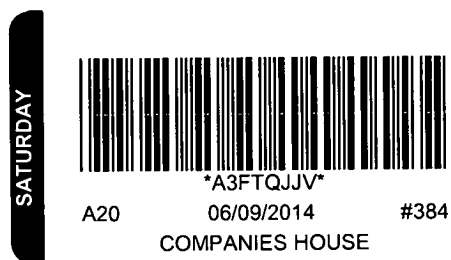


**SCICHEM UK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2013**



BLOOMER HEAVEN LIMITED
Chartered Accountants & Registered Auditors
Rutland House
148 Edmund Street
Birmingham
B3 2FD

SCICHEM UK LIMITED**CONTENTS**

	Page
Group strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Notes to the financial statements	10 - 22

SCICHEM UK LIMITED**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

Introduction

The company continued to act as a holding company during the current period.

Business review

Following the business re-organisation in the previous year the group experienced a smaller than expected reduction in its reported sales.

The increasing competitive markets continued to exert downward pressure on margins which the group found itself much better placed to react to and to absorb with its new lower overhead cost base structure.

Further substantial one-off costs were incurred in the year in the finalisation of the re-structuring programme, which is now complete. The resulting profit before tax of £141,170 was not significantly different to the £167,428 in the previous year and the company now sees itself perfectly placed to address the market in the coming years.

The ROI reported much improved results following the extensive re-organisation in the previous year.

The main divisions, education both secondary and primary, and laboratory, each have their own comprehensive catalogues in the U.K. and the Republic of Ireland, together with an international version for export. The company has continued to develop its web versions of each of these for launch throughout 2014.

2013 saw continued expansion of products exclusive to the company, a trend which it expects to continue in 2014.

Principal risks and uncertainties

2014 has started with mixed results. After making senior management changes the laboratory division has started to move forward, but there remains some uncertainty in the education division in the UK, where we are the market leader, with regard to school buying patterns and it will take the full years trading before these are fully understood.

Financial key performance indicators

The group continues to build on its core values of excellent customer service, together with product quality at competitive prices, and these remain key factors in its continued standing as market leader in the supply of quality teaching equipment at affordable prices in the U.K.

Other key performance indicators

The group is confident that 2014 will realise new opportunities allowing it to expand and grow the business particularly with exclusive products both in its traditional markets and new sectors.

This report was approved by the board on 20 August 2014 and signed on its behalf.



J R Turton
Director

SCICHEM UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Results

The profit for the year, after taxation, amounted to £108,130 (2012 - £117,772).

Directors

The directors who served during the year were:

J R Turton
B K Cartland

Directors' responsibilities statement

The directors are responsible for preparing the Group 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

SCICHEM UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

Auditor

Under section 487(2) of the Companies Act 2006, Bloomer Heaven Limited will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 20 August 2014 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'J R Turton', with a horizontal line drawn above it.

**J R Turton
Director**

SCICHEM UK LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SCICHEM UK LIMITED**

We have audited the financial statements of Scichem UK Limited for the year ended 31 December 2013, set out on pages 6 to 22. 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 opinion we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent 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 Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2013 and of the group's 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

SCICHEM UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SCICHEM UK LIMITED

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



**Christopher Stephen-Haynes MA FCA FCIE (Senior statutory auditor)
for and on behalf of Bloomer Heaven Limited (Statutory auditor)**

Chartered Accountants & Registered Auditors
Rutland House
148 Edmund Street
Birmingham
B3 2FD

20 August 2014

SCICHEM UK LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
Turnover	1,2	15,515,823	16,654,981
Cost of sales		(13,270,189)	(13,965,100)
Gross profit		2,245,634	2,689,881
Administrative expenses		(2,031,153)	(2,407,079)
Operating profit	3	214,481	282,802
Interest payable and similar charges	6	(73,311)	(115,374)
Profit on ordinary activities before taxation		141,170	167,428
Tax on profit on ordinary activities	7	(33,040)	(49,656)
Profit for the financial year	17	108,130	117,772

All amounts relate to continuing operations.

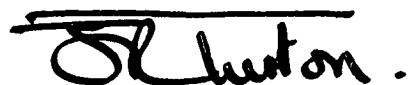
There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account.

The notes on pages 10 to 22 form part of these financial statements.

