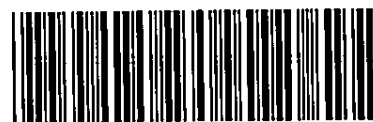


**ANNUAL REPORT AND FINANCIAL STATEMENTS 2007**

**UNIQEMA UK LIMITED**  
**(formerly Unichema Chemicals Limited)**

Registered Number 155012

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COMPANIES HOUSE

**UNIQEMA UK LIMITED**  
**(formerly Unichema Chemicals Limited)**

**Directors**

Mr A H Gooda  
Mr K M Nutbrown  
Mr C J Ward-Williams

**Company Secretary and Registered Office**

Miss A L Scott  
Mr B T Penketh  
Cowick Hall  
Snaith Goole  
East Yorkshire  
DN14 9AA

**Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Benson House  
33 Wellington Street  
Leeds  
LS1 4JP

Cowick Hall Snaith Goole East Yorkshire DN14 9AA  
Telephone 01405 860551 Fax 01405 861767

**UNIQEMA UK LIMITED (formerly Unichema Chemicals Limited)**  
**DIRECTORS' REPORT**

The directors submit their annual report and audited financial statements of the Company for the year ended 31 December 2007

**1 Principal activities**

The Company's principal activity is to manufacture chemicals, for which it receives a monthly fee under a toll agreement

**2 Review of business activities**

As the Company is a toll manufacturer, there was no turnover for the year to December 2007 (2006 £nil) It operates on a toll manufacturing basis for Unichema Chemie BV, a fellow group subsidiary based in Holland, and for this activity it receives remuneration via a toll agreement Uniqema UK Limited (formerly Unichema Chemicals Limited) receive monthly payments from Unichema Chemie BV equivalent to total fixed costs plus a 5% mark up plus commission on sales to the UK

The directors consider that given the conditions prevailing during the year, the development of the Company's business and its financial position at the end of the year, were satisfactory

**3 Results and dividends**

The results for the year are set out on page 5 The directors do not recommend the payment of a dividend (2006 £Nil)

**4 Tangible assets**

Details of tangible asset changes during the year are summarised in note 7 to the accounts on page 11

In view of the fact that the land and buildings are used for productive and distributive activities and are not held for resale, the directors consider that the difference between their market value and the value at which they are included in the balance sheet, is not of such significance as to require that attention be drawn to it, as would be required by Schedule 7 (Part 1) of the Companies Act 1985

**5 Charitable and political donations**

Charitable donations made by the Company during the year amounted to £6,000 (2006 £6,000) No donation was made for political purposes

**6 Employment policies**

The Company's employment policies encourage the provision of employment opportunities for disabled people, racial minorities and other disadvantaged groups The Company endeavours to keep its employees well informed about the progress of their Company

**7 Supplier payment policy**

The Company's policy concerning the payment of suppliers is that each operating unit agrees terms of payment at the beginning of business or makes the supplier aware of the standard payment terms, and pays in accordance with these terms or other legal obligations At 31 December 2007, the Company had an average of 36 days (2006 41 days) purchases outstanding in trade creditors

**UNIQEMA UK LIMITED (formerly Unichema Chemicals Limited)**  
**DIRECTORS' REPORT**

**8 Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

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 law). The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

**9 Independent auditors**

Pursuant to a shareholder's resolution, the Company is not obliged to reappoint its auditors annually and therefore PricewaterhouseCoopers LLP will continue in office.

**10 Disclosure of information to auditors**

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

- 11 The report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**By Order of the Board**



**Miss A L Scott** Company Secretary  
29 October 2008

## **UNIQEMA UK LIMITED (formerly Unichema Chemicals Limited)**

### **Independent auditors' report to the members of Uniqema UK Limited (formerly Unichema Chemicals Limited)**

We have audited the financial statements of Uniqema UK Limited (formerly Unichema Chemicals Limited) for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors  
Leeds

29 October 2008

**UNIQEMA UK LIMITED (formerly Unichema Chemicals Limited)**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £000	2006 £000
Administrative expenses		<b>(21,815)</b>	(17,662)
Other operating income		<b>16,618</b>	18,231
Operating (loss)/profit	1	<b>(5,197)</b>	569
Interest payable and similar charges	4	<b>(79)</b>	(600)
Loss on ordinary activities before tax		<b>(5,276)</b>	(31)
Tax on loss on ordinary activities	5	<b>2,029</b>	184
(Loss)/profit for the year	13	<b>(3,247)</b>	153

