

Blagden Specialty Chemicals Limited

Report and Financial Statements

Year Ended

31 January 2013

Company Number 3914333

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Blagden Specialty Chemicals Limited

Report and financial statements for the year ended 31 January 2013

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Directors	R G Turton (Managing) J F Wilkinson (Financial)
Company number	3914333
Registered office	Osprey House Black Eagle Square Westerham Kent TN16 1PA
Accreditations	COMAH Top Tier ISO 9001 2008 REACH pre-registered CBA Responsible Care DGSA approved CareChem 24 scheme
Trade Association	Chemical Business Association Westmere Drive, Crewe Business Park, Crewe, Cheshire, CW1 6ZD
Auditors	BDO LLP 55 Baker Street, London, W1U 7EU
Bankers	Barclays Commercial Bank Plc Level 25, One Churchill Place, London, E14 5HP
Insurance Brokers	Belmont International Ltd Becket House, Vestry Road, Otford, Sevenoaks, Kent, TN14 5EL
Finance	HSBC Bank PLC Global House, High Street, Crawley, West Sussex, RH10 1DL

Blagden Specialty Chemicals Limited

Report of the directors for the year ended 31 January 2013

The directors present their report together with the audited financial statements for the year ended 31 January 2013

Results and dividends

The results for the year are set out on page 6

No dividend was paid during the year (2012 - £400,000)

Principal activities and review of the business

The principal activities of the Company are of representation of mainly overseas chemical manufacturers and the sales of their products in the UK and Irish markets. To do this effectively Blagden carries out the functions of global sourcing, sales and marketing, the technical promotion and distribution of specialty chemicals. The blending of custom made solutions takes place at our Liverpool distribution site.

Principal risks and uncertainties

Trading in 2012 proved to be satisfactory, given the continuing difficult economic environment in the UK. Sales revenues slipped across all market sectors but volumes were maintained and margins improved.

The uncertain trading conditions we operate in are continuing into 2013 with lower exchange rates for Sterling affecting importers and pressures for longer credit terms from customers, especially from the multi-nationals. However our business model and finances continue to be strong and coupled to a hoped for revival in UK manufacturing and exports we are optimistic that 2013 will prove to be another satisfactory year for Blagden.

As always however we face the possibility of a loss of a key supply partner through strategic changes of consolidation and acquisition.

Financial instruments

The Company's principal funding instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors, and loans from financial institutions. The main purpose of these instruments is to raise funds for and to finance the Company's operations.

The Company has bank accounts denominated in foreign currencies and manages its foreign exchange risks using hedging arrangements. Liquidity risk is managed by maintaining a balance of continuity of funding and flexibility through the use of overdrafts at floating rates of interest.

Credit risk and cash flow risk relating to trade debtors are managed by utilising services from a financial institution as well as the regular monitoring of credit terms and credit limits.

Liquidity risk associated with trade creditors is managed by ensuring sufficient funds are available to meet liabilities as they fall due.

Blagden Specialty Chemicals Limited

Report of the directors for the year ended 31 January 2013 (Continued)

Future developments

New business development is a key element of our strategy and positive results are being seen from our efforts to introduce new products and new sources of supply to complement our existing product ranges for our core market sectors and for new markets

We strive always for continuing improvements to our processes and ERP systems and with the implementation of a CRM programme for 2013-2014, benefits will be derived for the efficiency of our sales force. Our new website continues to receive plaudits and we intend to bolt on e-commerce functionality in the future

Charitable contributions

During the year the Company made charitable contributions of £1,748 (2012 - £1,822)

Directors

The directors of the Company during the year were

R G Turton
J F Wilkinson

Directors' responsibilities

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

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

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make 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, 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 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.

Blagden Specialty Chemicals Limited

Report of the directors for the year ended 31 January 2013 (Continued)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP were re-appointed as auditors of the company by the directors. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

On behalf of the Board

J F Wilkinson



Director

27 June 2013

Blagden Specialty Chemicals Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLAGDEN SPECIALTY CHEMICALS LIMITED

We have audited the financial statements of Blagden Specialty Chemicals Limited for the year ended 31 January 2013 which comprise of the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 January 2013 and of its profit for the year 2012/13 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year 2012/13 for which the financial statements are prepared is consistent with the financial statements.

