

Pentagon Chemical Specialties Limited

Report and Financial Statements

Year Ended

30 June 2014

Company Number 04406514

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Pentagon Chemical Specialties Limited

**Report and financial statements
for the year ended 30 June 2014**

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Directors

R V Preziotti
P R Gillespie
A M Frye

Secretary and registered office

Prima Secretary Limited, St Anns Wharf 112 Quayside, Newcastle Upon Tyne

Company number

04406514

Auditors

BDO LLP, 3 Hardman Street, Manchester, M3 3AT

Pentagon Chemical Specialties Limited

Strategic report for the year ended 30 June 2014

The directors present their strategic report together with the audited financial statements for the year ended 30 June 2014.

Business review and principal activities

The principal activities of the Company are the manufacture and sale of specialty chemicals and contract manufacturing services mainly to the paper, oil exploration, fuel additive and pharmaceutical industries principally in Western Europe and the United Kingdom. There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not, at the date of this report, aware of any likely major changes in the Company's activities in the following year.

The Company invests in research and development activities appropriate to the nature and size of its operations with the aim of supporting the future development of the Company in the medium to long-term. This research and development activity has resulted in a number of updates to existing products and the introduction of new products. Activity on new products has continued at a high level over the period with a number of new processes being developed in support of customer's new product launches.

As shown in the Company's profit and loss account on page 8, although turnover reduced over the year by 4.3% to £23,674,000 (2013: £24,742,000), continuing diversification in customer base and product range resulted in a 14.5% increase in EBITDA to £2,015,000 (2013: £1,761,000) – the highest EBITDA achieved in Pentagon history. Operating profit of £1,674,000 was a 28.5% increase over the previous year's performance of £1,304,000.

The balance sheet on page 9 of the financial statements shows further strengthening of the Company's financial position at the year end with increasing reserves as a result of the year's positive performance and net current assets of £4,799,000 (2013: £3,532,000).

On 4th December 2009, Pentagon Chemicals (Holdings) Limited secured a £2M investment from the Capital for Enterprise fund managed by Maven Capital Partners which was used to underpin Pentagon's growth strategy. The loan was repayable over five years and was accounted for under FRS4. On 22nd November 2013, the loan was repaid in full, 12 months ahead of schedule and was funded through additional borrowing from existing funders and cash reserves.

Key performance indicators

The Business Plan provides the foundations for the annual budget detailing by month, product sales and cost elements. The budgets are owned by the business Executive Team and its members develop their own action plans for delivery of budget targets.

Pentagon's business management discipline is based on the "balanced scorecard" concept with clearly defined Board responsibility for Key Business Processes (KBPs) – Financials, Account Management, Safety, Supply Chain, Operational Excellence, New Product Introductions. Annual action plans for each KBP are routinely monitored and progress is measured, where possible, by Key Performance Indicators (KPIs).

KBP actions and KPIs are reviewed monthly by the Board and corrective actions agreed if progress has stalled or targets have changed. This is facilitated by a windows-based "Dashboard" package developed exclusively for Pentagon by a consultant coach.

The primary KPIs which underpin the KBPs are reviewed below:

For New Product Introductions, the strategic goal for the group is to deliver on average an additional £1m EBITDA each financial year from the introduction of new products. Of this target the Specialties business is expected to contribute between £0.25m - £0.5m per year. Current measures of cumulative net added value (CNAV) being generated by new product development are:

	£'000
2013/14 actual	700

Pentagon Chemical Specialties Limited

Strategic report for the year ended 30 June 2014 (*continued*)

Key performance indicators (*continued*)

2014/15 plan 1,157

These measures reflect the increasing new product portfolio currently in development and the realistic potential CNAV for the period ahead. The forecast for 2013/14 is in line with the strategic goal and only the NAV from known and existing new products is included in the forward sales forecast. The forecast for 2014/15, though lower than previous years due to some products being reclassified as existing products and excluded from the calculation, is also still in line with the company's strategic goal moving forwards.

For Key Account Management the strategic goal for the Group overall is to have 75% of sales covered by supply agreements or similar contractual arrangements. In contrast to Pentagon Fine Chemicals, the Specialties business is not predominantly contract driven and current planned measures of this index for the business are:

	% sales under contract
2013/14 actual	37
2014/15 budget	38

The plan measures are well within reach of the overall goal and reflect the increasing number of new long-term relationships being developed.

