# DKSH Great Britain Limited

## Report and Financial Statements

31 December 2012

## Directors
G Tsering
R E Straughan
S C Heuer
T H D Sul

## Secretary
Temple Secretarial Limited

## Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

## Registered Office
16 Old Bailey
London EC4M 7EG

Registered No 00287620

# Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

## Results and dividends

The loss for the year after taxation amounted to £492,050 (2011 – loss of £307,561) The directors do not recommend a final dividend (2011 – £nil)

## Principal activities and review of the business

DKSH Holdings Limited, the ultimate parent company headquartered in Switzerland, is the No 1 Market Expansion Services Group DKSH helps companies to grow their business in new and existing markets Our clients wish to sell products, and our customers look to buy or to resell clients' products We expand their access to knowledge, their sourcing base, their revenue opportunities, and their market shares Providing business partners with a comprehensive package of services to reach their individual goals is what we call Market Expansion Services – a professional approach to effectively outsourcing specialized business functions

DKSH Great Britain is the UK subsidiary of DKSH Holdings Limited and its principal activity is distributor of specialist chemicals During 2012 the Company increased its turnover versus the previous year but made a loss, principally as a result of unfavourable exchange rates

Business Line Food and Beverage Ingredients (FBI) include both Seafood and Food Ingredients The operation dealing with Food Ingredients delivered record results and supported the strategy of concentrating on growing markets Seafood sales were above expectations but costs were unfavourable due to higher inventory levels Business Line Specialty Chemicals (SCI) increased its customer base as it seeks to recover from the full transfer of certain customer business to other DKSH locations Business Lines Pharma Industry (PHI) and Personal Care Industry (PCI) share in common that projects may turn into successes only after several months and sometimes years, and the level, quality and size of potential projects provides confidence that new successes will arrive sooner rather than later

The Company is expected to continue to grow and return to profit in the near future The focus remains on increasing market presence through increasing sales at existing customer and increasing the overall customer base The objective remains to grow organically and to benefit from any complementary acquisitions by the DKSH Group

## Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the Company to be exposure to foreign exchange rate movements which affect the margin earned by the Company The Company seeks to manage this risk through the use of forward exchange contracts There is also a risk faced from competitors launching substitutable products Management seek to address this risk by not relying on a single product or customer for a significant proportion of revenue or profit

# Directors' report

## Financial instruments

The Company's financial instruments comprise cash, intercompany creditors and other items such as trade debtors and creditors that arise directly from its operations Derivative instruments in the form of forward contracts are held to manage foreign exchange risk as noted above The DKSH group manages its liquidity and cash flow risk through the use of its central finance centre in Singapore, borrowing as and when required The Company monitors credit risk through regular monitoring of amounts outstanding for both time and credit limits

## Going concern

The directors believe the Company to be a going concern based on their forecasts for the next 12 months The Company receives funding from the group for its day to day operations The directors have received assurances from the parent undertaking that sufficient funding will be made available.

## Directors

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

G Tsering
R E Straughan (appointed 30 July 2012)
T H D Sul (appointed 11 May 2012)
S C Heuer (appointed 11 May 2012)
J W Wolle (resigned 11 May 2012)

## Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

## Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

On behalf of the Board

R E Straughan
Director

1 July 2013

# 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 law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

# Independent auditor's report

**to the members of DKSH Great Britain Limited**

We have audited the financial statements of DKSH Great Britain Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20 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 4, 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 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 annual report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

## Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its loss 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

# Independent auditor's report

**to the members of DKSH Great Britain 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

J I Gordon (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London
3 JULY 2017

# Profit and loss account

**for the year ended 31 December 2012**

| | Notes | 2012 £ | 2011 £ |
|---|---|---|---|
| ***Turnover*** | 2 | 19,947,914 | 13,481,261 |
| Cost of sales | | (17,020,454) | (10,676,244) |
| ***Gross profit*** | | 2,927,460 | 2,805,017 |
| Administrative expenses | | (3,285,197) | (3,022,255) |
| ***Operating loss*** | 3 | (357,737) | (217,238) |
| Interest payable and similar charges | 6 | (134,313) | (90,323) |
| ***Loss on ordinary activities before taxation*** | | (492,050) | (307,561) |
| Tax | 7 | – | – |
| ***Loss for the financial year*** | 15 | (492,050) | (307,561) |