Blagden Specialty Chemicals Limited

Independent auditor's report (*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



*Marc Reinecke (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

27 June 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Blagden Specialty Chemicals Limited

Profit and loss account for the year ended 31 January 2013

	Note	2013 £	2012 £
Turnover	2	23,952,197	26,534,651
Cost of sales		(18,868,712)	(21,662,905)
Gross profit		5,083,485	4,871,746
Administrative expenses		(3,484,732)	(3,473,512)
Operating profit	5	1,598,753	1,398,234
Interest received		175	77
Interest payable and similar charges	7	(8,687)	(18,349)
Profit on ordinary activities before taxation		1,590,241	1,379,962
Taxation on profit from ordinary activities	8	(412,449)	(382,534)
Profit for the financial year	18	1,177,792	997,428

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 9 to 17 form part of these financial statements

Blagden Specialty Chemicals Limited

Balance sheet at 31 January 2013

<i>Company number 3914333</i>	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	10		339,681		325,855
Investments	11		-		-
			<hr/>		<hr/>
			339,681		325,855
Non-current assets					
Debtors amounts falling due after more than one year	12		1,252,230		1,252,180
Current assets					
Stocks	13	1,989,528		2,055,221	
Debtors	14	4,266,688		4,546,536	
Cash at bank		969,332		602,097	
			<hr/>	<hr/>	
			7,225,548	7,203,854	
Creditors: amounts falling due within one year	15	3,068,769		4,326,790	
			<hr/>	<hr/>	
Net current assets			4,156,779		2,877,064
			<hr/>		<hr/>
Total assets less current liabilities			5,748,690		4,455,099
Creditors: amounts falling due after more than one year	16		418,338		302,539
			<hr/>		<hr/>
Net assets			5,330,352		4,152,560
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	17		37,500		37,500
Share premium account	18		37,500		37,500
Profit and loss account	18		5,255,352		4,077,560
			<hr/>		<hr/>
Shareholders' funds	19		5,330,352		4,152,560
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 27 June 2013


J F Wilkinson
Director


R G Turton
Director

The notes on pages 9 to 17 form part of these financial statements

Blagden Specialty Chemicals Limited

Cash flow statement for the year ended 31 January 2013

	Note	2013 £	2013 £	2012 £	2012 £
Net cash inflow from operating activities	23		1,716,478		978,402
Returns on investments and servicing of finance					
Interest received		175		77	
Interest paid		(8,687)		(18,349)	
Net cash outflow from returns on investments and servicing of finance			(8,512)		(18,272)
Taxation			(572,535)		(239,453)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(110,079)		(190,990)	
Proceeds from sale of tangible fixed assets		-		7,180	
			(110,079)		(183,810)
Equity dividends paid			-		(400,000)
Cash inflow before financing			1,025,352		136,867
Financing					
Repayment of other loans			(297,996)		(544,312)
Increase/(decrease) in cash	25		727,356		(407,445)

The notes on pages 9 to 17 form part of these financial statements

Blagden Specialty Chemicals Limited

Notes forming part of the financial statements for the year ended 31 January 2013

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a medium-sized group.

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied when the company has substantially transferred the risks and rewards of ownership to the buyer. Turnover is exclusive of Value Added Tax and trade discounts. Turnover is derived from the company's ordinary activities.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	15% reducing balance
Motor vehicles	-	Straight line over 3 - 5 years
Fixtures and fittings	-	12.5% - 33.3% straight line

Assets acquired since 8 March 2000 are depreciated as set out above. Assets acquired from Blagden Chemical Specialities Limited on commencement of trading are depreciated over their previously determined economic life using the above depreciation rates.

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Blagden Specialty Chemicals Limited

Notes forming part of the financial statements for the year ended 31 January 2013 (Continued)

1 Accounting policies (Continued)

Stock

Stock is valued at the lower of cost and net realisable value

Pensions

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

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account. If the transaction is matched by a forward currency contract, the transaction is recorded at the forward contract rate and the related asset/liability is not re-translated to the rate ruling at the balance sheet date.