For Operational Excellence, the strategic goal for the business is to reach an OEE level of 85% which indicates world class performance. The business has driven manufacturing performance to high levels over the last several years achieving an average of 83.5% over 2013/14.

Principal risks and uncertainties

Although competitive pressure from India and China still exists, over recent years this has eased due to rising costs, environmental restrictions and intellectual property concerns in these countries. This is prompting larger companies to look for a Western supplier for new products as a dual source of supply and even to repatriate products that had previously been moved away from Western manufacturers. Pressure from customers with spare production capability can also present a risk where the customer has the know how to manufacture in-house, however, the level of capital investment required to adapt or increase capacity can provide a significant barrier to adopting this strategy. To manage the risks, the Company strives to provide added-value products and services to its customers; prompt response times in the supply of products and services and in the handling of customer's queries; and through the maintenance of strong relationships with customers.

The Company's business may be affected by fluctuations in the price and supply of key raw materials, although contractual agreements and purchasing policies and practices seek to mitigate, where practicable, such risks.

The Company is exposed to fluctuations in foreign exchange rates in relation to purchases and sales made in €/\$. Currently the company actively hedges its foreign exchange risk where the risk is not sufficiently mitigated by the natural hedge arising from making both sales and purchases in foreign currencies. At the year-end Pentagon Chemicals (Holdings) Limited had contracted to purchase \$100,000.

Energy costs represent a significant proportion of the group's overheads and the Company has developed a longer term buying strategy by entering into flexible contracts with suppliers which can be triggered by pre-set targets aligned with the business plan.

The Company uses invoice discounting to service working capital requirements and will be affected by fluctuations in interest rates. The directors continually review the working capital requirements of the company based on forward forecasts and ensure sufficient funds are available.

The Company operates a policy of securing credit insurance for all credit sales and, where this cannot be achieved, uses commercial credit rating tools and information supplied by the customer to manage the risk within specified limits.

Pentagon Chemical Specialties Limited

Strategic report
for the year ended 30 June 2014 (*continued*)

Health, Safety & Environment

The Company recognises the importance of its compliance responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

The company actively pursues improvements to Health and Safety under the banner of Responsible Care and its membership of the Chemical Industries Association. Individuals are primarily responsible for their personal safety in the workplace; acting within the policy, procedures and training provided by the Company.

In 2010, the company introduced a new initiative in Process Safety Management (PSM) improvements following the recommendations from the Texas City and Buncefield incident reports. New KPI's were created for PSM and are reviewed at monthly Board meetings. Pentagon is also a key player in the Process Safety Leadership initiatives with UK Trade bodies and fellow industrialists.

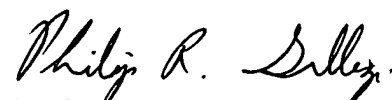
Research and development

Introduction of new products and processes is the cornerstone of success of the company. Development chemists, analytical chemists and chemical engineers work together on programmes which are tailored to each customer's requirements. Multi-functional meetings with the customers are positively encouraged to ensure that the customer's goals are fully met.

Post balance sheet events

On 31 October 2014, the entire share capital of the ultimate parent undertaking, Pentagon Chemicals (Holdings) Limited, was acquired by Vertellus Specialties Holdings Corp, a company registered in the United States of America.

On behalf of the board



P R Gillespie
Director

31 March 2015

Pentagon Chemical Specialties Limited

Report of the directors for the year ended 30 June 2014

The directors present their report together with the audited financial statements for the year ended 30 June 2014.

Results and dividends

The profit and loss account is set out on page 8 and shows the profit for the year.

Dividend

No dividends were paid during the year, or are proposed at the year end (2013: £nil).

Directors

The directors of the company during the year and changes since the year end were:

A M Laing (resigned 31 October 2014)
A J Lloyd (resigned 31 October 2014)
G Jacks (resigned 31 October 2014)
D N Work (resigned 31 October 2014)
N A Lindop (resigned 31 October 2014)
R Fisher (resigned 31 October 2014)
R V Preziotti (appointed 31 October 2014)
P R Gillespie (appointed 31 October 2014)
A M Frye (appointed 31 October 2014)

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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;
- 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.

