

REGISTRAR'S
COPY

Financial Statements CPL Aromas Limited

For the year ended 31 March 2012

WEDNESDAY



A104OU03

A22

19/12/2012

#329

COMPANIES HOUSE

Company No. 1031292

Company information

Company registration number: 1031292

Registered office: Barrington Hall
Hatfield Broad Oak
BISHOPS STORTFORD
Herts
CM22 7LE

Directors: P Jacobs - Chairman
C Pickthall - Managing Director
S Dawe - Finance Director
T Pickthall
F Pickthall
N Pickthall
J Dunsdon

Secretary: C Pickthall

Bankers: Bank of Scotland
Ipswich Business Centre
35 Princes Street
IPSWICH
Suffolk
IPI 1AE

Solicitors: Wollastons LLP
Brierly Place
New London Road
CHELMSFORD
Essex
CM2 0AP

Auditor: Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Grant Thornton House
Kettering Parkway
Kettering Venture Park
KETTERING
Northants
NN15 6XR

Index to the financial statements

	PAGE
Chairman's statement	3
Report of the directors	4 - 6
Report of the independent auditor	7 - 8
Principal accounting policies	9 - 12
Group profit and loss account	13
Group balance sheet	14
Company balance sheet	15
Other primary statements	16
Notes to the financial statements	17 - 31

Chairman's statement

I am pleased to report on another successful year for CPL Aromas that has seen strong growth despite some challenging market conditions

The group achieved sales of £60.0M (£55.1M 2010/11) for the twelve months to 31 March 2012 representing growth of 8.9% against the previous year

EBITDA rose to £7.8M (£7.4M 2010/11) for the year representing growth of 4.9% against the previous year

Sales growth has again been very strong in our target emerging markets of the Far East, South America and the Middle East where our focused initiatives have made a positive impact to the sales effort. Overall we have increased our market share and outperformed our competitors in key regions of the world.

Our ability to generate net cash inflow of £5.6M, twice that of last year (£2.8M 2010/11), has enabled us to continue to invest heavily in the business and 2011/12 has seen the completion of some major capital projects. In the Far East we have now commissioned our China factory in Guangzhou, this is in addition to further improvements at our Yuen Long site in Hong Kong.

During the year we moved into a new purpose built facility in Bogota Colombia where we offer our customers, throughout South America, the complete service of sales, marketing, creative perfumery and production. This investment has helped produce sales growth of 20% this year in South America and will further improve customer service throughout the region. The site opening was attended by Nick Baird, the CEO of UK Trade & Investment and John Dew, the British Ambassador to Colombia.

India remains a key market for the group. I am therefore pleased to report that since the year end we have purchased all of the 49% minority interest in CPL Aromas (PVT) Limited not already owned by the group. Further to the purchase of these shares we intend to make substantial investments in the local company that will help drive forward our business in this exciting and rapidly expanding fragrance market.

Creative Perfumery and R&D remain at the forefront of our business and we have been able to add more resource to these vital functions throughout the year as we deliver new technologies and innovative fragrances to our customers. Our Ecoboost fragrance technology is now a well-established means of delivering highly concentrated fragrances to our customers who seek to reduce costs whilst finding imaginative solutions that help eliminate on pack labelling.

The group continues to support the important work of CAFOD who are committed to help building a world free from poverty and injustice. We were pleased to increase our donation to £130K this year.

I am delighted that the group has been able to report another year of record sales combined with major investment in the infrastructure of the business. I would like to take this opportunity to thank all our customers and partners around the world for their support throughout the year and in particular my thanks to all the dedicated staff at CPL Aromas for their help in delivering yet another excellent year of growth.



Peter Jacobs

17 December 2012.

Report of the directors

The directors present their report together with the financial statements for the year ended 31 March 2012

Principal activities and business review

The principal activities of the group in the year were the design, manufacture and distribution of fragrances

CPL Aromas is an international Fragrance house, headquartered in the UK, with manufacturing, sales and creative centres throughout the world

A review of the business is contained with the Chairman's Statement on page 3

Results and dividends

The result for the year is detailed in these financial statements. The directors recommend a dividend of £375,000 (2011 - £nil)

Directors

The directors who served the company during the year were as follows

P Jacobs
C Pickthall
S Dawe
T Pickthall
F Pickthall
N Pickthall
J Dunsdon

Financial risk management objectives and policies

The group's principal financial instruments comprise cash, bank borrowings, finance leasing and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the group's operations

The existence of these financial instruments exposes the group to a number of financial risks. The main risks arising from the group's financial instruments are liquidity risk, currency risk, interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by overdraft facilities

Currency risk

The group is exposed to transaction foreign exchange risk. If considered necessary, transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge the company does not adopt an accounting policy of hedge accounting for these financial statements

Financial risk management objectives and policies (continued)

Interest rate risk

The group finances its operations through a combination of bank borrowings and finance leases. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and variable rate facilities.