All amounts relate to continuing operations

There were no recognised gains or losses except for those included above in the profit and loss account

There is no material difference between the result as disclosed in the profit and loss account and the result on a historical cost basis

Movements in shareholders' funds are shown in note 14 to the accounts on page 13

**UNIQEMA UK LIMITED (formerly Unichema Chemicals Limited)**  
**BALANCE SHEET AT 31 DECEMBER 2007**

	Notes	31 December 2007 £000	31 December 2006 £000
Fixed assets			
Tangible assets	7	27,148	27,902
Current assets			
Stocks	8	230	235
Debtors	9	5,631	5,195
Cash at bank and in hand		937	1,015
		<u>6,798</u>	<u>6,445</u>
Creditors amounts falling due within one year	10	<u>(12,114)</u>	<u>(7,760)</u>
Net current liabilities		(5,316)	(1,315)
Total assets less current liabilities		<u>21,832</u>	<u>26,587</u>
Provisions for liabilities and charges	11	<u>(3,076)</u>	<u>(4,584)</u>
Net assets		<u>18,756</u>	<u>22,003</u>
Capital and reserves			
Called up share capital	12	618	618
Share premium account	13	17,682	17,682
Profit and loss account	13	456	3,703
Total shareholders' funds	14	<u>18,756</u>	<u>22,003</u>

Signed on behalf of the Board who approved the accounts on 29 October 2008



**A H Gooda**  
Director

**UNIQEMA UK LIMITED (formerly Unichema Chemicals Limited)**  
**ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements -

**Basis of accounting**

The financial statements are prepared on the going concern basis under the historical cost convention, as modified by the periodic revaluation of properties, in accordance with the Companies Act 1985 and applicable United Kingdom Accounting Standards

**Tangible assets and depreciation**

Tangible assets are stated at cost less depreciation

Freehold land is not depreciated. Depreciation of all other tangible assets is provided using the straight line method at percentages of original cost related to the expected average life of the assets. The major classes of depreciable assets with their estimated useful lives are summarised below, the spread of lives recognises the diversity of the assets within each class

Freehold buildings	40 years
Plant and equipment	16 to 25 years
Process computers	10 years
Motor vehicles	1 to 4 years

All assets in the course of construction are depreciated from the date that they are brought into use

**Stocks**

Stocks only comprise raw materials and consumables of an engineering stores nature and are consistently stated on the basis of weighted average cost less provision for obsolete or slow moving items

**Deferred taxation**

Deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences arise from the inclusion of profit and losses in the accounts in different periods from which they are recognised in tax assessments and primarily arise as a result of the difference between tax allowances on tangible fixed assets and the corresponding depreciation charge. Deferred tax assets are only recognised when it is regarded as more likely than not that there will be future taxable profits from which the deduction of the reversal of the underlying timing difference can be made. The deferred tax balance is not discounted

**Foreign currencies**

Monetary assets and liabilities are translated at the exchange rate ruling at the end of the financial period. Exchange profits or losses realised on trading transactions are included in trading results. Other exchange differences arising from non-trading items are dealt with through reserves.

**Leases**

Lease rental payments in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term, except in cases where another systematic and rational basis is more appropriate

**Research and development expenditure**

Expenditure on research and development, other than on tangible fixed assets, is expensed to the profit and loss account as incurred

**Cashflow**

The Company is a wholly owned subsidiary of Croda International Plc and is included in the consolidated financial statements of this company which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996)



**UNIQEMA UK LIMITED (formerly Unichema Chemicals Ltd)**  
**ACCOUNTING POLICIES (continued)**

**Pension costs**

The defined benefit pension obligations of the Company are financed by contributions to separate funds. As the Company is unable to reliably and consistently measure its share of the underlying assets and liabilities of the schemes, the Company accounts as though the schemes were defined contribution schemes and charges contributions payable directly to the profit and loss account.

Contributions in respect of defined contribution pension arrangements are charged to the profit and loss account as they become payable.

**Other operating income**

Fixed costs arising from the toll manufacturing operations on behalf of Unichema Chemie BV are recharged at cost plus a 5% mark up. In addition to the costs incurred on behalf of Unichema Chemie BV for the provision of raw materials, freight and packaging to enable product manufacture, other variable costs incurred by Uniqema UK Limited (formerly Unichema Chemicals Limited) are recharged as follows:

- Utilities
- Supplementary Chemicals
- Minor subcontracting activities
- Waste disposal
- Local transport
- Local off-site storage

Remuneration for the management of these services is covered by fixed costs and, therefore, the variable costs are recharged with nil mark up.

