

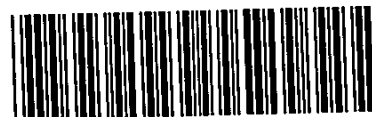
Registered number 01254437

## **ALFA CHEMICALS LIMITED**

### **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

**SATURDAY**



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**ALFA CHEMICALS LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

M W Walker  
P V Pisacane  
S Walton

**COMPANY NUMBER**

01254437

**REGISTERED OFFICE**

Arc House  
Terrace Road South  
Binfield  
Bracknell  
Berkshire  
RG42 4PZ

**AUDITOR**

James Cowper LLP  
Chartered Accountants and Statutory Auditor  
3 Wesley Gate  
Queen's Road  
Reading  
Berkshire  
RG1 4AP

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**ALFA CHEMICALS LIMITED**

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**ALFA CHEMICALS LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

The directors present their report and the financial statements for the year ended 31 December 2011

**PRINCIPAL ACTIVITIES**

The company's principal activity is the distribution of speciality raw materials from, primarily, overseas principals to the Pharmaceutical, Personal Care and Industrial markets in the UK and Ireland

There have been no changes in the company's activities in the year

**REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The company operates in markets which remain highly competitive, but continued to perform well with turnover increasing by 15% to £8.6 million. Profit before tax for the year was £0.77 million. However, this result included the exceptional write off of an intercompany loan of £0.47 million, owing to the reorganisation and simplification of the group structure.

The adjusted trading result for the company, after adding back the exceptional item, was £1.24 million, representing a £0.05 million decrease in profit. However, during the previous year the company received a final compensation payment of £0.32 million in respect of the discontinuance of an agency agreement. Effectively, therefore, the company has successfully avoided any diminution in profitability arising from the terminated agency agreement by increasing turnover and maintaining margins.

The company remained in a strong financial position at the year end with net current assets of £2.1 million.

There have been no events since the balance sheet date which materially affect the position of the company and the company has continued to trade profitably. The company will continue to develop its key customer and supplier relationships.

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation and the exceptional item of £465,055 referred to above, amounted to £478,273 (2010 - £945,988).

Interim dividends of £8.00 per share were paid to ordinary shareholders during the year. The directors do not recommend the payment of a final dividend.

**KEY PERFORMANCE INDICATORS**

Turnover, margin and net profit are the main measures used to monitor the performance of the company. Each of these measures has been substantially maintained during the year, as set out in the business review.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company seeks to manage the risk of losing Principals by the provision of added value services that they would be unable to provide. In addition the company focuses on retaining and increasing its customer base by improving the service to customers by reducing response times in the supply of products and also in the handling of customer queries, while maintaining strong relationships and local representation with key customers.

The main financial risks arising from the company's activities are credit risk, exchange rate and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made and to monitor payments against contractual agreements for existing customers.

The company's policy in respect of exchange rate risk is to maintain bank accounts denominated in Euros and US Dollars to facilitate day to day trading transactions, exposure to movements in exchange rates is mitigated by

**ALFA CHEMICALS LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

transferring funds into sterling accounts on a timely basis

The company's policy in respect of liquidity risk is to maintain readily accessible bank deposit accounts to ensure the company has sufficient funds for operation

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year the company made charitable contributions of £1,500 (2010 - £2,254) There were no political contributions

**DIRECTORS**

The directors who served during the year were

M W Walker  
P V Pisacane  
S Walton

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

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

**PROVISION OF INFORMATION TO AUDITOR**

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

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

**AUDITOR**

The auditor, James Cowper LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

**ALFA CHEMICALS LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

This report was approved by the board and signed on its behalf

A handwritten signature in black ink, appearing to be 'M W Walker', written over a dotted line.

M W Walker  
Director

Date 20/4/12

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## **ALFA CHEMICALS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALFA CHEMICALS LIMITED**

We have audited the financial statements of Alfa Chemicals Limited for the year ended 31 December 2011, set out on pages 6 to 15. 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, 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**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **UNQUALIFIED OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **OPINION ON OTHER 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.

**ALFA CHEMICALS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALFA CHEMICALS 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



Mr Alexander Peal (Senior Statutory Auditor)  
for and on behalf of

**James Cowper LLP**

Chartered Accountants and Statutory Auditor

3 Wesley Gate

Queen's Road

Reading

Berkshire

RG1 4AP

Date

9 May 2012



**ALFA CHEMICALS LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
<b>TURNOVER</b>	1,2	<b>8,641,226</b>	<b>7,508,854</b>
Change in stocks of finished goods and work in progress		<b>51,732</b>	<b>219,229</b>
Other operating income		<b>622,248</b>	<b>407,939</b>
Raw materials and consumables		<b>(6,484,789)</b>	<b>(5,551,169)</b>
Other operating charges		<b>(432,277)</b>	<b>(326,986)</b>
Staff costs		<b>(1,243,438)</b>	<b>(1,022,711)</b>
Depreciation and amortisation		<b>(91,838)</b>	<b>(83,391)</b>
<b>OPERATING PROFIT</b>	3	<b>1,062,864</b>	<b>1,151,765</b>
<b>EXCEPTIONAL ITEMS</b>			
Exceptional items	7	<b>(465,055)</b>	<b>-</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>597,809</b>	<b>1,151,765</b>
Income from associated undertaking		<b>160,000</b>	<b>132,000</b>
Interest receivable and similar income	6	<b>13,257</b>	<b>2,696</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>771,066</b>	<b>1,286,461</b>
Tax on profit on ordinary activities	8	<b>(292,793)</b>	<b>(340,473)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	16	<b>478,273</b>	<b>945,988</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