Credit risk

The group seeks to manage its credit risk by dealing with established customers or otherwise checking the credit-worthiness of new customers, establishing clear contractual relationships with those customers, and by identifying and addressing any credit issues arising in a timely manner.

Environmental issues

The manufacture of fragrances necessarily involves the handling and use of chemicals. Many of the materials used are natural, derived from nature or identical to materials found in nature. The group adheres to the Code of Practice issued by the International Fragrance Association and their standards for the use of materials in fragrances. The group, through its internal quality and safety management systems, maintains controls on the use, classification, labelling, transfer and disposal of materials.

Employment of disabled persons

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the group.

Donations

During the year the group made charitable donations totalling £130,000 (2011 - £100,000).

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 laws). 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 and profit or loss of the company and 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 estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Statement of directors' responsibilities (continued)

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.

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD



P J Jacobs
Director

17 December 2012.



Report of the independent auditor to the members of CPL Aromas Limited (registered number 1031292)

We have audited the group and parent company financial statements (the 'financial statements') of CPL Aromas Limited for the year ended 31 March 2012 which comprise the principal accounting policies, the group profit and loss account, group and company balance sheets, the statement of total recognised gains and losses 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5 and 6, 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm

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 March 2012 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



Report of the independent auditor to the members of
CPL Aromas Limited
(registered number 1031292)

Opinion on other matters prescribed by the Companies Act 2006

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

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

A handwritten signature in black ink, appearing to read "John Corbishley".

John Corbishley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Kettering

17 December 2012.

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice),

The principal accounting policies of the group are set out below. The policies have remained unchanged from the previous year.

Basis of consolidation

The group financial statements consolidate the accounts of CPL Aromas Limited and all of its subsidiary undertakings using the acquisition method. The financial statements of all group undertakings are prepared to 31 March 2012.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that it is included in the consolidated accounts of its parent company.

Turnover

Turnover is the revenue arising from the sales of goods and services. It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts.

Revenue from the sale of goods is recognised when significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life, up to a maximum of 20 years. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition, and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

As a matter of accounting policy, goodwill arising on consolidation first accounted for in accounting periods ending before 23 December 1998, the implementation date of Financial Reporting Standard No 10, was eliminated from the financial statements by immediate write-off on acquisition against reserves. Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates.

Purchased goodwill in respect of material additions is capitalised and amortised on a straight line basis over its estimated useful economic life.

Intangible fixed assets

Expenditure on intangible assets, other than on purchased goodwill, is written off to the profit and loss account over its estimated useful life after estimating any residual value

Formulae	5 5 years straight line
Customer lists	20 years straight line

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write off the cost less estimated residual value of each asset by equal annual instalments at the following annual rates

Factory equipment	10% to 20%
Laboratory equipment	20 %
Office furniture and equipment	10% to 33%
Fixtures and fittings	10% to 15%
Motor vehicles	10% to 20%

Leasehold improvements are depreciated on a straight line basis over the remaining period of the lease

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Leases

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred taxation (continued)

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions denominated in foreign currencies are translated at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. These translation differences are dealt with in the profit and loss account

The financial statements of foreign subsidiary undertakings are translated using the closing rate method and any exchange differences arising from the translation of opening net assets are taken directly to reserves. The results of foreign subsidiary undertakings are translated using the average rate method. The differences between translating the results of foreign subsidiary undertakings at average rates and closing rates are taken directly to reserves

The company balance sheet has monetary liabilities denominated in foreign currencies which include significant long-term loans made by overseas subsidiaries to the company. There are no intentions or plans to repay these loans to the subsidiaries for the foreseeable future. These intra-group loans are classified as long-term liabilities

