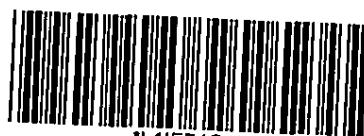


Company Registration No 01746313 (England and Wales)

CHEMENCE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011

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CHEMENCE LIMITED

COMPANY INFORMATION

Directors	H V Cooke R D Wilson
Secretary	R D Wilson
Company number	01746313
Registered office	4th Floor Imperial House 15 Kingsway London WC2B 6UN
Auditors	Alliotts 4th Floor Imperial House 15 Kingsway London WC2B 6UN
Business address	Princewood Road Corby Northamptonshire NN17 4XD

CHEMENCE LIMITED

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CHEMENCE LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2011

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

Principal activities

Chemence is a primary manufacturer of high specification adhesives and sealants for the industrial, professional and consumer markets, with adhesive production and modern, state of the art packaging facilities. We additionally manufacture liquid photopolymer for use in flexographic printing, anaerobic and cementitious grouts for gas mains and service systems.

Chemence's foundations are built on strong innovation, technology and a global supply infrastructure managed and maintained by a highly skilled workforce. Our primary objective is to provide chemical solutions and a level of service that surpass customer expectations. Considerable investment in research and development ensures Chemence chemistry remains at the forefront of technology. Our technical departments are responsible for ensuring that the needs of both new and existing customers are fully satisfied. Chemence recognises that quality is of the utmost importance and is accredited to the international standards ISO9001-2000 and QS9000.

Review of business and key performance indicators

The directors are pleased to report that the combination of measures taken during the period have reduced the overall loss to £135k, improved cash-flow and significantly reduced the level of financial gearing within the business. These measures represent an on-going programme of activity with the objective of returning the company to profit. The balance sheet remains strong at £1,391k.

Principal risks and uncertainties

The principle risks facing the business are the loss of key customers, credit risk on sales, the impact of interest rates on financing and a failure to innovate. Despite continued global economic uncertainty the directors remain very positive about the future trading of the company.

Results and dividends

The results for the period are set out on page 5.

Market value of land and buildings

In the opinion of the directors, the market value of land and buildings is not materially different to the current book value.

Research and development

The company continues to monitor all pertinent developments within the industry and continues to carry out its own product research and development.

Future outlook

The market remains stable but highly competitive. The directors do not believe that this position will change. The company will continue to succeed by further improving efficiencies, remaining flexible to meet the requirements set by the customers' supply chain and through on-going close working relationships with our customers to develop new products.

Directors

The following directors have held office since 1 September 2010.

H V Cooke

R D Wilson

CHEMENCE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2011

Auditors

The auditors, Alliotts, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Directors' responsibilities

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

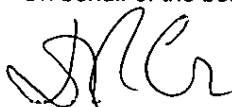
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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.

Statement of disclosure to auditors

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

On behalf of the board



H V Cooke

Director

27/09/12

CHEMENCE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHEMENCE LIMITED

We have audited the financial statements of Chemence Limited for the period ended 31 December 2011 set out on pages 5 to 21. 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, 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 Directors' Report 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 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 loss for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

CHEMENCE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF CHEMENCE 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



Ian Davies FCA (Senior Statutory Auditor)
for and on behalf of Alliotts

27/09/12

Chartered Accountants
Statutory Auditor

4th Floor
Imperial House
15 Kingsway
London
WC2B 6UN

CHEMENCE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 2011

		Period ended 31 December 2011 £	Year ended 31 August 2010 £
	Notes		
Turnover	2	13,087,383	10,866,691
Cost of sales		(9,696,884)	(7,735,105)
Gross profit		3,390,499	3,131,586
Distribution costs		(1,378,700)	(1,061,143)
Administrative expenses		(2,379,879)	(2,138,564)
Other operating income		404,119	211,307
Operating profit	3	36,039	143,186
Other interest receivable and similar income	4	9	22,267
Interest payable and similar charges	5	(199,144)	(217,883)
Loss on ordinary activities before taxation		(163,096)	(52,430)
Tax on loss on ordinary activities	6	28,002	(127,535)
Loss for the period	17	(135,094)	(179,965)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