All amounts relate to continuing activities

# Statement of total recognised gains and losses

**for the year ended 31 December 2012**

There are no recognised gains or losses other than the loss attributable to the shareholders of the Company of £492,050 in the year ended 31 December 2012 (2011 – loss of £307,561)

# Balance sheet

**at 31 December 2012**

| | Notes | 2012 £ | 2011 £ |
|---|---|---|---|
| ***Fixed assets*** | | | |
| Tangible assets | 9 | 150,938 | 113,980 |
| ***Current assets*** | | | |
| Stocks | 10 | 4,391,173 | 5,688,890 |
| Debtors | 11 | 2,748,195 | 2,159,512 |
| Cash at bank and in hand | | 390,930 | 406,479 |
| | | 7,530,298 | 8,254,881 |
| ***Creditors*** amounts falling due within one year | 12 | (6,849,700) | (7,045,275) |
| ***Net current assets*** | | 680,598 | 1,209,606 |
| ***Net assets*** | | 831,536 | 1,323,586 |
| ***Capital and reserves*** | | | |
| Called up share capital | 14 | 375,000 | 375,000 |
| Profit and loss account | 15 | 456,536 | 948,586 |
| ***Shareholders' funds*** | 16 | 831,536 | 1,323,586 |

The financial statements were approved by the board on 1 July 2013 and signed on its behalf by

R E Straughan

Director

# Notes to the financial statements

**at 31 December 2012**

## 1. Accounting policies

***Basis of preparation***

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

***Going concern***

The financial statements have been prepared on the going concern basis because the ultimate parent undertaking has given the necessary assurances that sufficient resources will be made available, so that the Company can meet its liabilities as and when they fall due, for at least twelve months from the date of approval of these financial statements

***Statement of cash flows***

The Company is exempt from the requirement of FRS 1 (revised 1996) to prepare a statement of cash flows on the grounds that it is a wholly owned subsidiary undertaking of DKSH Holdings Limited, and is included in its publicly available group financial statements

***Tangible fixed assets***

Tangible fixed assets are stated at historical cost less accumulated depreciation The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition

Depreciation is provided on a straight line basis so as to write off the cost of tangible fixed assets over their expected useful lives at the following annual rates

| | | |
|---|---|---|
| Leasehold improvements | – | 13 1/3% |
| Computer hardware | – | 33 1/3% |
| Computer software | – | 20% to 33 1/3% |
| Furniture and equipment | – | 20% |

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

***Stocks***

Stocks, all of which are goods held for resale, are stated at the lower of weighted average cost and net realisable value

***Deferred taxation***

Deferred taxation 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 right to pay less or to receive more tax, with the following exception

- 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

# Notes to the financial statements

**at 31 December 2012**

## 1. Accounting policies (continued)

***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

***Leasing and hire purchase commitments***

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

***Pensions***

Contributions payable under defined contribution schemes are charged to the profit and loss account in the period in which they fall due

## 2. Turnover

Turnover represents the invoiced amount of goods, net of value added tax All turnover and profit before taxation is derived from the Company's principal activity of specialist chemical distributors Turnover is recognised when goods are delivered to customers Turnover is derived from the following countries

| | *2012* | *2011* |
|---|---|---|
| | *%* | *%* |
| United Kingdom | 82 | 77 |
| Australia | – | 5 |
| Ireland | 9 | – |
| Sweden | 3 | – |
| Rest of world | 6 | 18 |

## 3. Operating Loss

This is stated after charging/(crediting)

| | | *2012* | *2011* |
|---|---|---|---|
| | | *£* | *£* |
| Auditor's remuneration | – audit | 11,500 | 13,256 |
| | – tax services | 12,840 | 5,625 |
| Depreciation and amortisation of owned fixed assets | | 62,347 | 58,139 |
| Operating lease rentals | – land and buildings | 119,968 | 115,850 |
| | – other | 5,725 | 5,725 |
| Foreign exchange loss/(gain) | | 226,987 | (17,380) |

## 4. Directors' remuneration

| | *2012* | *2011* |
|---|---|---|
| | *£* | *£* |
| Remuneration | 130,100 | 107,280 |
| Company contributions paid to defined contribution pension schemes | 4,853 | 8,910 |