Retirement benefits

Defined Contribution Pension Scheme

Pension contributions are charged to the profit and loss account during the period in which they are paid

Defined Benefit Pension Scheme

The company has applied the amendment to FRS17 retirement benefits which is effective for accounting periods commencing on or after 6 April 2007. The amendment to FRS17 primarily affects disclosures in relation to defined benefit pension schemes. However, for quoted securities the fair value is now taken to be the current bid price rather than the mid-market value. The change has affected disclosure only and has not lead to any prior year adjustment

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at the appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the company

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest charged on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Group profit and loss account

	Note	2012 £'000	2011 £'000
Turnover	1	59,986	55,071
Cost of sales		<u>(27,131)</u>	<u>(22,462)</u>
Gross profit		32,855	32,609
Distribution costs		(4,022)	(4,379)
Administrative expenses		<u>(22,575)</u>	<u>(22,248)</u>
Operating profit	2	6,258	5,982
Interest receivable and similar income		11	13
Interest payable and similar charges	4	<u>(40)</u>	<u>(105)</u>
Profit on ordinary activities before taxation	1	6,229	5,890
Tax on profit on ordinary activities	5	<u>(1,343)</u>	<u>(1,318)</u>
Profit on ordinary activities after taxation		4,886	4,572
Minority interests		<u>(34)</u>	<u>(45)</u>
Profit for the financial year	18	<u><u>4,852</u></u>	<u><u>4,527</u></u>

All of the activities of the group in the current year are classed as continuing

The accompanying accounting policies and notes form part of these financial statements.

Group balance sheet

	Note	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	8	3,711	4,138
Tangible assets	9	5,565	3,818
Investments	10	3	3
		<u>9,279</u>	<u>7,959</u>
Current assets			
Stocks	11	8,095	7,702
Debtors	12	30,609	27,985
Cash at bank and in hand		<u>3,942</u>	<u>2,992</u>
		<u>42,646</u>	<u>38,679</u>
Creditors, amounts falling due within one year	13	<u>(13,757)</u>	<u>(11,807)</u>
Net current assets		<u>28,889</u>	<u>26,872</u>
Total assets less current liabilities		<u>38,168</u>	<u>34,831</u>
Creditors: amounts falling due after more than one year	14	(856)	(1,246)
Provisions for liabilities and charges	16	<u>(170)</u>	<u>(174)</u>
Net assets excluding pension liability		<u>37,142</u>	<u>33,411</u>
Pension liability	22	<u>(639)</u>	<u>(627)</u>
Net assets including pension liability		<u>36,503</u>	<u>32,784</u>
Capital and reserves			
Called-up equity share capital	17	1,312	1,312
Share premium account	18	8,942	8,942
Profit and loss account	18	<u>26,126</u>	<u>22,441</u>
Shareholders' funds - equity	19	<u>36,380</u>	<u>32,695</u>
Minority interests		<u>123</u>	<u>89</u>
		<u>36,503</u>	<u>32,784</u>

These financial statements were approved and authorised for issue by the directors on and are signed on their behalf by

17/12/2012



S E Dawe
 Director
 Registered number 1031292



P J Jacobs
 Director

The accompanying accounting policies and notes form part of these financial statements.

Company balance sheet

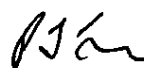
	Note	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	8	1,368	1,527
Tangible assets	9	2,136	1,209
Investments	10	1,514	1,514
		<u>5,018</u>	<u>4,250</u>
Current assets			
Stocks	11	3,088	3,048
Debtors amounts falling due within one year	12	8,553	5,919
Debtors amounts falling due after more than one year	12	19,448	19,402
Cash at bank and in hand		2,321	1,249
		<u>33,410</u>	<u>29,618</u>
Creditors: amounts falling due within one year	13	<u>(10,552)</u>	<u>(7,989)</u>
Net current assets		<u>22,858</u>	<u>21,629</u>
Total assets less current liabilities		<u>27,876</u>	<u>25,879</u>
Creditors: amounts falling due after more than one year	14	<u>(7,933)</u>	<u>(9,199)</u>
Net assets excluding pension liability		<u>19,943</u>	<u>16,680</u>
Pension liability	22	<u>(639)</u>	<u>(627)</u>
Net assets including pensions liability		<u>19,304</u>	<u>16,053</u>
Capital and reserves			
Called-up equity share capital	17	1,312	1,312
Share premium account	18	8,942	8,942
Profit and loss account	18	9,050	5,799
		<u>19,304</u>	<u>16,053</u>
Shareholders' funds		<u>19,304</u>	<u>16,053</u>

These financial statements were approved and authorised for issue by the directors on and are signed on their behalf by

17/12/2012



S E Dawe
Director



P J Jacobs
Director

Registered number 1031292

The accompanying accounting policies and notes form part of these financial statements.