SCICHEM UK LIMITED
REGISTERED NUMBER: 04991736
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	2013	2012
		£	£
Fixed assets			
Intangible assets	8	29,057	34,926
Tangible assets	9	1,507,732	1,334,268
		<u>1,536,789</u>	<u>1,369,194</u>
Current assets			
Stocks	11	1,584,771	1,406,128
Debtors	12	2,023,806	2,245,866
Cash at bank and in hand		71,636	157,184
		<u>3,680,213</u>	<u>3,809,178</u>
Creditors: amounts falling due within one year	13	<u>(3,988,000)</u>	<u>(3,947,534)</u>
Net current liabilities		<u>(307,787)</u>	<u>(138,356)</u>
Total assets less current liabilities		<u>1,229,002</u>	<u>1,230,838</u>
Creditors: amounts falling due after more than one year	14	(641,063)	(665,353)
Provisions for liabilities			
Deferred tax	15	(7,465)	(7,641)
Net assets		<u>580,474</u>	<u>557,844</u>
Capital and reserves			
Called up share capital	16	21,389	21,389
Revaluation reserve	17	26,484	26,484
Other reserves	17	257,628	257,628
Profit and loss account	17	274,973	252,343
Shareholders' funds	19	<u>580,474</u>	<u>557,844</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 August 2014.



J R Turton
Director

The notes on pages 10 to 22 form part of these financial statements.

SCICHEM UK LIMITED
REGISTERED NUMBER: 04991736

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	2013 £	2013 £	As restated 2012 £	As restated 2012 £
Fixed assets					
Investments	10		198,382		198,382
Current assets					
Debtors	12	85,965		85,793	
Cash at bank		1,271		1,443	
		<u>87,236</u>		<u>87,236</u>	
Creditors: amounts falling due within one year					
	13	<u>(264,229)</u>		<u>(264,229)</u>	
Net current liabilities			<u>(176,993)</u>		<u>(176,993)</u>
Net assets			<u>21,389</u>		<u>21,389</u>
Capital and Reserves					
Called up share capital	16		<u>21,389</u>		<u>21,389</u>
Shareholders' funds	19		<u>21,389</u>		<u>21,389</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 August 2014.



J R Turton
Director

The notes on pages 10 to 22 form part of these financial statements.

SCICHEM UK LIMITED**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	21	445,617	214,506
Returns on investments and servicing of finance	22	(73,311)	(115,374)
Taxation		(40,145)	10,418
Capital expenditure and financial investment	22	(176,888)	222,595
Equity dividends paid		(85,500)	(85,500)
Cash inflow before financing		69,773	246,645
Financing	22	(153,521)	(163,593)
(Decrease)/increase in cash in the year		(83,748)	83,052

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 £	2012 £
(Decrease)/increase in cash in the year	(83,748)	83,052
Cash outflow from decrease in debt and lease financing	153,521	163,593
Change in net debt resulting from cash flows	69,773	246,645
New finance lease	(140,517)	(112,604)
Movement in net debt in the year	(70,744)	134,041
Net debt at 1 January 2013	(616,974)	(751,015)
Net debt at 31 December 2013	(687,718)	(616,974)

The notes on pages 10 to 22 form part of these financial statements.

SCICHEM UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Scichem UK Limited and all of its subsidiary undertakings ('subsidiaries'). Transactions between subsidiary undertakings are eliminated on consolidation.

The acquisition of a subsidiary in a previous period satisfied Sections 131 to 134 of the Companies Act 1985 (law applicable at time of acquisition) for merger relief and therefore the investment in the acquired subsidiary is stated at the nominal value of the shares issued and no share premium is recorded.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

1.5 Tangible fixed assets and depreciation

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

Freehold buildings	-	1% straight line
Warehouse & office equipment	-	10-25% reducing balance
Vehicles	-	33.33% reducing balance
Long life assets	-	4% straight line

1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.7 Leased assets

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.

SCICHEM UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

1. Accounting Policies (continued)**1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.9 Deferred taxation

Provision is made for deferred taxation using the liability method in respect of tax effects arising from all timing differences. Deferred taxation is provided on revalued property only where a binding agreement to sell the property existed at the balance sheet date.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.11 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.

2. Turnover

The whole of the turnover is attributable to one continuing activity, the supply of chemicals and apparatus for analysis, research and education.