The Company also receives commissions on sales to certain overseas companies.

**Provisions**

Provisions are made immediately where a constructive or legal obligation is identified, can be quantified and it is regarded as more likely than not an outflow of resources will be required to settle the obligation.

**UNIQEMA UK LIMITED (formerly Unichema Chemicals Limited)**  
**NOTES TO THE ACCOUNTS**

**1. Operating (loss)/profit**

Operating (loss)/profit is stated after charging -

	<b>2007</b> <b>£000</b>	<b>2006</b> <b>£000</b>
Depreciation of tangible fixed assets	<b>1,720</b>	<b>1,755</b>
Operating leases – land and buildings	<b>265</b>	<b>265</b>
Services provided by the Company's auditor		
- Fees payable for the audit	<b>30</b>	<b>20</b>
	<hr/>	<hr/>

**2. Remuneration of directors**

	<b>2007</b> <b>£000</b>	<b>2006</b> <b>£000</b>
Directors' emoluments	<b>205</b>	<b>280</b>
	<hr/>	<hr/>

The aggregate of emoluments of the highest paid director was £111,000 (2006 £151,000) He is a member of a defined benefit scheme under which his accrued pension at the year end was £30,153 (2006 £28,511)

	<b>Number of directors</b>	
	<b>2007</b>	<b>2006</b>
Retirement benefits are accruing to the following number of directors under		
Defined benefit scheme	<b>3</b>	<b>3</b>
Defined contribution scheme	<b>-</b>	<b>-</b>
	<hr/>	<hr/>

**3. Staff numbers and costs**

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows -

	<b>Number of employees</b>	
	<b>2007</b>	<b>2006</b>
Production	<b>98</b>	<b>100</b>
Administration	<b>20</b>	<b>20</b>
Marketing, selling and distribution	<b>1</b>	<b>5</b>
	<hr/>	<hr/>
	<b>119</b>	<b>125</b>
	<hr/>	<hr/>

**UNIQEMA UK LIMITED (formerly Unichema Chemicals Limited)**  
**NOTES TO THE ACCOUNTS**

**3. Staff numbers and costs (continued)**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Employment costs of all employees including directors		
- Wages and salaries	<b>4,446</b>	4,351
- Social security costs	<b>312</b>	392
- Pension costs - Group defined benefit scheme	<b>7,092</b>	2,030
- Pension costs - Group defined contribution scheme	<b>27</b>	61
	<b>11,877</b>	<b>6,834</b>

**4. Interest payable and similar charges**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Interest on borrowings from Group undertakings	<b>79</b>	600

**5. Taxation on the profit for the year**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Analysis of tax credit for the year		
UK corporation tax		
UK corporation tax on loss for the year	<b>521</b>	(99)
Adjustment in respect of previous periods	-	(13)
Current taxation	<b>521</b>	(112)
Deferred taxation	<b>1,508</b>	296
	<b>2,029</b>	<b>184</b>

United Kingdom corporation tax has been provided at the rate of 30% (2006 30%)

Factors affecting the current tax charge for the year

Loss on ordinary activities before tax	<b>(5,276)</b>	(31)
Tax at the standard rate of corporation tax in the UK	<b>1,583</b>	9
Effect of		
Capital allowances in excess of depreciation	<b>8</b>	5
Pension contribution not deductible until future years	<b>(1,158)</b>	(277)
Expenses and write offs not deductible for tax purposes	<b>88</b>	(33)
Group relief not paid for	-	197
Adjustment in respect of previous periods	-	(13)
	<b>521</b>	(112)

**6. Operating lease commitments**

	<b>Land and buildings</b>
	<b>2007</b>
	<b>£000</b>
At 31 December the Company's annual commitments were -	<b>2006</b>
Operating leases which expire	<b>£000</b>
- After five years	<b>265</b>

**UNIQEMA UK LIMITED (formerly Unichema Chemicals Limited)**  
**NOTES TO THE ACCOUNTS**

**7. Tangible assets**

	Freehold land and buildings £000	Plant and machinery £000	Assets in course of construction £000	Motor vehicles £000	Total £000
Cost					
At beginning of year	13,764	38,896	773	5	53,438
Additions	86	167	762	-	1,015
Disposals	-	(178)	-	-	(178)
Transfers	53	720	(773)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	13,903	39,605	762	5	54,275
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At beginning of year	4,387	21,147	-	2	25,536
Charge for year	381	1,338	-	1	1,720
Disposals	-	(129)	-	-	(129)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	4,768	22,356	-	3	27,127
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value <b>At 31 December 2007</b>	<b>9,135</b>	<b>17,249</b>	<b>762</b>	<b>2</b>	<b>27,148</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	9,377	17,749	773	3	27,902
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**8. Stock**