Other primary statements

Statement of total recognised gains and losses

	2012 £'000	2011 £'000
Profit for the financial year	4,852	4,527
Exchange movement relating to net assets of subsidiary undertakings	(278)	(674)
Actuarial (losses)/gains on pension scheme	(676)	675
Less provision for deferred tax	162	(175)
Total gains and losses recognised since the last financial statements	4,060	4,353

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation are attributable to the principal activity of the group as set out in the Report of the Directors

An analysis of turnover is given below

	2012 £'000	2011 £'000
United Kingdom	4,266	4,323
Other European Union countries	5,888	5,989
Rest of Europe	3,926	3,508
Far East	23,106	19,269
Americas	5,299	4,313
Rest of world	17,501	17,669
	<u>59,986</u>	<u>55,071</u>

2 Operating profit

Operating profit is stated after charging

	2012 £'000	2011 £'000
Amortisation of intangible fixed assets	402	415
Depreciation of tangible fixed assets		
- Owned assets	1,098	1,001
- Leased assets	49	43
Gain on foreign exchange transactions	(56)	(75)
Operating lease rentals		
- Land and buildings	1,155	1,025
- Other assets	111	109
Auditor's remuneration	20	18

Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements for the company's parent, CPL Aromas (Holdings) Limited, disclose non-audit fees on a consolidated basis

3 Directors and employees

Staff costs during the year were as follows

	2012 £'000	2011 £'000
Wages and salaries	11,170	10,713
Social security costs	1,316	1,253
Other pension costs	(205)	391
	<u>12,281</u>	<u>12,357</u>

Pension costs for 2012 include a gain on curtailment in respect of defined benefit pension arrangements of £661,000 (2011 - £nil)

The average number of staff employed by the group during the financial year amounted to

	2012 No	2011 No
Laboratory and technical	110	85
Production	135	119
Selling and distribution	65	63
Administration	77	65
	<u>387</u>	<u>332</u>

Remuneration in respect of directors was as follows

	2012 £'000	2011 £'000
Emoluments	964	887
Pension contributions to money purchase pension schemes	50	57
	<u>1,014</u>	<u>944</u>
Emoluments of the highest paid director	<u>212</u>	<u>195</u>

There were 3 (2011 - 3) directors in the group's defined benefit scheme during the year. There were 4 (2011 - 4) directors who participated in the group's defined contribution pension scheme during the year.

4 Interest payable and similar charges

	2012 £'000	2011 £'000
Bank loans and overdrafts	47	58
Finance leases and other interest	5	5
Pension schemes net finance (credit)/charge	(12)	42
	<u>40</u>	<u>105</u>

5 Taxation on profit on ordinary activities

	2012 £'000	2011 £'000
Current tax		
UK corporation tax	65	89
Over provision in previous year	(104)	(34)
Overseas taxation	1,201	1,264
Total current tax	1,162	1,319
Deferred tax		
Timing differences between defined benefit pension scheme contributions and costs	181	(1)
Tax on profit on ordinary activities	1,343	1,318

The tax assessed on the profit on ordinary activities for the year is lower (2011 - lower) than the standard rate of corporation tax in the UK of 26% (2011 - 28%)

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	6,229	5,890
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	1,620	1,649
Effect of		
Expenses not deductible for tax purposes	151	46
Non taxable income	(19)	(5)
Depreciation in excess of capital allowances for the year	(39)	24
Other timing differences	(138)	140
Creation of tax losses	(25)	63
Prior year adjustment	(104)	(34)
Effect of lower overseas rates of corporation tax	(284)	(564)
Current tax charge for the year	1,162	1,319

The group has unrelieved tax losses in excess of £115,000 (2011 - £340,000) to carry forward against future taxable profits. No deferred tax asset in respect of these losses has been recognised, due to the uncertainty over the timings and amounts of their recoverability.

