximise competitive advantage within our own markets by ensuring we maintain our approach of maximising value for the benefit of our customers through the continued implementation of our strategic plan

### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are set out below

#### *Competition*

The company operates in a very competitive market particularly around price and product availability. This results not only in downward pressure on product margins but also in the risk that we will not meet our customers' expectations. In order to mitigate this risk our sales team monitors market prices on an ongoing basis and uses this information to set product pricing on a monthly basis and ensure product availability through the use of internal management information systems.

#### *Supply chain*

The company is reliant on its continued supply of polymer raw materials to maintain its primary business interests. It is essential that we manage and expand our supply chain to ensure that restrictions of supply do not affect the throughput of the company's production facilities in the short to medium term. In order to mitigate this risk we continue to source raw materials from a large number of suppliers, backed up by the available worldwide resources of the A Schulman Group.

# ICO (UK) Limited

## Directors' report for the year ended 31 August 2011 (continued)

### Key performance indicators

Performance during the period, together with historical trend data, is set out in the table below

	Year ended 31 August 2011	11 months ended 31 August 2010	Definition, method of calculation and analysis
Profit/Sales turnover (%)	5.50	1.09	Pre-tax profit excluding exceptional items as a percentage of total sales turnover. Profit margins before tax showed a significant improvement due to improved Gross margin performance.
Gross profit/Sales turnover (%)	14.9	12.2	Gross profit as a percentage of total sales turnover. Margins on sales improved due to a change in product mix and improved purchasing and manufacturing efficiencies.
Operating costs/Sales turnover (%)	9.12	10.5	Operating costs (distribution costs and administrative expenses) as a percentage of the total sales turnover. Operating costs increased in the year due to higher manufacturing throughput, the percentage reduced due to the increase in raw material / sales price.

### Directors

The directors who held office during the period and up to the date of signing the financial statements unless where otherwise stated are as follows:

R Stanworth  
H Lingnau (appointed 01 October 2010)  
P Speek (appointed 01 October 2010)

### Political and charitable donations

Charitable donations amounting to £nil (2010: £nil) were made during the period. There were no political donations (2010: £nil).

# ICO (UK) Limited

## Directors' report for the year ended 31 August 2011 (continued)

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions 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.

### Disclosure of information to auditors

In the case of each director in office at the date the Directors' report is approved, that

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they need to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



R Stanworth  
Director

5<sup>th</sup> December 2011

# **ICO (UK) Limited**

## **Independent auditors' report to the members of ICO (UK) Limited**

We have audited the financial statements of ICO (UK) Limited for the year ended 31 August 2011 which comprise the Profit and Loss account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

### **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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **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 Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2011 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.

## ICO (UK) Limited

### Independent auditors' report to the members of ICO (UK) 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

*David Martin*

David Martin (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands

*7 December 2011*



# ICO (UK) Limited

## Profit and loss account for the year ended 31 August 2011

Registered number 3261137

	Note	Year ended 31 Aug 2011	11 month period ended 31 Aug 2010
		£'000	£'000
<b>Turnover</b>	2	<b>32,122</b>	26,240
Cost of sales		(27,333)	(23,045)
Gross profit		<b>4,789</b>	3,195
Distribution costs		(965)	(845)
Administrative expenses		(1,965)	(1,901)
<b>Operating profit</b>	3	<b>1,859</b>	449
Income from other group undertakings		<b>4,493</b>	-
Amounts written off investments		(2,843)	-
Interest receivable and similar income		1	-
Interest payable and similar charges	4	(82)	(163)
<b>Profit on ordinary activities before taxation</b>		<b>3,428</b>	286
Tax on profit on ordinary activities	6	(533)	(151)
<b>Profit for the financial year</b>	17	<b>2,895</b>	135

There are no recognised gains or losses other than the profit for the financial year above, and therefore no separate statement of total recognised gains and losses has been presented

All results derive from continuing operations

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

The accompanying notes on pages 10 to 25 form an integral part of these financial statements