Turnover attributable to geographical markets outside the United Kingdom amounted to 19.85% (2012: 16.88%).

3. Operating profit

The operating profit is stated after charging/(crediting):

	2013 £	2012 £
Amortisation - intangible fixed assets	5,869	5,922
Depreciation of tangible fixed assets:		
- owned by the group	83,658	94,960
- held under finance leases	71,009	56,953
Auditor's remuneration	5,000	5,000
Difference on foreign exchange	(6,165)	41,489
	<u> </u>	<u> </u>

SCICHEM UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2013 £	2012 £
Wages and salaries	2,368,623	2,542,393
Social security costs	229,238	240,422
Other pension costs	41,943	42,649
	<u>2,639,804</u>	<u>2,825,464</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2013 £	2012 £
Warehousing and distribution	34	33
Sales and administration	66	70
	<u>100</u>	<u>103</u>

5. Directors' remuneration

	2013 £	2012 £
Directors' remuneration	80,524	85,114
Company pension contributions to money purchase pension schemes	9,179	9,179
	<u>89,703</u>	<u>94,293</u>

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 £73,224 (2012: £79,094).

6. Interest payable

	2013 £	2012 £
Interest payable on bank overdraft, factoring and loans	62,968	105,959
Hire purchase interest	10,343	9,415
	<u>73,311</u>	<u>115,374</u>

SCICHEM UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

7. Taxation

	2013 £	2012 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	33,286	40,145
Adjustments in respect of prior periods	(70)	-
Total current tax	<u>33,216</u>	<u>40,145</u>
Deferred tax (see note 15)		
Origination and reversal of timing differences	(176)	9,511
Tax on profit on ordinary activities	<u>33,040</u>	<u>49,656</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - higher than) the standard rate of corporation tax in the UK of 20% (2012 - 20%). The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>141,170</u>	<u>167,428</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2012 - 20%)	28,234	33,486
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	1,142	1,142
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,621	1,527
Difference between capital allowances and depreciation	(3,243)	4,836
Utilisation of tax losses	-	(11,000)
Adjustments to tax charge in respect of prior periods	(70)	-
Other timing differences leading to an increase (decrease) in taxation	5,600	-
Capital gains	-	6,486
Other differences leading to an increase (decrease) in the tax charge	(68)	3,668
Current tax charge for the year (see note above)	<u>33,216</u>	<u>40,145</u>

SCICHEM UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

8. Intangible fixed assets

Group	Trademarks	Goodwill	Total
Cost	£	£	£
At 1 January 2013 and 31 December 2013	3,540	305,000	308,540
Amortisation			
At 1 January 2013	2,908	270,706	273,614
Charge for the year	157	5,712	5,869
At 31 December 2013	3,065	276,418	279,483
Net book value			
At 31 December 2013	475	28,582	29,057
At 31 December 2012	632	34,294	34,926

9. Tangible fixed assets

Group	Freehold land and buildings	Warehouse, office equipment and long life assets	Vehicles	Total
Cost or valuation	£	£	£	£
At 1 January 2013	900,000	1,158,721	472,119	2,530,840
Additions	190,000	46,712	140,517	377,229
Disposals	-	(2,538)	(191,330)	(193,868)
At 31 December 2013	1,090,000	1,202,895	421,306	2,714,201
Depreciation				
At 1 January 2013	18,002	896,276	282,294	1,196,572
Charge for the year	10,901	58,944	84,822	154,667
On disposals	-	(1,896)	(142,874)	(144,770)
At 31 December 2013	28,903	953,324	224,242	1,206,469
Net book value				
At 31 December 2013	1,061,097	249,571	197,064	1,507,732
At 31 December 2012	881,998	262,445	189,825	1,334,268

SCICHEM UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

9. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Group	2013 £	2012 £
Warehouse & office equipment	1,032	1,376
Vehicles	82,249	159,604
	83,281	160,980

Properties held as at 31 December 2013 have been revalued as set out below. The valuations have been incorporated into these financial statements, as in the opinion of the directors there is no material difference between the values at year end and valuation date.

DTZ Debenham Tie Leung Limited valued the company's properties at Bilston using the Existing Use Value as at 11 July 2011. The valuers are external to the company are qualified Chartered Surveyors, being members of the Royal Institution of Chartered Surveyors. As such, the valuations were carried out in accordance with the RICS Appraisal and Valuation Standards.