6 Profit for the financial year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The group profit for the year includes a profit of £4,139,597 (per note 18) (2011 - £5,457,361) which is dealt with in the financial statements of the company.

7 Dividends

	2012 £'000	2011 £'000
Equity dividends paid	<u>375</u>	<u>-</u>

8 Intangible fixed assets

The group

	Formulae £'000	Customer lists £'000	Purchased goodwill £'000	Total £'000
Cost				
At 1 April 2011	1,176	4,053	487	5,716
Exchange differences	(25)	(16)	(13)	(54)
At 31 March 2012	<u>1,151</u>	<u>4,037</u>	<u>474</u>	<u>5,662</u>
Amortisation				
At 1 April 2011	349	1,155	74	1,578
Provided in the year	77	287	38	402
Exchange differences	(5)	(22)	(2)	(29)
At 31 March 2012	<u>421</u>	<u>1,420</u>	<u>110</u>	<u>1,951</u>
Net book amount at 31 March 2012	<u>730</u>	<u>2,617</u>	<u>364</u>	<u>3,711</u>
Net book amount at 31 March 2011	<u>827</u>	<u>2,898</u>	<u>413</u>	<u>4,138</u>

The company

	Formulae £'000	Customer lists £'000	Total £'000
Cost			
At 1 April 2011 and 31 March 2012	<u>202</u>	<u>2,435</u>	<u>2,637</u>
Amortisation			
At 1 April 2011	202	908	1,110
Provided in the year	-	159	159
At 31 March 2012	<u>202</u>	<u>1,067</u>	<u>1,269</u>
Net book amount at 31 March 2012	<u>-</u>	<u>1,368</u>	<u>1,368</u>
Net book amount at 31 March 2011	<u>-</u>	<u>1,527</u>	<u>1,527</u>

9 Tangible fixed assets

The group

	Leasehold improvements £'000	Factory equipment £'000	Laboratory equipment £'000	Furniture fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
At 1 April 2011	1,133	3,173	1,002	5,040	353	10,701
Additions	122	1,529	24	1,240	53	2,968
Disposals	-	(1)	-	(43)	(6)	(50)
Exchange differences	(22)	(13)	(3)	(20)	(4)	(62)
At 31 March 2012	1,233	4,688	1,023	6,217	396	13,557
Depreciation						
At 1 April 2011	332	2,303	860	3,308	80	6,883
Charge in the year	78	460	63	484	62	1,147
Disposals	-	(1)	-	(36)	-	(37)
Exchange differences	(9)	1	-	3	4	(1)
At 31 March 2012	401	2,763	923	3,759	146	7,992
Net book amount at 31 March 2012	832	1,925	100	2,458	250	5,565
Net book amount at 31 March 2011	801	870	142	1,732	273	3,818

The net book value of fixed assets includes £128,000 (2011 - £178,000) in respect of assets held under finance leases and hire purchase contracts. Depreciation was charged on these assets during the year of £49,000 (2011 - £43,000)

Tangible fixed assets (continued)

The company

	Land and buildings leasehold £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2011	399	2,658	2,810	95	5,962
Additions	56	322	983	2	1,363
At 31 March 2012	455	2,980	3,793	97	7,325
Depreciation					
At 1 April 2011	189	2,252	2,266	46	4,753
Charge in the year	28	200	193	15	436
At 31 March 2012	217	2,452	2,459	61	5,189
Net book amount at 31 March 2012	<u>238</u>	<u>528</u>	<u>1,334</u>	<u>36</u>	<u>2,136</u>
Net book amount at 31 March 2011	<u>210</u>	<u>406</u>	<u>544</u>	<u>49</u>	<u>1,209</u>

Included above are assets held under finance leases or as follows

	Fixtures, fittings and equipment £'000	Motor vehicles £'000
Net book amount at 31 March 2012	<u>88</u>	<u>4</u>
31 March 2011	<u>19</u>	<u>19</u>
Depreciation charge for the year 31 March 2012	<u>17</u>	<u>8</u>
31 March 2011	<u>-</u>	<u>15</u>

10 Fixed asset investments

The group

	Shares in group undertakings £'000	Other investments unlisted £'000	Total £'000
Cost			
At 1 April 2011 and at 31 March 2012	-	15	15
Amounts written off			
At 1 April 2011 and at 31 March 2012	-	12	12
Net book amount at 31 March 2012 and at 31 March 2011	-	3	3