# ICO (UK) Limited

## Balance sheet as at 31 August 2011

Registered number 3261137

Note

		31 Aug 2011 £'000	31 Aug 2010 £'000
<b>Fixed assets</b>			
Intangible assets	7	746	851
Tangible assets	8	2,051	1,960
Investments	9	-	4,062
		<b>2,797</b>	<b>6,873</b>
<b>Current assets</b>			
Stocks	10	2,565	3,541
Debtors	11	6,172	7,153
Cash at bank and in hand		3,177	747
		<b>11,914</b>	<b>11,441</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(8,609)</b>	<b>(15,095)</b>
<b>Net current assets/(liabilities)</b>		<b>3,305</b>	<b>(3,654)</b>
<b>Total assets less current liabilities</b>		<b>6,102</b>	<b>3,219</b>
<b>Creditors: amounts falling due after more than one year</b>	13	<b>(77)</b>	<b>(89)</b>
<b>Provisions for liabilities</b>	6	<b>(98)</b>	<b>(98)</b>
<b>Net assets</b>		<b>5,927</b>	<b>3,032</b>
<b>Capital and reserves</b>			
Called up share capital	16	1,194	1,194
Share premium account	17	2,896	2,896
Profit and loss account	17	1,837	(1,058)
<b>Total shareholders' funds</b>	18	<b>5,927</b>	<b>3,032</b>

The financial statements on pages 8 to 25 were approved by the Board of directors on 5<sup>th</sup> December 2011 and were signed on its behalf by



R Stanworth  
Director

# ICO (UK) Limited

## Notes to the financial statements for the year ended 31 August 2011

### 1 Accounting policies

#### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and with applicable United Kingdom Accounting Standards. A summary of the principal accounting policies which have been applied consistently is set out below.

#### Exemption from preparing group financial statements

The financial statements contain information about ICO (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the company's results are consolidated into the financial statements of its immediate parent undertaking (as detailed in note 20) which is established under the law of an EEA state.

#### Turnover

Turnover represents the invoiced value of goods and services supplied, net of value added tax and trade discounts. Turnover is recognised when goods are delivered to customer premises or in the case of ex-works deliveries when goods leave the company's premises.

Revenue is recognised when the customer takes legal ownership of the goods or in the case of services, when the service is completed.

#### Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is eliminated by amortisation through the profit and loss account over its estimated useful economic life of nineteen years. The company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

#### Fixed assets and depreciation

The cost of the tangible fixed assets includes the original purchase price of the assets and the costs attributable to bringing the assets to their working condition for their intended use.

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings	33%
Land improvements	5%
Plant and machinery	10%
Computer equipment	25%
Motor vehicles	33%
Fixtures and fittings	10%

Freehold land is not depreciated and assets under construction are not depreciated until they are in use.

Impairment reviews are carried out by the directors when there has been an indication of potential impairment to a specific asset.

Additional depreciation may be charged where the directors consider there to have been an impairment in the underlying value of an asset.

# **ICO (UK) Limited**

## **Notes to the financial statements for the year ended 31 August 2011 (continued)**

### **1 Accounting policies (continued)**

#### **Operating leases**

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term

#### **Government grants**

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life. Other grants are credited to the profit and loss account when received.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value, net realisable value is the price at which stock can be sold in the normal course of business after allowing for the costs of realisation.

The cost of stock is determined by using the weighted average method for calculation.

Stock provisions are made in cases where stocks can be categorised as either obsolete, slow moving or defective. A review of stocks is carried out on a monthly basis to determine whether stock provisions are necessary.

#### **Foreign currencies**

During the accounting period transactions of income and expenditure are translated at the rate specified for the relevant period. The rate of exchange is set on a monthly basis for all transactions carried out in period and gains or losses on translation are included in the profit and loss account.

Monetary trading assets and liabilities expressed in foreign currencies at the period end are translated into sterling at a rate of exchange specified at the end of the financial period.

#### **Deferred taxation**

Provision is made for deferred tax, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes that have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19 "Deferred Tax". Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

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

#### **Pension costs**

The company makes contributions to personal pension plans. Contributions are charged to the profit and loss account in the period in which they are due.

The company provides no other post retirement benefits to its employees.

# **ICO (UK) Limited**

## **Notes to the financial statements for the year ended 31 August 2011 (continued)**

### **1 Accounting policies (continued)**

#### **Related party transactions**

The company has taken advantage of the exemption given in Financial Reporting Standard 8 "Related Party Disclosure" to wholly owned subsidiaries in not disclosing transactions with fellow group companies

#### **Fixed Asset Investments**

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

Impairment reviews are carried out by the directors when there has been an indication of potential impairment to a specific asset or investment

#### **Cash flow statement**

The company takes advantage of the exemption in Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements" not to prepare a cash flow statement on the grounds that the company is a wholly owned subsidiary whose ultimate parent prepares consolidated financial statements which are publicly available

### **2 Turnover**

Turnover, which excludes value added tax and trade discounts, represents the amount of goods and services supplied. Turnover, operating profit and net assets are all in respect of the company's principal activity. 80% (2010: 84%) of sales are made within the United Kingdom with the majority of the remainder being to the rest of Europe.