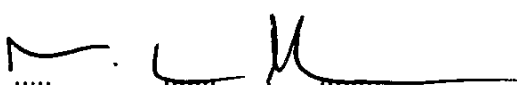
The notes on pages 8 to 15 form part of these financial statements


**ALFA CHEMICALS LIMITED**  
**REGISTERED NUMBER: 01254437**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2011**

	Note	£	2011 £	£	2010 £
<b>FIXED ASSETS</b>					
Tangible assets	9		997,221		1,012,248
Investment in associated undertaking	10		2,000		2,000
			<u>999,221</u>		<u>1,014,248</u>
<b>CURRENT ASSETS</b>					
Stocks	11	662,261		610,529	
Debtors amounts falling due after more than one year	12	373,082		838,137	
Debtors amounts falling due within one year	12	1,052,803		1,263,075	
Cash at bank and in hand		1,918,554		1,093,219	
		<u>4,006,700</u>		<u>3,804,960</u>	
<b>CREDITORS:</b> amounts falling due within one year	13	(1,915,971)		(1,407,531)	
<b>NET CURRENT ASSETS</b>			<u>2,090,729</u>		<u>2,397,429</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,089,950</u>		<u>3,411,677</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		100,000		100,000
Profit and loss account	16		2,989,950		3,311,677
<b>SHAREHOLDERS' FUNDS</b>	17		<u>3,089,950</u>		<u>3,411,677</u>

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

  
.....  
M W Walker  
Director

  
.....  
P V Pisacane  
Director

Date 20/4/12

The notes on pages 8 to 15 form part of these financial statements

## **ALFA CHEMICALS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **1. ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

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

##### **1.2 Cash flow statement**

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

##### **1.3 Turnover**

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales

##### **1.4 Tangible fixed assets and depreciation**

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

Freehold property	-	2% straight line per annum
Motor vehicles	-	2.5% straight line per month
Fixtures and fittings	-	2% straight line per month

##### **1.5 Stocks**

Stocks are valued 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

##### **1.6 Deferred taxation**

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date

Deferred tax assets and liabilities are not discounted

##### **1.7 Foreign currencies**

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

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

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

##### **1.8 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

# ALFA CHEMICALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 2 TURNOVER

An analysis of turnover by geographical market is as follows

	2011 £	2010 £
United Kingdom	7,494,114	6,692,903
Europe	996,032	778,671
Rest of the world	151,080	37,280
	<u>8,641,226</u>	<u>7,508,854</u>

Turnover is wholly attributable to the principal activity of the company

### 3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	91,838	83,391
Auditors' remuneration	4,950	4,750
Exchange differences	(11,808)	(31,714)
Pension costs	190,825	76,257
Profit on sale of tangible fixed assets	(10,800)	(5,400)
	<u>190,825</u>	<u>76,257</u>

### 4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	955,993	792,619
Social security costs	96,620	153,835
Other pension costs	190,825	76,257
	<u>1,243,438</u>	<u>1,022,711</u>

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

	2011 No.	2010 No.
Trading	20	19
Administration	7	6
	<u>27</u>	<u>25</u>

**ALFA CHEMICALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**5 DIRECTORS' REMUNERATION**

	2011 £	2010 £
Emoluments	<u>117,765</u>	<u>496,497</u>
Company contributions to defined contribution pension schemes	<u>120,625</u>	<u>30,000</u>

During the year retirement benefits were accruing to 1 director (2010 - 1) in respect of defined contribution pension schemes

The highest paid director received remuneration of £56,000 (2010 - £270,247)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £120,625 (2010 - £30,000)

**6 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2011 £	2010 £
Bank deposits	<u>13,257</u>	<u>2,696</u>

**7 EXCEPTIONAL ITEMS**

	2011 £	2010 £
Intercompany balance written off	<u>465,055</u>	<u>-</u>

The exceptional item relates to an intercompany balance written off during the year as a consequence of a restructuring of the group headed by Alfa Technical Industries Limited (formerly known as Classicvale Limited)

**8 TAXATION**

	2011 £	2010 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	298,725	340,473
<b>Deferred tax</b> (see note 14)		
Origination and reversal of timing differences	<u>(5,932)</u>	<u>-</u>
<b>Tax on profit on ordinary activities</b>	<u>292,793</u>	<u>340,473</u>