The company

Cost			
At 1 April 2011 and 31 March 2012	1,511	3	1,514

At 31 March 2012 the group held 20% or more of the equity of the following

Subsidiary undertakings	Country of registration or incorporation	Percentage of ordinary shares held
CPL Aromas (Far East) Limited	Hong Kong	100%
CPL Aromas France S A S	France	100%
CPL Aromas Inc	USA	100%
CPL Aromas Colombia Ltda	Colombia	100%
CPL Aromas GmbH	Germany	100%
CPL Aromas FZE	UAE	100%
CPL India (PVT) Limited	India	51%
Massive Way Limited	Hong Kong	100%*
Guangzhou Sifang Aromas Co Ltd	China	100%*

*shares held by CPL Aromas (Far East) Limited

All subsidiaries operate in their country of registration or incorporation. All subsidiaries are engaged in the distribution of fragrance oils.

11 Stocks

	The group		The company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Raw materials and consumables	5,047	5,617	2,390	2,690
Finished goods and goods for resale	3,048	2,085	698	358
	<u>8,095</u>	<u>7,702</u>	<u>3,088</u>	<u>3,048</u>

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

12 Debtors

	The group		The company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Trade debtors	13,316	11,515	2,120	2,233
Amounts owed by parent undertaking	13,172	13,172	13,172	13,172
Amounts owed by other group undertakings	-	-	10,856	8,965
Other debtors	3,518	2,325	1,576	585
Prepayments and accrued income	603	973	277	366
	30,609	27,985	28,001	25,321

Amounts falling due after more than one year and included in the debtors above are

	The group		The company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Amounts owed by parent undertaking	13,172	13,172	13,172	13,172
Amounts owed by other group undertakings	-	-	6,276	6,230
	13,172	13,172	19,448	19,402

13 Creditors: amounts falling due within one year

	The group		The company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	1,665	1,105	1,664	1,031
Trade creditors	5,490	4,711	3,686	3,368
Amounts owed to group undertakings	-	-	3,327	1,979
Corporation tax	303	185	-	65
Taxes and social security costs	345	384	127	118
Other creditors	3,716	3,655	345	399
Net obligations under finance leases	59	59	35	37
Accruals and deferred income	2,179	1,708	1,368	992
	13,757	11,807	10,552	7,989

14 Creditors: amounts falling due after more than one year

	The group		The company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Bank loans	730	1,139	730	1,139
Amounts owed to group undertakings	-	-	7,200	8,022
Net obligations under finance leases	47	107	3	38
Other creditors	79	-	-	-
	<u>856</u>	<u>1,246</u>	<u>7,933</u>	<u>9,199</u>

Finance lease creditors are secured on the assets to which they relate

The bank loan is repayable in monthly instalments of £32,369 to March 2016. Interest is charged at 1 15% above the Bank of Scotland base rate. The loan is secured by a fixed and floating charge over assets of the undertaking.

15 Borrowings

Borrowings are repayable as follows

	The group		The company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Within one year				
Bank loans and overdrafts	1,665	1,105	1,664	1,031
Finance leases	59	59	35	37
After one and within two years				
Bank loans	730	409	416	409
Finance leases	22	59	3	35
After two and within five years				
Bank loans	-	730	314	730
Finance leases	25	48	-	3
	<u>2,501</u>	<u>2,410</u>	<u>2,432</u>	<u>2,245</u>

16 Provision for liabilities and charges

The group

	Deferred tax £'000
At 1 April 2011	174
Exchange difference	(4)
At 31 March 2012	<u>170</u>

Deferred taxation provided for represents accelerated capital allowances

17 Share capital

	2012 £'000	2011 £'000
Authorised		
17,950,000 ordinary shares of 10p each	<u>1,795</u>	<u>1,795</u>
Allotted, called up and fully paid		
13,119,453 ordinary shares of 10p each	<u>1,312</u>	<u>1,312</u>

18 Reserves

The group

	Share premium account £'000	Profit and loss account £'000
At 1 April 2011	8,942	22,441
Profit for financial year	-	4,852
Dividends paid	-	(375)
Translation differences	-	(278)
Actuarial loss on pension scheme	-	(676)
Deferred tax effect on actuarial gain on pension scheme	-	162
At 31 March 2012	<u>8,942</u>	<u>26,126</u>