Pentagon Chemical Specialties Limited

Report of the directors for the year ended 30 June 2014 (*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 have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board


P R Gillespie
Director

31 March 2015

Pentagon Chemical Specialties Limited

Independent auditor's report

To the members of Pentagon Chemical Specialties Limited

We have audited the financial statements of Pentagon Chemical Specialties Limited for the year ended 30 June 2014 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).

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 Financial Reporting Council's (FRC'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 FRC'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 30 June 2014 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 matters prescribed by the Companies Act 2006

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

Pentagon Chemical Specialties 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.

BDO W

*Philip Storer (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom*

31 March 2015

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

Pentagon Chemical Specialties Limited

Profit and loss account for the year ended 30 June 2014

	Note	2014 £'000	2013 £'000
Turnover	2	23,674	24,742
Cost of sales		18,109	19,104
		<hr/>	<hr/>
Gross profit		5,565	5,638
Distribution costs		544	555
Administrative expenses		3,478	3,899
		<hr/>	<hr/>
		1,543	1,184
Other operating income		131	120
		<hr/>	<hr/>
Operating profit	3	1,674	1,304
Other interest receivable and similar income		-	3
Interest payable and similar charges	6	(99)	(115)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,575	1,192
Taxation on profit on ordinary activities	7	28	14
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,547	1,178
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.


The notes on pages 10 to 20 form part of these financial statements.

Pentagon Chemical Specialties Limited

Balance sheet at 30 June 2014

Company number 04406514	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Negative goodwill	8	(67)		(182)	
Other intangible assets		166		154	
Intangible assets	8		99		(28)
Tangible assets	9		2,445		2,292
			2,544		2,264
Current assets					
Stocks	10	1,480		1,644	
Debtors	11	8,458		8,778	
Cash at bank and in hand		95		518	
		10,033		10,940	
Creditors: amounts falling due within one year	12	5,234		7,408	
Net current assets			4,799		3,532
Total assets less current liabilities			7,343		5,796
Capital and reserves					
Profit and loss account	15		7,343		5,796
Shareholders' funds	16		7,343		5,796

The financial statements were approved by the board of directors and authorised for issue on 31 March 2015.


 P R Gillespie
 Director

The notes on pages 10 to 20 form part of these financial statements.

Pentagon Chemical Specialties Limited

Notes forming part of the financial statements for the year ended 30 June 2014

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:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Pentagon Chemicals (Holdings) Limited and the company is included in consolidated financial statements.

Turnover

Turnover represents the amounts (excluding value added tax) invoiced in respect of the provision of chemical products to customers. The directors consider this to be the only class of business.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Plant, machinery and motor vehicles	- 8% per annum
Office equipment	- 25% per annum
Computers	- 20% per annum
Laboratory equipment	- 12.5% per annum
Motor vehicles	- 33% per annum
Tanks	- 3.5% - 5% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the actual purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Research and development

Expenditure on research and development is written off to the profit and loss account in the period in which it is incurred.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Pentagon Chemical Specialties Limited

Notes forming part of the financial statements for the year ended 30 June 2014 *(continued)*

1 Accounting policies *(continued)*

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Negative goodwill

Negative goodwill arising on business combinations is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

Taxation

The charge for taxation is based on the profit for the year and has taken into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Government grants

Capital based government grants are included within deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic life of the assets to which they relate.

Licence Costs

The company has capitalised costs in relation to obtaining licences. The initial costs are amortised over the useful economic life which is deemed to be 20 years from the date of registration.

Pentagon Chemical Specialties Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 (*continued*)

2 Turnover

	2014 £'000	2013 £'000
Analysis by geographical market:		
United Kingdom	9,527	9,266
Europe	12,759	11,666
Rest of the world	1,388	3,810
	<u>23,674</u>	<u>24,742</u>

Turnover is wholly attributable to the principal activity of the company.

3 Operating profit

	2014 £'000	2013 £'000
This is arrived at after charging/(crediting):		
Research and development - current year's expenditure	1,165	848
Depreciation of tangible fixed assets	456	571
Hire of plant and machinery - operating leases	64	57
Fees payable to the company's auditor for the auditing of the company's annual accounts	19	18
Exchange differences	(13)	87
Release of negative goodwill (note 8)	(115)	(114)
Government grant income	-	(5)
	<u></u>	<u></u>

Amounts receivable by the company's auditor in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's ultimate parent, Pentagon Chemicals (Holdings) Limited.