2 Turnover

An analysis of turnover by geographical market is as follows

	2013 £	2012 £
UK	22,637,001	25,300,707
Europe	1,236,393	1,202,356
Rest of World	78,803	31,588
	<hr/>	<hr/>
	23,952,197	26,534,651
	<hr/>	<hr/>

3 Employees

	2013 £	2012 £
Staff costs, including directors' remuneration, consist of		
Wages and salaries	1,672,747	1,742,753
Social security costs	195,961	203,804
Other pension costs	156,095	172,877
	<hr/>	<hr/>
	2,024,803	2,119,434
	<hr/>	<hr/>

Blagden Specialty Chemicals Limited

Notes forming part of the financial statements
for the year ended 31 January 2013 (Continued)

3 Employees (Continued)

	2013 £	2012 £
The average number of employees, including directors, during the year was		
Warehouse and distribution	8	8
Selling	20	20
Administration	16	18
	<u>44</u>	<u>46</u>

4 Directors

	2013 £	2012 £
Emoluments	435,692	423,624
Company pension contributions to money purchase pension schemes	81,882	95,940

During the year retirement benefits were accruing to 2 directors (2012 - 2) in respect of money purchase pension schemes

The highest paid director received remuneration of £225,918 (2012 - £218,410)

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £39,319 (2012 - £49,571)

5 Operating profit

	2013 £	2012 £
This has been arrived at after charging/(crediting)		
Depreciation of tangible assets - owned by the company	95,564	76,521
Difference on foreign exchange	(18,724)	(2,199)
Loss/(Profit) on disposal of Fixed Assets	689	(2,957)

6 Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual financial statements	25,000	30,000
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Blagden Specialty Chemicals Limited

Notes forming part of the financial statements
for the year ended 31 January 2013 (*Continued*)

7 Interest payable and similar charges

	2013 £	2012 £
On bank loans and overdrafts	2,096	2,507
On other loans wholly repayable within five years	6,591	15,842
	<u>8,687</u>	<u>18,349</u>

8 Taxation on profit from ordinary activities

	2013 £	2012 £
<i>Current tax</i>		
UK corporation tax on profits of the year	412,449	382,534
	<u>412,449</u>	<u>382,534</u>

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

	2013 £	2012 £
Profit on ordinary activities before tax	<u>1,590,241</u>	<u>1,379,963</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 24.3% (2012 – 26.3%)	386,872	362,930
Effects of		
Expenses not deductible for tax purposes	25,630	14,610
Movement in provisions	(8,090)	971
Depreciation in excess of capital allowance	8,037	4,023
	<u>412,449</u>	<u>382,534</u>

9 Dividends

	2013 £	2012 £
Ordinary dividends paid on equity capital	<u>-</u>	<u>400,000</u>

Blagden Specialty Chemicals Limited

Notes forming part of the financial statements
for the year ended 31 January 2013 (*Continued*)

10 Tangible assets

	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>				
At 1 February 2012	254,845	239,161	703,050	1,197,056
Additions	16,460	31,830	61,789	110,079
Disposals	(636)	-	(5,942)	(6,578)
	<u>270,669</u>	<u>270,991</u>	<u>758,897</u>	<u>1,300,557</u>
<i>At 31 January 2013</i>				
<i>Depreciation</i>				
At 1 February 2012	141,304	138,109	591,788	871,201
Charge for the year	18,097	43,853	33,615	95,565
Disposals	(222)	-	(5,668)	(5,890)
	<u>159,179</u>	<u>181,962</u>	<u>619,735</u>	<u>960,876</u>
<i>At 31 January 2013</i>				
<i>Net book value</i>				
At 31 January 2013	<u>111,490</u>	<u>89,029</u>	<u>139,162</u>	<u>339,681</u>
At 31 January 2012	<u>113,541</u>	<u>101,052</u>	<u>111,262</u>	<u>325,855</u>

11 Investments

	2013 £	2012 £
Investment in subsidiaries	-	-

At 31 January 2013 the company held a 100% investment in Marlow Chemical Company Ltd, incorporated in England and Wales. The company is dormant.