10. Fixed asset investments

Company	Investments in subsidiary companies £
Cost	
At 1 January 2013 and 31 December 2013	198,382
Net book value	
At 31 December 2013	198,382
At 31 December 2012	198,382

Details of the principal subsidiaries can be found under note number 30.

11. Stocks

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Finished goods and goods for resale	1,584,771	1,406,128	-	-

SCICHEM UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

12. Debtors

	Group		Company	
	2013	As restated 2012	2013	As restated 2012
	£	£	£	£
Trade debtors	1,846,994	1,816,350	-	-
Amounts owed by group undertakings	-	-	85,965	85,793
Other debtors	96,648	264,803	-	-
Prepayments and accrued income	80,164	164,713	-	-
	2,023,806	2,245,866	85,965	85,793

Debtors include £1,846,994 (2012: £1,816,350) in respect of which £1,241,591 (2012: £1,180,471) has been advanced by the invoice discount factoring company.

**13. Creditors:
Amounts falling due within one year**

	Group		Company	
	2013	As restated 2012	2013	As restated 2012
	£	£	£	£
Bank loans and overdrafts	45,119	46,919	-	-
Net obligations under finance leases and hire purchase contracts	73,172	61,886	-	-
Trade creditors	1,885,986	1,990,660	-	-
Amount due to invoice discount factoring company	1,241,591	1,180,471	-	-
Amounts owed to group undertakings	-	-	177,619	177,619
Corporation tax	33,286	40,215	-	-
Other taxation and social security	261,070	231,116	-	-
Proposed dividend	85,500	85,500	85,500	85,500
Other creditors	116,516	119,494	1,110	1,110
Accruals and deferred income	245,760	191,273	-	-
	3,988,000	3,947,534	264,229	264,229

Bank loans and overdrafts of £45,119 (2012: £46,919) are secured over the company's freehold properties.

Amounts due to invoice discounting company of £1,241,591 (2012: £1,180,471) are secured on the debtors on which the debt has been advanced.

Net obligations under finance leases and hire purchase contracts of £73,172 (2012: £61,886) are secured on the assets to which the debt relates.

SCICHEM UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

**14. Creditors:
Amounts falling due after more than one year**

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
Bank loans	577,007	620,253	-	-
Net obligations under finance leases and hire purchase contracts	64,056	45,100	-	-
	<u>641,063</u>	<u>665,353</u>	<u>-</u>	<u>-</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
Repayable by instalments	396,531	432,578	-	-

The bank loans are repayable by monthly instalments equating to the annual repayments shown above and interest is payable at commercial rates.

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
Between one and five years	64,056	45,100	-	-

Bank loans of £577,007 (2012: £620,253) are secured over the company's freehold properties.

Net obligations under finance leases and hire purchase contracts of £64,056 (2012: £45,100) are secured on the assets to which the debt relates.

15. Deferred taxation

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
At beginning of year	7,641	(1,870)	-	-
Movement during the year	(176)	9,511	-	-
At end of year	<u>7,465</u>	<u>7,641</u>	<u>-</u>	<u>-</u>

SCICHEM UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

15. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Accelerated capital allowances	(13,065)	(7,641)	-	-
Other timing differences	5,600	-	-	-
	(7,465)	(7,641)	-	-

16. Share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
21,386 Ordinary A shares of £1 each	21,386	21,386
3 Ordinary B shares of £1 each	3	3
	21,389	21,389

17. Reserves

Group	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 January 2013	26,484	257,628	252,343
Profit for the financial year	-	-	108,130
Dividends: Ordinary shares	-	-	(85,500)
At 31 December 2013	26,484	257,628	274,973
Company			Profit and loss account £
Profit for the financial year			85,500
Dividends: Ordinary shares			(85,500)
At 31 December 2013			-

SCICHEM UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

18. Prior year adjustment

The group and company's debtors and creditors have been restated, increasing both by £85,500. This restatement had no effect on the profit or loss reported in the previous year for the group nor the company.

19. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Group		
Opening shareholders' funds	557,844	525,572
Profit for the financial year	108,130	117,772
Dividends (Note 20)	(85,500)	(85,500)
	<hr/>	<hr/>
Closing shareholders' funds	580,474	557,844
	<hr/>	<hr/>
 Company	 2013 £	 2012 £
Opening shareholders' funds	21,389	21,389
Profit for the financial year	85,500	85,500
Dividends (Note 20)	(85,500)	(85,500)
	<hr/>	<hr/>
Closing shareholders' funds	21,389	21,389
	<hr/>	<hr/>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the year dealt with in the accounts of the company was £85,500 (2012 - £85,500).