CHEMENCE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Intangible assets	7		850		1,650
Tangible assets	8		2,212,594		2,434,018
Investments	9		113,658		113,658
			<u>2,327,102</u>		<u>2,549,326</u>
Current assets					
Stocks	10	1,596,235		1,749,275	
Debtors	11	2,191,368		4,247,515	
Cash at bank and in hand		204,459		291,715	
		<u>3,992,062</u>		<u>6,288,505</u>	
Creditors: amounts falling due within one year	12	(3,573,035)		(5,504,981)	
Net current assets			<u>419,027</u>		<u>783,524</u>
Total assets less current liabilities			2,746,129		3,332,850
Creditors: amounts falling due after more than one year	13		(1,355,196)		(1,806,823)
			<u>1,390,933</u>		<u>1,526,027</u>
Capital and reserves					
Called up share capital	16	100,000		100,000	
Other reserves	17	16,667		16,667	
Profit and loss account	17	1,274,266		1,409,360	
Shareholders' funds	18	<u>1,390,933</u>		<u>1,526,027</u>	

Approved by the Board and authorised for issue on 27/09/12



H V Cooke
Director

Company Registration No. 01746313

CHEMENCE LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2011

	Period ended 31 December 2011 £	Year ended 31 August 2010 £
Net cash inflow/(outflow) from operating activities	798,920	(190,713)
Returns on investments and servicing of finance		
Interest received	9	22,267
Interest paid	(199,144)	(217,883)
Net cash outflow for returns on investments and servicing of finance	(199,135)	(195,616)
Taxation	61,063	11,961
Capital expenditure		
Payments to acquire tangible assets	(22,149)	(40,303)
Net cash outflow for capital expenditure	(22,149)	(40,303)
Net cash inflow/(outflow) before management of liquid resources and financing	638,699	(414,671)
Financing		
New long term bank loan	-	510,000
Repayment of long term bank loan	(438,428)	(284,178)
Capital element of hire purchase contracts	(6,498)	(33,235)
Net cash (outflow)/inflow from financing	(444,926)	192,587
Increase/(decrease) in cash in the period	193,773	(222,084)

CHEMENCE LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2011

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2011	2010
		£	£
	Operating profit	36,039	143,186
	Depreciation of tangible assets	243,573	258,087
	Amortisation of intangible assets	800	600
	Decrease/(increase) in stocks	153,040	(323,566)
	Decrease in debtors	2,023,563	287,362
	Decrease in creditors within one year	(1,658,095)	(556,382)
	Net cash inflow/(outflow) from operating activities	798,920	(190,713)

2	Analysis of net debt	1 September 2010	Cash flow	Other non-cash changes	31 December 2011
		£	£	£	£
	Net cash				
	Cash at bank and in hand	291,715	(87,256)	-	204,459
	Bank overdrafts	(491,475)	281,029	-	(210,446)
		(199,760)	193,773	-	(5,987)
	Bank deposits	-	-	-	-
	Debt				
	Finance leases	(7,778)	6,498	-	(1,280)
	Debts falling due within one year	(335,674)	(10,936)	-	(346,610)
	Debts falling due after one year	(1,804,560)	449,364	-	(1,355,196)
		(2,148,012)	444,926	-	(1,703,086)
	Net debt	(2,347,772)	638,699	-	(1,709,073)

3	Reconciliation of net cash flow to movement in net debt	2011	2010
		£	£
	Increase/(decrease) in cash in the period	193,773	(222,084)
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	444,926	(192,587)
	Movement in net debt in the period	638,699	(414,671)
	Opening net debt	(2,347,772)	(1,933,101)
	Closing net debt	(1,709,073)	(2,347,772)

CHEMENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life

1.5 Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives

1.6 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit

1.7 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Freehold	1% on cost of freehold buildings. No depreciation is provided on freehold land
Land and buildings Leasehold	Over the lease term on long leasehold premises
Plant and machinery	33% on cost of computers, 20% on cost for all other plant and equipment
Motor vehicles	25% on cost

1.8 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value

CHEMENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2011

1 Accounting policies

(continued)

1.10 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. Cost includes all direct expenditure.

1.11 Revenue recognition

Revenue is recognised when goods are dispatched from the warehouse.

1.12 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable.

1.13 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.14 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.15 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has not prepared group accounts on the basis that its subsidiary is dormant and is not required to prepare formal accounts.