The cumulative amount of goodwill written off directly to reserves is £3,254,793 (2011 - £3,254,793)

The company

	Share premium account £'000	Profit and loss account £'000
At 1 April 2011	8,942	5,799
Profit for financial year	-	4,140
Dividends paid	-	(375)
Actuarial loss on pension scheme	-	(676)
Deferred tax effect on actuarial gain on pension scheme	-	162
At 31 March 2012	<u>8,942</u>	<u>9,050</u>

19 Reconciliation of movement in consolidated shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	4,852	4,527
Equity dividends	(375)	-
	<u>4,477</u>	<u>4,527</u>
Translation differences	(278)	(674)
Other recognised gains and losses	(514)	500
	<u>3,685</u>	<u>4,353</u>
Net movement in equity shareholders' funds	3,685	4,353
Opening shareholders' funds	<u>32,695</u>	<u>28,342</u>
	<u>36,380</u>	<u>32,695</u>
Closing shareholders' funds		

20 Contingent liabilities

As previously reported, a claim regarding product liability was received by a subsidiary undertaking. Since the year end, this matter has been resolved and the claim has been withdrawn.

21 Leasing commitments

Operating lease payments amounting to £1,018,000 (2011 - £580,000) are due within one year for the group and £507,000 (2011 - £486,000) are due within one year for the company. The leases to which these amounts relate expire as follows:

The group

	2012		2011	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire				
Within one year	-	-	-	4
Between two and five years	52	-	-	44
In more than five years	965	-	532	-
	<u>1,017</u>	<u>-</u>	<u>532</u>	<u>48</u>

Leasing commitments (continued)

The company

	2012		2011	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire				
Within one year	-	-	-	4
Between two and five years	-	-	-	44
In more than five years	417	-	438	-
	<u>417</u>	<u>-</u>	<u>438</u>	<u>48</u>

22

Pensions

The group operates three main pension schemes. The assets of the schemes are held separately from those of the company.

Defined benefit pension scheme

The CPL Aromas Limited Retirement Benefits Scheme is a funded, defined benefit scheme.

Contributions to the scheme are charged to the profit and loss account so as to spread the costs of pensions over employees' working lives with the employer. The contributions are determined by a qualified independent actuary on the basis of triennial valuations which compare current fund assets with prospective scheme liabilities.

The last full actuarial valuation of this scheme was carried out as at 1 April 2011 using the projected unit method. The main assumptions adopted for pension cost purposes were:

CPI inflation	6.0% per annum
Salary increases	4.0% per annum
Pre-retirement discount rate	6.0% per annum
Post-retirement discount rate	4.2% per annum
Pension increases in payment	2.3 and 3.1% per annum

At 1 April 2011 the market value of the assets of the scheme was £2,455,000 which was sufficient to cover 60% of the benefits that had accrued to members, after allowing for expected future increases in pensionable salaries.

The amounts shown as the pension charge and as contributions paid both exclude the amounts paid to insure death in service benefits. The employers pension contributions payable and paid for the year amounted to £240,000 (2011 - £151,000).

Following the last actuarial valuation, the company has agreed to pay annual contributions of 15.0% of members' pensionable salaries each year plus payments to pay off the deficit of £200,400 per annum for 10 years.

A full actuarial valuation of the defined benefit scheme was carried out at 1 April 2010 and has been updated to 31 March 2011 by a qualified independent actuary on a FRS 17 basis. The major assumptions used by the actuary at 31 March 2011 were:

Pensions (continued)

Financial assumptions

	2012 %	2011 %	2010 %	2009 %	2008 %
Rate of increase in salaries	4.00	4.00	4.30	3.65	4.10
Rate of increase for pensions in payment	2.40	2.70	3.70	3.00	3.50
Discount rate	4.90	5.50	5.50	6.40	6.90
Inflation assumption	3.50	3.50	3.80	3.15	3.60
Revaluation rate for deferred pensioners	2.50	2.80	3.80	3.15	3.60

Demographic assumptions

	2012		2011	
Mortality (pre-retirement)	AMC00/AFC00		AMC00/AFC00	
Mortality (post retirement)	PCA00mc (yob)		PCA00mc (yob)	
Life expectancy	2012	2012	2011	2011
	Males	Females	Males	Females
Current 65 year old pensioner	22.5 years	24.9 years	21.8 years	24.1 years
At age 65 for a current 45 year old non-pensioner	24.5 years	26.8 years	22.9 years	25.0 years