20. Dividends

	2013 £	2012 £
Dividends on ordinary shares	85,500	85,500
	<hr/>	<hr/>

SCICHEM UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

21. Net cash flow from operating activities

	2013 £	As restated 2012 £
Operating profit	214,481	282,802
Amortisation of intangible fixed assets	5,869	5,922
Depreciation of tangible fixed assets	154,667	151,913
(Profit)/loss on disposal of tangible fixed assets	(10,726)	30,095
(Increase)/decrease in stocks	(178,643)	223,607
Decrease/(increase) in debtors	222,060	(11,518)
Increase/(decrease) in creditors	37,909	(468,315)
Net cash inflow from operating activities	445,617	214,506

22. Analysis of cash flows for headings netted in cash flow statement

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest paid	(62,968)	(105,959)
Hire purchase interest	(10,343)	(9,415)
Net cash outflow from returns on investments and servicing of finance	(73,311)	(115,374)

	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(236,712)	(61,420)
Sale of tangible fixed assets	59,824	284,015
Net cash (outflow)/inflow from capital expenditure	(176,888)	222,595

	2013 £	2012 £
Financing		
Net repayment of loans	(43,246)	(46,421)
Net repayment of finance leases	(110,275)	(117,172)
Net cash outflow from financing	(153,521)	(163,593)

SCICHEM UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

23. Analysis of changes in net debt

	1 January 2013 £	Cash flow £	Other non-cash changes £	31 December 2013 £
Cash at bank and in hand	157,184	(85,548)	-	71,636
Bank loan	(46,919)	1,800	-	(45,119)
	<u>110,265</u>	<u>(83,748)</u>	<u>-</u>	<u>26,517</u>
Debt:				
Debts due within one year	(61,886)	153,521	(164,807)	(73,172)
Debts falling due after more than one year	(665,353)	-	24,290	(641,063)
	<u>(616,974)</u>	<u>69,773</u>	<u>(140,517)</u>	<u>(687,718)</u>
Net debt	<u>(616,974)</u>	<u>69,773</u>	<u>(140,517)</u>	<u>(687,718)</u>

24. Major non-cash transactions

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of leases totalling £140,517 (2013: £112,604).

25. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £41,943 (2012: £42,649). Contributions totalling £6,868 (2012: £7,214) were payable to the fund at the balance sheet date and are included in creditors.

26. Operating lease commitments

At 31 December 2013 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
Group	2013 £	2012 £
Expiry date:		
Within 1 year	5,658	8,402
Between 2 and 5 years	16,000	16,000
	<u>21,658</u>	<u>24,402</u>
Total	<u>21,658</u>	<u>24,402</u>

SCICHEM UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

27. Directors' benefits: advances, credit and guarantees

Included within other debtors is £57,000 (2012: £57,000) due to the group from J R Turton. During the year further advances of £57,000 and repayments of £57,000 were made.

Included within other debtors is £28,500 (2012: £28,500) due to the company from B K Cartland. During the year further advances of £28,500 and repayments of £28,500 were made.

These loans are unsecured, interest free with no fixed repayment date.

28. Related party transactions

During the year the group proposed dividends of £57,000 (2012: £57,000) to J R Turton and £28,500 (2012: £28,500) to B K Cartland, directors of Scichem UK Limited.

During the year the group provided services to the value of £15,729 (2012: £110,674) to Lascells Limited, of which £812 (2012: £73,680) was outstanding at the year end and is included within debtors. The company also made purchases amounting to £474,622 (2012: £371,530) from Lascells Limited, of which £29,641 (2012: £14,910) was outstanding at the year end as is included within creditors. Lascells Limited is a company in which J R Turton and B K Cartland have a material interest.

29. Controlling party

The ultimate controlling party is J R Turton, director and majority shareholder in Scichem UK Limited.

30. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Scientific and Chemical Supplies Limited	England & Wales	100	Supply of chemicals and apparatus for analysis, research and education.
Scientific and Chemical International Limited	England & Wales	100	Dormant