	<b>2007</b> <b>£000</b>	2006 £000
Raw materials and consumables	<b>230</b>	235
	<hr/>	<hr/>

**9. Debtors: amounts falling due within one year**

	<b>2007</b> <b>£000</b>	2006 £000
Trade debtors	<b>3</b>	2
Amounts owed by Group undertakings	<b>3,525</b>	4,474
Other debtors	<b>52</b>	42
Corporation tax	<b>1,499</b>	-
Prepayments and accrued income	<b>552</b>	677
	<hr/>	<hr/>
	<b>5,631</b>	5,195
	<hr/>	<hr/>

**UNIQEMA UK LIMITED (formerly Unichema Chemicals Limited)**  
**NOTES TO THE ACCOUNTS**

**9. Debtors: amounts falling due within one year (continued)**

In April 1995 a capital contribution of £2,125,000 was made to North West Water Company Limited towards the erection of an effluent treatment plant. This sum is being amortised over the life of the agreement of 15 years and the unamortised balance of £356,000 (2006- £497,000) has been included in prepayments.

**10. Creditors: amounts falling due within one year**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>1,973</b>	2,355
Amounts due to Group undertakings	<b>9,904</b>	4,887
Corporation tax	-	99
Other creditors	<b>17</b>	290
Accruals and deferred income	<b>220</b>	129
	<b>12,114</b>	<b>7,760</b>

**11. Provisions for liabilities and charges**

	<b>Deferred taxation £000</b>
At beginning of year	4,584
Credited to profit & loss account during the year	(1,508)
<b>At end of year</b>	<b>3,076</b>

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Deferred taxation		
The deferred taxation balance in these accounts comprises		
- Capital allowances over depreciation	<b>4,405</b>	4,712
- Pensions	<b>(1,020)</b>	-
- Other short term timing differences	<b>(309)</b>	(128)
	<b>3,076</b>	<b>4,584</b>

During the year, as a result of the change in UK Corporation Tax rates which will be effective from 1 April 2008, deferred tax balances have been remeasured. This has resulted in a net credit to the Profit and Loss account of £315,000.

**12 Called up share capital**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Authorised		
617,700 Ordinary shares of £1 each	<b>618</b>	618
Allotted, called up and fully paid		
617,700 Ordinary shares of £1 each	<b>618</b>	618

The directors held no options to subscribe for shares in the Company.

**UNIQEMA UK LIMITED (formerly Unichema Chemicals Limited)**  
**NOTES TO THE ACCOUNTS**

**13. Reserves**

	Share premium £000	Profit and loss account £000
As at 1 January 2007	17,682	3,703
Loss for the financial year (note 14)	-	(3,247)
Profit retained 31 December 2007	<u>17,682</u>	<u>456</u>

**14. Reconciliation of movements in shareholders' funds**

	2007 £000	2006 £000
(Loss)/Profit for the financial year	(3,247)	153
Shares issued in the year	-	17,700
Movement on shareholders' funds	<u>(3,247)</u>	<u>17,853</u>
Opening shareholders' funds	22,003	4,150
Closing shareholders' funds	<u>18,756</u>	<u>22,003</u>

**15. Pension obligations**

The Company's employees are members of group schemes

The principal scheme is of the defined benefit type with assets held in separate trustee administered funds. The Company is unable to identify its share of the underlying assets and liabilities of the schemes. Consequently, contributions are accounted for as if they had been made to defined contribution schemes.

Contributions to the scheme for the year were £7,092,000 (2006 £2,030,000)

As at 31 December 2007, the deficit on the group scheme was £7.5 million (2006 £64 million). Further particulars regarding the actuarial valuations of the scheme at this date and future contributions are contained in the notes to the accounts of Croda International Plc.

**16. Capital and other commitments**

	2007 £000	2006 £000
Contracted for and not provided	<u>180</u>	<u>169</u>

**17. Related party transactions**

The Company, as a wholly owned subsidiary of Croda International Plc, has taken advantage of the exemption under FRS 8 from disclosing transactions with other Group undertakings. There were no other material related party transactions during the year.

**18. Ultimate parent company**

The ultimate parent company is Croda International Plc, a company registered in England. Croda International Plc group is the largest and smallest group of which the Company is a member and for which group accounts are prepared. Copies of the Group accounts can be obtained from the Company Secretary at the registered office of the Company.