Blagden Specialty Chemicals Limited

Notes forming part of the financial statements
for the year ended 31 January 2013 (Continued)

12 Debtors: amounts falling due after more than one year

	2013 £	2012 £
Amounts owed by group undertakings	1,252,230	1,252,180

13 Stock

	2013 £	2012 £
Finished goods and goods for resale	1,989,528	2,055,221

14 Debtors

	2013 £	2012 £
Trade debtors	4,178,478	4,369,047
Other debtors	2,345	4,475
Prepayments	85,865	173,014
	<u>4,266,688</u>	<u>4,546,536</u>

15 Creditors: amounts falling due within one year

	2013 £	2012 £
Bank loans and overdrafts	8,474	368,595
Other loans	-	297,996
Trade creditors	2,117,328	2,227,552
Corporation tax	222,449	382,534
Social security and other taxes	342,552	353,983
Other creditors	42,332	96,470
Accruals	335,634	599,660
	<u>3,068,769</u>	<u>4,326,790</u>

The bank overdraft is secured by a cross guarantee over the property of one of the group companies, Topaz Management Limited. The other loan is secured over the trade debts of the company.

Blagden Specialty Chemicals Limited

Notes forming part of the financial statements
for the year ended 31 January 2013 (Continued)

16 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Amounts owed to group undertakings	418,338	302,539

17 Share capital

	Allotted, called up and fully paid			
	2013 Number	2012 Number	2013 £	2012 £
Ordinary shares of 25p each	150,000	150,000	37,500	37,500

18 Reserves

	Share premium account £	Profit and loss account £
At 1 February 2012	37,500	4,077,560
Profit for the year	-	1,177,792
Dividends – Equity Capital	-	-
At 31 January 2013	37,500	5,255,352

19 Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	4,152,560	3,555,132
Profit for the year	1,177,792	997,428
Dividends (note 9)	-	(400,000)
Closing shareholders' funds	5,330,352	4,152,560

Blagden Specialty Chemicals Limited

Notes forming part of the financial statements for the year ended 31 January 2013 (Continued)

20 Pension costs

The company operates a defined contributions pension scheme. The assets of the scheme are 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 and amounted to £156,095 (2012 - £172,877). Contributions totalling £12,881 (2012 - £55,197) were payable to the fund at the balance sheet date and are included in other creditors.

21 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

22 Commitments under operating leases

As at 31 January 2013, the Group had annual commitments under non-cancellable operating leases as set out below:

	2013 Land and buildings £	2013 Other £	2012 Land and buildings £	2012 Other £
Operating losses which expire				
Within one year	-	6,150	-	6,150
In two to five years	30,583	529	-	677
After five years	67,697	-	98,280	-
	<u>98,280</u>	<u>6,679</u>	<u>98,280</u>	<u>6,827</u>

23 Reconciliation of operating profit to net cash inflow from operating activities

	2013 £	2012 £
Operating profit	1,598,753	1,398,234
Depreciation of tangible fixed assets	95,564	76,521
Loss/(Profit) on disposal of tangible fixed assets	689	(2,959)
Decrease/(Increase) in stocks	65,693	(340,790)
Decrease/(Increase) in debtors	279,848	(548,267)
(Decrease)/Increase in creditors	(439,818)	281,012
Increase in amounts owed to group undertakings	115,749	114,651
	<u>1,716,478</u>	<u>978,402</u>
Net cash inflow from operating activities		

Blagden Specialty Chemicals Limited

Notes forming part of the financial statements
for the year ended 31 January 2013 (Continued)

24 Reconciliation of net cash inflow to movement in net debt

	2013 £	2012 £
Increase in cash in the year	727,356	(407,445)
Cash outflow from decrease in debt and lease financing	297,996	544,312
	<hr/>	<hr/>
Movement in net debt in the year	1,025,352	136,867
Net debt at 1 February 2012	(64,494)	(201,361)
	<hr/>	<hr/>
Net debt at 31 January 2013	960,858	(64,494)
	<hr/>	<hr/>

25 Analysis of net debt

	At 1 February 2012 £	Cash flow £	At 31 January 2013 £
Cash in hand and at bank	602,097	367,235	969,332
Bank overdraft	(368,595)	360,121	(8,474)
	<hr/>	<hr/>	<hr/>
	233,502	727,356	960,858
Debt due within one year	(297,996)	297,996	-
	<hr/>	<hr/>	<hr/>
Total	(64,494)	1,025,352	960,858
	<hr/>	<hr/>	<hr/>

26 Ultimate parent undertaking and controlling party

The ultimate parent company is Blagden (Jersey) Limited, a company incorporated in Jersey, which is owned equally by R G Turton and J F Wilkinson, two of the directors. A copy of these financial statements can be obtained from Osprey House, Black Eagle Square, Westerham, Kent, TN16 1PA