4 Employees

Staff costs (including directors) consist of:

	2014 £'000	2013 £'000
Wages and salaries	2,471	2,396
Social security costs	257	256
Other pension costs	227	219
	<u>2,955</u>	<u>2,871</u>

Pentagon Chemical Specialties Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 *(continued)*

4 Employees *(continued)*

The average number of employees (including directors) during the year was as follows:

	2014 Number	2013 Number
Production	56	57
Sales and administration	15	15
	<u>71</u>	<u>72</u>

5 Directors' remuneration

	2014 £'000	2013 £'000
Directors' emoluments	569	459
Company contributions to money purchase pension schemes	95	97
	<u>664</u>	<u>556</u>

There were 6 directors in the company's defined contribution pension scheme during the year (2013 - 6).

The total amount payable to the highest paid director in respect of emoluments was £132,129 (2013 - £122,499). Company pension contributions of £18,750 (2013 - £24,834) were made to a money purchase scheme on their behalf.

6 Interest payable and similar charges

	2014 £'000	2013 £'000
Bank loans and overdrafts	99	115
	<u>99</u>	<u>115</u>

Pentagon Chemical Specialties Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 (*continued*)

7 Taxation on profit on ordinary activities

	2014 £'000	2013 £'000
<i>UK Corporation tax</i>		
Current tax on profits of the year	-	33
Adjustment in respect of previous periods	(23)	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	42	48
Adjustment in respect of previous periods	9	(74)
Effect of tax rate change on opening balance	-	7
	<u>51</u>	<u>(19)</u>
Movement in deferred tax provision		
	<u>51</u>	<u>(19)</u>
Taxation on profit on ordinary activities	<u>28</u>	<u>14</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	<u>1,575</u>	<u>1,192</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 22.5% (2013 - 23.75%)	355	283
Effect of:		
Expenses not deductible for tax purposes	2	1
Capital allowances for period in excess of depreciation	(48)	(50)
Depreciation on ineligible assets	44	74
Negative goodwill release	(28)	(27)
(Over)/under provision in respect of previous years	(23)	-
Group relief utilised before payment	(63)	(45)
Enhanced R&D relief	(262)	(201)
Marginal relief	-	(2)
	<u>(23)</u>	<u>33</u>
Current tax (credit)/charge for the year		
	<u>(23)</u>	<u>33</u>

Pentagon Chemical Specialties Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 *(continued)*

8 Intangible fixed assets

	Concessions, patents, licences, trade marks and similar rights and assets £'000	Negative goodwill £'000	Total £'000
<i>Cost</i>			
At 1 July 2013	154	(9,660)	(9,506)
Additions	12	-	12
	<u>166</u>	<u>(9,660)</u>	<u>(9,494)</u>
At 30 June 2014			
<i>Amortisation</i>			
At 1 July 2013	-	(9,478)	(9,478)
Provided for the year	-	(115)	(115)
	<u>-</u>	<u>(9,593)</u>	<u>(9,593)</u>
At 30 June 2014			
<i>Net book value</i>			
At 30 June 2014	<u>166</u>	<u>(67)</u>	<u>99</u>
At 30 June 2013	<u>154</u>	<u>(182)</u>	<u>(28)</u>

The directors consider each acquisition separately for the purpose of determining the amortisation period of any negative goodwill which arises. It is anticipated that the closing balance of negative goodwill will be released over the next 12 months.