The amounts recognised in profit or loss are as follows

	2012 £'000	2011 £'000
Current service cost	(85)	(111)
Past service cost	(146)	-
Interest on obligation	(203)	(222)
Expected return on plan assets	215	180
Gains on curtailments	661	-
Total	442	(153)

The current service cost is recognised within other pensions costs, the difference between the interest on obligation and the expected return on plan assets is recognised within finance costs and the gain on curtailments is shown as an exceptional item

The amounts recognised in the consolidated balance sheet are as follows

	2012 £'000	2011 £'000	2009 £'000
Fair value of plan assets	3,284	2,871	2,454
Present value of funded retirement benefit obligations	(4,125)	(3,718)	(3,974)
Deficit	(841)	(847)	(1,520)
Related deferred tax asset	202	220	426
Net pension liability	(639)	(627)	(1,094)

Pensions (continued)

The assets of the scheme are invested in a diversified portfolio, analysed as follows

	2012		2011		2009	
	Market value	% of total scheme assets	Market value	% of total scheme assets	Market value	% of total scheme assets
	£'000	%	£'000	%	£'000	%
Equities	2,783	85	2,432	85	2,067	84
Gilts	484	15	423	15	350	14
Cash	17	-	16	-	37	2
	<u>3,284</u>		<u>2,871</u>		<u>2,454</u>	

The actual return on scheme assets was £147,000 (2011 - £232,000)

Changes in the present value of the defined benefit obligation are as follows

	2012 £000	2011 £000
Opening defined benefit obligation at start of year	3,718	3,974
Employee contributions	26	33
Current service cost	85	111
Past service cost	146	-
Interest cost	203	222
Actuarial (gains)/losses	608	(622)
Benefits paid	-	-
Curtailments	(661)	-
	<u>4,125</u>	<u>3,718</u>

Closing defined benefit obligation at end of year

Changes in the fair value of plan assets are as follows

	2012 £000	2011 £000
Opening fair value of plan assets at start of year	2,871	2,454
Expected return	215	180
Employer contributions	240	151
Employee contributions	26	33
Actuarial gains	(68)	53
Benefits paid	-	-
	<u>3,284</u>	<u>2,871</u>

Closing defined benefit obligation at end of year

The total amounts recognised in the statement of total recognised gains and losses are

	2012 £000	2011 £000
Actuarial gains and losses	<u>(676)</u>	<u>675</u>

The cumulative actuarial movement recognised in the statement of total recognised gains and losses was £991,000 deficit

Pensions (continued)

Amounts for the current and previous four periods are as follows

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Fair value of plan assets	3,284	2,871	2,454	1,592	2,471
Present value of defined benefit obligation	(4,125)	(3,718)	(3,974)	(2,465)	2,671
Deficit in the plan	(841)	(847)	(1,520)	(873)	(200)
Experience adjustments arising on plan assets	(68)	53	606	(651)	(302)
Experience adjustments arising on plan liabilities	(20)	41	(99)	(21)	(34)

Defined contribution pension scheme

As from 1 April 1995, this scheme was closed to new members and has been replaced

The replacement scheme is a group stakeholder pension scheme. The employers contributions payable and paid for the year amounted to £92,667 (2011 - £176,000). Employer contributions by the group into other money purchase arrangements amounted to £176,322 (2011 - £215,000).

The Contemporary Perfumers Limited Pension Fund, a self administered pension scheme, is a defined contribution scheme for certain directors of the company and the contributions payable and paid for the year was £nil (2011 - £nil).

23 Capital commitments

The group

	2012	2011
	£'000	£'000
Contracted for but not provided	1,860	652

24 Post balance sheet events

Since the year end, the group has acquired the 49% minority interest in its Indian subsidiary undertaking

25 Related party transactions

The group has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" not to disclose details of transactions with companies within the group

During the year, the group paid £240,000 (2011 - £240,000) to the Contemporary Perfumers Limited Pension Scheme in respect of rent on the freehold property

26 Ultimate controlling party

The immediate parent undertaking of the company is CPL Aromas (Holdings) Limited. The ultimate controlling party, of the group and the company, for both this and the preceding year, was the Pickthall family