# ICO (UK) Limited

## Notes to the financial statements for the year ended 31 August 2011 (continued)

### 3 Operating profit

The operating profit is stated after charging/(crediting)

	Year ended 31 Aug 2011	11 month period ended 31 Aug 2010
	£'000	£'000
Depreciation of tangible fixed assets (note 8)	249	231
Amortisation of intangible fixed assets (note 7)	105	100
Amortisation of government grants (note 15)	(12)	(11)
Loss on sale of tangible fixed assets	-	1
Operating lease rentals		
Other	22	20
Plant and machinery	46	40
Exchange (gain)/loss	(65)	68
Auditors' remuneration		
- in respect of audit services	32	43
Compensation for loss of office (note 5)	-	228

### 4 Interest payable and similar charges

	Year ended 31 Aug 2011	11 month period ended 31 Aug 2010
	£'000	£'000
Interest payable		
- on intercompany loans	82	63
- on bank loans and overdrafts	-	100
	82	163

# ICO (UK) Limited

## Notes to the financial statements for the year ended 31 August 2011 (continued)

### 5 Employee information and directors' remuneration

Employee costs during the period comprise

	Year ended 31 Aug 2011	11 month period ended 31 Aug 2010
	£'000	£'000
Wages and salaries	2,078	1,947
Social security costs	213	211
Other pension costs (note 19)	130	132
	2,421	2,290

The average monthly number of persons employed by the company during the period, including directors, were

	Year ended 31 Aug 2011	11 month period ended 31 Aug 2010
	Number	Number
Production	58	51
Administration	22	24
	80	75

The aggregate emoluments of the directors during the period were £nil (2010 £103,861)

H Lingnau, R Stanworth and P Speek did not receive any emoluments for the company in respect of their services to the company. Their costs were paid by a parent undertaking and, under the rules of an intercompany service recharge agreement, a portion of these costs have been recharged to the company. Total company contributions to a money purchase pension scheme in respect of directors was £nil (2010 £nil). The number of directors accruing benefits under the money purchase pension scheme is nil (2010 nil).

The previous Managing Director, G Savage, left the company at the end of the 11 month period ended 31 August 2010. His compensation for loss of office amounted to £228,350.

# ICO (UK) Limited

## Notes to the financial statements for the year ended 31 August 2011 (continued)

### 6 Tax on profit on ordinary activities

The tax for the period comprises

	Year ended 31 Aug 2011  £'000	11 month period ended 31 Aug 2010  £'000
<b>Current Tax</b>		
UK corporation tax on profits of the period	533	141
Adjustments in respect of prior period	-	(3)
<b>Total current tax</b>	<b>533</b>	<b>138</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	11	(2)
Impact of change in tax rate used for deferred tax calculation and recognition	(11)	-
Adjustment in respect of prior period	-	15
<b>Total deferred tax</b>	<b>-</b>	<b>13</b>
<b>Tax on profit on ordinary activities</b>	<b>533</b>	<b>151</b>



# ICO (UK) Limited

## Notes to the financial statements for the year ended 31 August 2011 (continued)

### 6 Tax on profit on ordinary activities (continued)

The tax assessed for the year is lower (2010 higher) than the standard effective rate of corporation tax in the UK for the year ended 31 August 2011 (27.17%), 11 month period ended 31 August 2010 (28%). The differences are explained below

	Year ended 31 Aug 2011	11 month period ended 31 Aug 2010
	£'000	£'000
<b>Profit on ordinary activities before taxation</b>	<b>3,428</b>	<b>286</b>
Profit on ordinary activities multiplied by standard effective rate of Corporation tax in the UK of 27.17% (2010 28%)	931	80
Effects of		
Income not taxable	(1,220)	-
Expenses not deductible for tax purposes	833	63
Capital allowances in excess of depreciation	(11)	(2)
Adjustment in respect of previous periods	-	(3)
<b>Current tax charge for the year</b>	<b>533</b>	<b>138</b>

#### Deferred tax

The movement in the deferred tax liability is as follows

	£'000
At 1 September 2010	(98)
Charge to the profit and loss account	-
<b>As at 31 August 2011</b>	<b>(98)</b>