Pentagon Chemical Specialties Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 (*continued*)

9 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<i>Cost</i>				
At 1 July 2013	27	11,565	657	12,249
Additions	-	606	4	610
	<u>27</u>	<u>12,171</u>	<u>661</u>	<u>12,859</u>
At 30 June 2014	<u>27</u>	<u>12,171</u>	<u>661</u>	<u>12,859</u>
<i>Depreciation</i>				
At 1 July 2013	10	9,397	550	9,957
Provided for the year	6	434	17	457
	<u>16</u>	<u>9,831</u>	<u>567</u>	<u>10,414</u>
At 30 June 2014	<u>16</u>	<u>9,831</u>	<u>567</u>	<u>10,414</u>
<i>Net book value</i>				
At 30 June 2014	<u>11</u>	<u>2,340</u>	<u>94</u>	<u>2,445</u>
At 30 June 2013	<u>17</u>	<u>2,168</u>	<u>107</u>	<u>2,292</u>

10 Stocks

	2014 £'000	2013 £'000
Raw materials and consumables	576	676
Work in progress	80	2
Finished goods and goods for resale	824	966
	<u>1,480</u>	<u>1,644</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

Pentagon Chemical Specialties Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 (*continued*)

11 Debtors

	2014 £'000	2013 £'000
Amounts receivable within one year		
Trade debtors	2,874	3,391
Corporation tax recoverable	22	-
Other debtors	14	-
Prepayments and accrued income	285	294
Deferred taxation	69	120
	<u>3,264</u>	<u>3,805</u>
Amounts receivable after more than one year		
Amounts owed by group undertakings	5,194	4,973
	<u>5,194</u>	<u>4,973</u>
Total debtors	<u>8,458</u>	<u>8,778</u>

	Deferred taxation £'000
At 1 July 2013	120
Charged to profit and loss account	(51)
	<u>69</u>
At 30 June 2014	<u>69</u>

Deferred taxation

	2014 £'000	2013 £'000
The amount of deferred tax provided for is as follows:		
Accelerated capital allowances	65	116
Sundry timing differences	4	4
	<u>69</u>	<u>120</u>

Pentagon Chemical Specialties Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 (*continued*)

12 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Secured loans	570	314
Amounts advanced under invoice discounting arrangements (secured)	567	1,926
Trade creditors	2,743	3,359
Amounts owed to group undertakings	1,001	1,278
Corporation tax	-	33
Other taxation and social security	72	178
Other creditors	33	25
Accruals and deferred income	248	295
	<u>5,234</u>	<u>7,408</u>

The amounts advanced under invoice discounting arrangements are secured on the relevant debts.

All loans, including bank overdrafts are secured by a fixed and floating charge over the company's assets, both present and future.

13 Pensions

The company contributes to defined contribution pension schemes. The assets of the scheme are held separately from those of the company in independently administered funds. The pension charge amounted to £227,000 (2013 - £219,000). Contributions amounting to £Nil (2013 - £16,155) were payable to the fund and are included in creditors.

Pentagon Chemical Specialties Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 (*continued*)

14 Share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

15 Reserves

	Profit and loss account £'000
At 1 July 2013	5,796
Profit for the year	1,547
	<u>7,343</u>
At 30 June 2014	<u>7,343</u>

16 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Profit for the year	1,547	1,178
Opening shareholders' funds	5,796	4,618
	<u>7,343</u>	<u>5,796</u>
Closing shareholders' funds	<u>7,343</u>	<u>5,796</u>

17 Contingent liabilities

The company is party to cross guarantees given for bank loans, invoice discounting facilities and overdrafts of the parent company and certain fellow subsidiaries. At the year end debt outstanding under this guarantee amounted to £3,221,939 (2013: £4,668,016).

Pentagon Chemical Specialties Limited

Notes forming part of the financial statements
for the year ended 30 June 2014 (*continued*)

18 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Other 2014 £'000	Other 2013 £'000
Operating leases which expire:		
Within one year	7	-
In two to five years	58	40
	<u>65</u>	<u>40</u>

19 Related party disclosures

The company is a wholly owned subsidiary of Pentagon Chemicals (Holdings) Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Pentagon Chemicals (Holdings) Limited or other wholly owned subsidiaries within the group.

20 Ultimate parent company and parent undertaking of larger group

The company's immediate and ultimate parent undertaking is Pentagon Chemicals (Holdings) Limited, a company incorporated in the United Kingdom.

The largest and smallest group in which the results of the company are consolidated is that headed by Pentagon Chemicals (Holdings) Limited. The consolidated financial statements of this company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. No other group accounts include the results of the company.

21 Post balance sheet events

On 31 October 2014, the entire share capital of the ultimate parent undertaking, Pentagon Chemicals (Holdings) Limited, was acquired by Vertellus Specialties Holdings Corp, a company registered in the United States of America.