**ALFA CHEMICALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**8 TAXATION (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2010 - lower than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	771,066	1,286,461
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	204,280	360,209
<b>Effects of</b>		
Expenses not deductible for tax purposes	147,997	18,057
Depreciation for period in excess of capital allowances	(11,163)	(833)
Dividends from UK companies	(42,389)	(36,960)
<b>Current tax charge for the year (see note above)</b>	298,725	340,473

**9 TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 2011	1,687,681	180,833	273,778	2,142,292
Additions	-	64,601	12,220	76,821
Disposals	-	(49,702)	-	(49,702)
At 31 December 2011	1,687,681	195,732	285,998	2,169,411
<b>Depreciation</b>				
At 1 January 2011	764,185	113,579	252,280	1,130,044
Charge for the year	33,766	48,382	9,690	91,838
On disposals	-	(49,692)	-	(49,692)
At 31 December 2011	797,951	112,269	261,970	1,172,190
<b>Net book value</b>				
At 31 December 2011	889,730	83,463	24,028	997,221
At 31 December 2010	923,496	67,254	21,498	1,012,248

**ALFA CHEMICALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**10 FIXED ASSET INVESTMENTS**

	Investment in associated undertaking £
<b>Cost or valuation</b>	
At 1 January 2011 and 31 December 2011	2,000
<b>Net book value</b>	
At 31 December 2011	2,000
At 31 December 2010	2,000

The investment in the associated undertaking represents 40% of the issued share capital (2,000 Ordinary B Shares of £1 each) of Gattefosse (UK) Limited, a company incorporated in England. The principal activity of the company is that of a chemical importer and distributor.

**11 STOCKS**

	2011 £	2010 £
Finished goods and goods for resale	662,261	610,529

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

**12 DEBTORS**

	2011 £	2010 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	373,082	838,137
	2011 £	2010 £
<b>Due within one year</b>		
Trade debtors	979,717	642,741
Amounts owed by group undertakings	12,252	259,898
Amounts owed by associated undertakings	34,984	41,469
Directors' loan accounts	-	300,000
Other debtors	19,918	18,967
Deferred tax asset (see note 14)	5,932	-
	1,052,803	1,263,075

**ALFA CHEMICALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**13 CREDITORS**

**Amounts falling due within one year**

	2011 £	2010 £
Trade creditors	786,972	696,262
Amounts owed to group undertakings	477,340	-
Corporation tax	213,406	299,628
Social security and other taxes	273,850	209,519
Accruals and deferred income	164,403	202,122
	<u>1,915,971</u>	<u>1,407,531</u>

**14. DEFERRED TAXATION**

	2011 £	2010 £
At beginning of year	-	-
Credit for year	5,932	-
	<u>5,932</u>	<u>-</u>
At end of year	<u>5,932</u>	<u>-</u>

The deferred taxation balance is made up as follows

	2011 £	2010 £
Accelerated capital allowances	5,932	-
	<u>5,932</u>	<u>-</u>

**15 SHARE CAPITAL**

	2011 £	2010 £
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

**16 RESERVES**

	Profit and loss account £
At 1 January 2011	3,311,677
Profit for the year	478,273
Dividends	(800,000)
	<u>2,989,950</u>
At 31 December 2011	<u>2,989,950</u>



# ALFA CHEMICALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	3,411,677	4,729,748
Profit for the year	478,273	945,988
Dividends (Note 18)	(800,000)	(2,264,059)
Closing shareholders' funds	<u>3,089,950</u>	<u>3,411,677</u>

### 18 DIVIDENDS

	2011 £	2010 £
Dividends paid on equity capital	<u>800,000</u>	<u>2,264,059</u>

### 19 DIRECTORS' BENEFITS ADVANCES, CREDITS AND GUARANTEES

During the prior year the company made a loan of £300,000 to M W Walker. This amount was repaid in full during the year. The maximum amount outstanding during the year was £300,000. The loan was interest free and there were no fixed dates for repayment.

### 20 RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of Alfa Technical Industries Limited (formerly known as Classicvale Limited) and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Alfa Technical Industries Limited or other wholly owned subsidiaries within the group.

Other related party transactions are as follows:

	2011 Gattefosse (UK) Limited £	2010 Gattefosse (UK) Limited £
Purchases from associated undertaking	109,562	75,968
Amounts owed by associated undertaking	34,984	41,469
Management charge and sales receivable from associated undertaking	399,936	330,427
Dividend received from associated undertaking	<u>160,000</u>	<u>132,000</u>

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**ALFA CHEMICALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**21 ULTIMATE PARENT UNDERTAKING AND PARENT UNDERTAKING OF LARGER GROUP**

The ultimate parent company is Alfa Technical Industries Limited (formerly known as Classicvale Limited), a company incorporated in England

The largest and smallest group in which the results of the company are consolidated is that headed by Alfa Technical Industries Limited. The consolidated accounts of this company are available to the public from

The Registrar of Companies  
Companies House  
3 Crown Way  
Cardiff  
CF4 3UZ

No other group accounts include the results of the company

The company is controlled by M W Walker by virtue of his shareholding in the ultimate parent company