# ICO (UK) Limited

## Notes to the financial statements for the year ended 31 August 2011 (continued)

### 6 Tax on profit on ordinary activities (continued)

The deferred taxation liability at 25% (2010 28%) is as follows	<b>Year ended 31 Aug 2011</b>	<b>11 month period ended 31 Aug 2010</b>
	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	<b>110</b>	112
Short term timing differences	<b>(4)</b>	(5)
Losses	<b>(8)</b>	(9)
<b>Deferred tax liability</b>	<b>98</b>	98

#### Factors affecting current and future tax charges

The change in the UK main corporation tax rate from 28% to 27% substantially enacted on 20 July 2010 was superseded in the March 2011 UK budget statement, which was substantially enacted on 29 March 2011, reducing this further to 26% and was effective from 1 April 2011

In addition to the changes disclosed above, a number of further changes were announced in the Finance Act 2011. On 5 July 2011, the reduction in the main rate of corporation tax from 26% to 25%, effective 1 April 2012, was substantively enacted

The effect of this is negligible to the financial statements

Further reductions to the main corporation tax rate are proposed and, the changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements

# ICO (UK) Limited

## Notes to the financial statements for the year ended 31 August 2011 (continued)

### 7 Intangible assets

	<b>Goodwill Total</b>
	<b>£'000</b>
<b>Cost</b>	
<b>At 1 September 2010 and 31 August 2011</b>	<b>2,000</b>
<b>Accumulated amortisation</b>	
At 1 September 2010	1,149
Charge for the period	105
<b>At 31 August 2011</b>	<b>1,254</b>
<b>Net book amount</b>	
<b>At 31 August 2011</b>	<b>746</b>
At 31 August 2010	851

The goodwill in ICO (UK) Limited, the company arose on 1 October 1999 when the trade and assets of Wedco Technology UK Limited, ICO Polymers (UK) Limited and Rotec Chemicals Limited were transferred to ICO (UK) Limited at book value plus £2,000,000 of goodwill for the trade of Rotec Chemicals Limited

# ICO (UK) Limited

## Notes to the financial statements for the year ended 31 August 2011 (continued)

### 8 Tangible assets

	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Construction in progress	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 September 2010	2,588	4,865	457	6	80	7,996
Additions	24	345	31	-	(59)	341
Disposals	-	-	(9)	-	(1)	(10)
<b>At 31 August 2011</b>	<b>2,612</b>	<b>5,210</b>	<b>479</b>	<b>6</b>	<b>20</b>	<b>8,327</b>
<b>Accumulated depreciation</b>						
At 1 September 2010	1,355	4,235	442	4	-	6,036
Charge for the year	73	160	14	2	-	249
On disposals	-	-	(9)	-	-	(9)
<b>At 31 August 2011</b>	<b>1,428</b>	<b>4,395</b>	<b>447</b>	<b>6</b>	<b>-</b>	<b>6,276</b>
<b>Net book amount</b>						
<b>At 31 August 2011</b>	<b>1,184</b>	<b>815</b>	<b>32</b>	<b>-</b>	<b>20</b>	<b>2,051</b>
At 31 August 2010	1,233	630	15	2	80	1,960

Included within the 'Freehold land and buildings' cost is freehold land amounting to £270,000 (2010 £270,000) which is not depreciated

Company capital commitments at the period end totalled £37,000 (2010 £ nil)

# ICO (UK) Limited

## Notes to the financial statements for the year ended 31 August 2011 (continued)

### 9 Fixed Asset Investments

All of the dormant subsidiary undertakings listed below were liquidated during the financial year. As a result, capital reductions of £1,219,000 (resulting in write off of intercompany balances) occurred with the remaining £2,843,000 taken to the profit and loss account as impairment charges against investments in subsidiary undertakings. Dividends received from the subsidiary undertakings amounted to £4,493,000 during this process.

Name	Nature of business
Wedco Technology UK Limited	Dormant
Rotec Chemicals Limited	Dormant
ICO Polymers (UK) Limited	Dormant
ICO Worldwide (UK) Limited	Dormant

All of these companies were incorporated in the UK

	£'000
<b>Cost</b>	
At 1 September 2010	4,062
Disposals	(4,062)
<b>At 31 August 2011</b>	-
<b>Provision for impairment</b>	
At 1 September 2010	-
Charge for the year	(2,843)
Applied to disposals	2,843
<b>At 31 August 2011</b>	-
<b>Net book amount</b>	
<b>At 31 August 2011</b>	-
At 31 August 2010	4,062

# ICO (UK) Limited

## Notes to the financial statements for the year ended 31 August 2011 (continued)

### 10 Stocks

	31 Aug 2011	31 Aug 2010
	£'000	£'000
Raw materials and consumables	965	2,133
Finished goods	1,600	1,408
	2,565	3,541

### 11 Debtors

	31 Aug 2011	31 Aug 2010
	£'000	£'000
Trade debtors	5,302	6,863
Amounts owed by group undertakings	822	116
Corporation tax	-	27
Prepayments	48	147
	6,172	7,153

Included in amounts owed by group undertakings is an amount of £283,000 (2010 £nil) relating to a loan receivable (euro cashpool mechanism) receiving interest at a rate of 0.6725%. The interest rate is assessed on a 3 monthly basis. The remainder of the amount is interest free. The total amounts owed by group undertakings are unsecured and repayable on demand.