# Notes to the financial statements

**at 31 December 2012**

## 4. Directors' remuneration (continued)

| | 2012 | 2011 |
|---|---|---|
| | No | No |
| Members of defined contribution pension schemes | 1 | 1 |

## 5. Staff costs

| | 2012 | 2011 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 1,161,596 | 1,042,096 |
| Social security costs | 113,420 | 104,336 |
| Other pension costs | 74,398 | 78,314 |
| | 1,349,414 | 1,224,746 |

The average monthly number of employees during the year was made up as follows

| | No | No |
|---|---|---|
| Administration | 5 | 6 |
| Trading | 16 | 16 |
| | 21 | 22 |

## 6. Interest payable and similar charges

| | 2012 | 2011 |
|---|---|---|
| | £ | £ |
| Payable to group companies | 134,016 | 90,323 |
| Bank interest | 297 | – |
| | 134,313 | 90,323 |

## 7. Tax

(a) Tax on loss on ordinary activities

The tax on loss is made up as follows

| | 2012 | 2011 |
|---|---|---|
| | £ | £ |
| ***Current tax*** | | |
| UK corporation tax on the loss for the year | – | – |
| Tax on loss on ordinary activities (note 7(b)) | – | – |

## 7. Tax (continued)

(b) Factors affecting tax on the loss for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24 5% (2011 – 26 5%) The differences are explained below

# Notes to the financial statements

**at 31 December 2012**

| | 2012 | 2011 |
|---|---|---|
| | £ | £ |
| Loss on ordinary activities before tax | (492,050) | (307,561) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 5% (2011 – 26 5%) | (120,552) | (81,483) |
| *Effects of* | | |
| Expenses not deductible for tax purposes | 8,733 | 9,818 |
| Capital allowances in advance of depreciation and short term timing differences | (4,475) | 4,771 |
| Unrelieved tax losses | 116,294 | 66,894 |
| Current tax for the year (note 7(a)) | – | – |

(c) Deferred tax

Tax losses available for carry forward totalling £727,211 (2011 – £252,494) and £45,594 (2011 – £57,421) relating to fixed asset timing differences, both have not been recognised as deferred tax assets as there is currently no persuasive evidence that there will be suitable taxable profits against which these timing differences will reverse

(d) Factors affecting future tax charge

In its 2013 Budget the UK Government updated a plan to progressively reduce the headline rate of UK corporation tax to 20% by 1 April 2015 The reduction in tax rates will impact future tax charges

## 8. Dividends

| *Equity – ordinary* | 2012 | 2011 |
|---|---|---|
| | £ | £ |
| Final dividend proposed £nil (2011 – £nil) per £1 share | – | – |

# Notes to the financial statements

**at 31 December 2012**

## 9. Fixed assets

| | *Leasehold improve-ments* | *Computer hardware* | *Furniture and equipment* | *Computer software* | *Total* |
|---|---|---|---|---|---|
| | *£* | *£* | *£* | *£* | *£* |
| Cost | | | | | |
| At 1 January 2012 | 172,769 | 41,207 | 91,159 | 58,259 | 363,394 |
| Additions | – | 4,927 | 7,527 | 86,851 | 99,305 |
| At 31 December 2012 | 172,769 | 46,134 | 98,686 | 145,110 | 462,699 |
| Depreciation | | | | | |
| At 1 January 2012 | 106,126 | 35,704 | 81,900 | 25,684 | 249,414 |
| Charge for the year | 23,111 | 10,430 | 16,786 | 12,020 | 62,347 |
| At 31 December 2012 | 129,237 | 46,134 | 98,686 | 37,704 | 311,761 |
| Net book value | | | | | |
| At 31 December 2012 | 43,532 | – | – | 107,406 | 150,938 |
| At 1 January 2012 | 66,643 | 5,503 | 9,259 | 32,575 | 113,980 |

## 10. Stocks

| | *2012* | *2011* |
|---|---|---|
| | *£* | *£* |
| Finished goods held for resale | 3,810,412 | 5,471,282 |
| Raw materials | 499,988 | 217,608 |
| Goods in transit | 80,773 | – |
| | 4,391,173 | 5,688,890 |