# ICO (UK) Limited

## Notes to the financial statements for the year ended 31 August 2011 (continued)

### 12 Creditors: amounts falling due within one year

	31 Aug 2011	31 Aug 2010
	£'000	£'000
Bank overdraft	-	98
Trade creditors	4,608	5,199
Amounts owed to group undertakings	405	5,850
Intercompany loans	2,569	3,259
Corporation tax	276	-
Other taxation and social security	400	147
Accruals and deferred income	351	542
	8,609	15,095

Amounts owed to group undertakings are unsecured, not interest bearing and are repayable on demand

#### Intercompany loans - maturity analysis

The inter company loan balance in 2011, which is payable on demand comprises

A loan payable of £2,569,000 (2010 £2,009,000) incurring interest at a rate of 3.17% from Feb 2011. The interest rate is reassessed on a 3 monthly basis.

To aid comparison with the prior year the details of the loan from ICO Holland BV are as follows, £1,250,000 incurring interest at a rate of 3.371% from April 2009. The loan was fully repaid during the financial year ended 31 August 2011.

	31 Aug 2011	31 Aug 2010
	£'000	£'000
ICO Holland BV	-	1,250
A Schulman International	2,569	2,009
	2,569	3,259

# ICO (UK) Limited

## Notes to the financial statements for the year ended 31 August 2011 (continued)

### 13 Creditors: amounts falling due after more than one year

	31 Aug 2011	31 Aug 2010
	£'000	£'000
Government grants (note 15)	77	89

### 14 Operating lease commitments

The company has the following annual financial commitments in respect of non-cancellable operating leases for assets other than land and buildings expiring as follows

	31 Aug 2011	31 Aug 2010
	£'000	£'000
Expiring within one period	5	15
Expiring within two to five periods	43	31
	48	46

### 15 Government grants

	31 Aug 2011	31 Aug 2010
	£'000	£'000
At 1 September	89	100
Amortisation in the year (note 3)	(12)	(11)
At 31 August	77	89



# ICO (UK) Limited

## Notes to the financial statements for the year ended 31 August 2011 (continued)

### 16 Called up share capital

	31 Aug 2011	31 Aug 2010
	£'000	£'000
<b>Allotted and fully paid:</b>		
1,193,906 (2010 1,193,906) ordinary shares of £1 each	<b>1,194</b>	1,194

### 17 Reserves

	Profit and loss account	Share premium account
	£'000	£'000
At 1 September 2010	(1,058)	2,896
Profit for the financial year	2,895	-
<b>At 31 August 2011</b>	<b>1,837</b>	<b>2,896</b>

### 18 Reconciliation of movement in shareholders' funds

	31 Aug 2011	31 Aug 2010
	£'000	£'000
Profit for the financial year	<b>2,895</b>	135
Opening shareholders' funds	<b>3,032</b>	2,897
<b>Closing shareholders' funds</b>	<b>5,927</b>	3,032

# **ICO (UK) Limited**

## **Notes to the financial statements for the year ended 31 August 2011 (continued)**

### **19 Pensions**

The company participates in a defined contribution personal pension scheme operated by Friends Provident for its employee and directors

The total pension cost for the company was £130,001 (2010 £131,814) An amount of £15,076 (2010 £16,473) is outstanding at the period end in respect of pension costs

### **20 Ultimate parent undertaking and controlling party**

The ultimate holding and controlling company is A Schulman Inc, a company registered and incorporated in the United States of America, which is the largest group to consolidate these financial statements The parent company of the smallest group to consolidate these financial statements is ICO Europe BV, a company incorporated in Holland, whose address is

ICO Europe BV  
Mijlweg 7  
s-Gravendeel NL 3295 KG  
The Netherlands

Copies of the ultimate parent company's consolidated financial statements may be obtained from -

The Company Secretary  
A Schulman Inc  
West Market Street  
Akron  
Ohio 44333