## 11. Debtors

| | *2012* | *2011* |
|---|---|---|
| | *£* | *£* |
| Trade debtors | 2,480,254 | 2,007,853 |
| Amounts owed by group undertakings | 123,740 | 35,022 |
| Other debtors | 50,941 | 15,302 |
| Prepayments | 93,260 | 101,335 |
| | 2,748,195 | 2,159,512 |

Amounts owed by group undertakings are unsecured, interest-free and repayable on demand

# Notes to the financial statements

**at 31 December 2012**

## 12. Creditors: amounts falling due within one year

| | *2012* | *2011* |
|---|---|---|
| | *£* | *£* |
| Overdraft | 36,741 | – |
| Trade creditors | 780,844 | 607,215 |
| Amounts owed to group undertakings | 5,711,160 | 6,098,837 |
| Other taxes and social security costs | 75,037 | 111,455 |
| Accruals and deferred income | 245,918 | 227,768 |
| | 6,849,700 | 7,045,275 |

Amounts owed to group undertakings include amounts owed to the group funding company, which are unsecured, bear interest and are repayable on demand

## 13. Forward contracts

The Company had outstanding forward transactions to hedge foreign currencies as follows at 31 December 2012 of £1,608,623 (2011 – £718,349) Based on the year end exchange rates, these contracts have an unrealised loss of £5,218 at 31 December 2012 (2011 profit – £6,646)

| | | *In currency* | | *In sterling* |
|---|---|---|---|---|
| *Maturing within one year* | *2012* | *2011* | *2012* | *2011* |
| To hedge future purchase payments in US Dollars | \$2,377,481 | \$881,500 | 1,476,957 | 558,387 |
| To hedge future purchase payments in Euro | €162,288 | €133,032 | 131,666 | 113,312 |
| To hedge future purchase payments in Japanese Yen | – | ¥5,580,000 | – | 46,650 |

## 14. Issued share capital

| | | *2012* | | *2011* |
|---|---|---|---|---|
| *Allotted, called up and fully paid* | *No* | *£* | *No* | *£* |
| Ordinary shares of £1 each | 375,000 | 375,000 | 375,000 | 375,000 |

## 15. Movements on reserves

| | *Profit and loss account* |
|---|---|
| | *£* |
| At 1 January 2012 | 948,586 |
| Loss for the year | (492,050) |
| At 31 December 2012 | 456,536 |

# Notes to the financial statements

**at 31 December 2012**

## 16. Reconciliation of shareholders' funds

| | *2012* | *2011* |
|---|---|---|
| | *£* | *£* |
| Shareholders' funds at 1 January | 1,323,586 | 1,631,147 |
| Loss for the year | (492,050) | (307,561) |
| Shareholders' funds at 31 December | 831,536 | 1,323,586 |

## 17. Pensions

The Company operates a defined contribution pension scheme open to directors and employees The pension cost charge for the year represents contributions payable by the Company to the fund and amounted to £74,398 (2011 – £78,314)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

## 18. Other financial commitments

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases as set out below

| | | *2012* | | *2011* |
|---|---|---|---|---|
| | *Land and buildings* | *Other* | *Land and buildings* | *Other* |
| | *£* | *£* | *£* | *£* |
| Operating leases which expire | | | | |
| Within one year | – | 5,725 | – | 5,725 |
| In two to five years | – | – | – | – |
| Over five years | 120,251 | – | 115,850 | – |
| | 120,251 | 5,725 | 115,850 | 5,725 |

## 19 Related party transactions

The Company has taken advantage of the exemption stated in FRS 8 that allows the non disclosure of transactions or balances with entities that are part of the group

## 20. Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary undertaking of DKSH Holdings Limited incorporated in Switzerland, and the directors consider this to be the current ultimate parent undertaking and controlling party At 31 December 2011 the majority shareholder of DKSH Holdings Limited was Diethelm Keller Holding Limited, a privately held limited liability company incorporated and domiciled in Switzerland In March 2012 DKSH Holdings Limited undertook an initial public offering, thereafter, Diethelm Keller Holding Limited's stake was reduced to 46%

The largest group in which the results of the Company are consolidated is that headed by DKSH Holdings Limited, incorporated in Switzerland The group financial statements of this company are available to the public and may be obtained from Wellington House, 60-68 Wimbledon Hill Road, Wimbledon, SW19 7PA No other publicly available group financial statements include the results of the Company