2 Turnover

Geographical market

	Turnover	
	2011	2010
	£	£
United Kingdom	4,359,492	4,694,869
European Community	4,747,155	3,276,591
Rest of World	3,980,736	2,895,231
	<u>13,087,383</u>	<u>10,866,691</u>

CHEMENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2011

3	Operating profit	2011	2010
		£	£
	Operating profit is stated after charging		
	Amortisation of intangible assets	800	600
	Depreciation of tangible assets	243,573	258,087
	Loss on foreign exchange transactions	3,032	-
	Research and development	29,524	105,886
	Operating lease rentals		
	- Plant and machinery	63,480	24,728
	Auditors' remuneration (including expenses and benefits in kind)	26,500	16,000
		<u> </u>	<u> </u>
4	Investment income	2011	2010
		£	£
	Other interest	9	22,267
		<u> </u>	<u> </u>
5	Interest payable	2011	2010
		£	£
	On bank loans and overdrafts	23,734	22,633
	On loans repayable after five years	155,604	178,291
	Hire purchase interest	11,910	8,512
	Other interest	7,896	8,447
		<u> </u>	<u> </u>
		<u>199,144</u>	<u>217,883</u>

CHEMENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2011

6	Taxation	2011 £	2010 £
	Domestic current year tax		
	U K corporation tax	-	(32,646)
	Adjustment for prior years	(27,940)	(11,961)
	Total current tax	(27,940)	(44,607)
	Deferred tax		
	Deferred tax charge/credit current year	(62)	172,142
		(28,002)	127,535
	Factors affecting the tax charge for the period		
	Loss on ordinary activities before taxation	(163,096)	(52,430)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26 00% (2010 - 28 00%)	(42,405)	(14,680)
	Effects of		
	Non deductible expenses	3,680	4,898
	Depreciation add back	63,329	72,264
	Capital allowances	(76,066)	(93,262)
	Tax losses utilised	-	18,428
	Other tax adjustments	23,522	(32,255)
		14,465	(29,927)
	Current tax charge for the period	(27,940)	(44,607)

CHEMENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2011

7 Intangible fixed assets

	Patents £	Goodwill £	Total £
Cost			
At 1 September 2010 & at 31 December 2011	3,000	81,944	84,944
Amortisation			
At 1 September 2010	1,350	81,944	83,294
Charge for the period	800	-	800
At 31 December 2011	2,150	81,944	84,094
Net book value			
At 31 December 2011	850	-	850
At 31 August 2010	1,650	-	1,650

CHEMENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2011

8 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 1 September 2010	1,346,142	1,558,376	5,898,064	51,843	8,854,425
Additions	-	-	22,149	-	22,149
At 31 December 2011	1,346,142	1,558,376	5,920,213	51,843	8,876,574
Depreciation					
At 1 September 2010	125,441	669,334	5,573,789	51,843	6,420,407
Charge for the period	17,984	58,450	167,139	-	243,573
At 31 December 2011	143,425	727,784	5,740,928	51,843	6,663,980
Net book value					
At 31 December 2011	1,202,717	830,592	179,285	-	2,212,594
At 31 August 2010	1,220,701	889,042	324,275	-	2,434,018

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery £
Net book values	
At 31 December 2011	1,865
At 31 August 2010	4,828
Depreciation charge for the period	
At 31 December 2011	2,963
At 31 August 2010	11,321

The net book value of leasehold property comprises of £717,698 (2010 £733,091) for long leasehold properties and £112,894 (2010 £155,951) for short leasehold properties

CHEMENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2011

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 September 2010 & at 31 December 2011	113,658
Net book value	
At 31 December 2011	113,658
At 31 August 2010	113,658

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Allied Chemical, Inc	U S A	Ordinary	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	Principal activity	Capital and reserves 2011 £	Profit/(loss) for the year 2011 £
Allied Chemical, Inc	Dormant	-	-

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertaking is not less than the net book value at the balance sheet date

10 Stocks and work in progress

	2011 £	2010 £
Raw materials and consumables	1,012,186	1,151,322
Work in progress	33,690	71,344
Finished goods and goods for resale	550,359	526,609
	1,596,235	1,749,275

CHEMENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2011

11 Debtors	2011 £	2010 £
Trade debtors	1,189,005	1,770,620
Amounts owed by parent and fellow subsidiary undertakings	246,504	1,791,891
Amounts owed by subsidiary undertakings	44,737	-
Corporation tax	-	32,646
Other debtors	184,728	42,906
Prepayments and accrued income	157,787	240,907
Deferred tax asset (see note 14)	368,607	368,545
	<u>2,191,368</u>	<u>4,247,515</u>
12 Creditors amounts falling due within one year	2011 £	2010 £
Bank loans and overdrafts	557,056	827,149
Net obligations under hire purchase contracts	1,280	5,515
Trade creditors	623,028	1,507,915
Amounts owed to parent and fellow subsidiary undertakings	25,179	-
Amounts owed to subsidiary undertakings	-	9,577
Corporation tax	477	-
Other taxes and social security costs	106,006	103,255
Directors' current accounts	1,985,863	1,855,800
Other creditors	193,727	1,099,242
Accruals and deferred income	80,419	96,528
	<u>3,573,035</u>	<u>5,504,981</u>

Included in other creditors is £nil (2010 £1,073,697) which is secured on the trade debtors they relate to

CHEMENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2011

13 Creditors amounts falling due after more than one year	2011 £	2010 £
Bank loans	1,355,196	1,804,560
Net obligations under hire purchase contracts	-	2,263
	<u>1,355,196</u>	<u>1,806,823</u>
Analysis of loans		
Not wholly repayable within five years by instalments		
Bank loan repayable at £22,750 per month with interest at 3.5% over the banks base rate	1,446,806	1,715,234
Wholly repayable within five years	<u>255,000</u>	<u>425,000</u>
	1,701,806	2,140,234
Included in current liabilities	<u>(346,610)</u>	<u>(335,674)</u>
	<u>1,355,196</u>	<u>1,804,560</u>
Instalments not due within five years	<u>258,273</u>	<u>586,023</u>
Loan maturity analysis		
In more than one year but not more than two years	355,538	344,155
In more than two years but not more than five years	741,385	874,382
In more than five years	<u>258,273</u>	<u>586,023</u>
Total bank loans and overdrafts of £1,912,252 (2010: £3,705,406) are secured by a first legal charge on all the company's freehold land and buildings and a debenture on all the assets of the company		
Net obligations under hire purchase contracts		
Repayable within one year	1,313	5,950
Repayable between one and five years	-	2,363
	<u>1,313</u>	<u>8,313</u>
Finance charges and interest allocated to future accounting periods	<u>(33)</u>	<u>(535)</u>
	1,280	7,778
Included in liabilities falling due within one year	<u>(1,280)</u>	<u>(5,515)</u>
	<u>-</u>	<u>2,263</u>

Net obligations under hire purchase contracts are secured by retention of title to the relevant plant and equipment

CHEMENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2011

14 Provisions for liabilities

The deferred tax asset (included in debtors, note 11) is made up as follows:

	2011 £	
Balance at 1 September 2010	(368,545)	
Profit and loss account	(62)	
Balance at 31 December 2011	<u>(368,607)</u>	

	2011 £	2010 £
Decelerated capital allowances	(160,607)	(103,226)
Tax losses available	(208,000)	(265,319)
	<u>(368,607)</u>	<u>(368,545)</u>

A deferred tax asset of £61,048 (2010 £61,048) has not been recognised as it relates to capital losses that are unlikely to be utilised until such time as the company disposes of capital assets such as buildings or subsidiaries

15 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2011 £	2010 £
Contributions payable by the company for the period	<u>23,209</u>	<u>20,098</u>

16 Share capital

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

CHEMENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2011

17 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 September 2010	16,667	1,409,360
Loss for the period	-	(135,094)
Balance at 31 December 2011	<u>16,667</u>	<u>1,274,266</u>
Other reserves		
Capital redemption reserve		
Balance at 1 September 2010 & at 31 December 2011	<u>16,667</u>	

18 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Loss for the financial period	(135,094)	(179,965)
Opening shareholders' funds	<u>1,526,027</u>	<u>1,705,992</u>
Closing shareholders' funds	<u>1,390,933</u>	<u>1,526,027</u>

19 Contingent liabilities

There are contingent liabilities attached to certain standard conditions in hire purchase and leasing contracts

The Company is party to a Composite Accounting Agreement with its bankers which provides cross guarantees for borrowing provided to its fellow subsidiaries Shoo 149 Limited, UBP Property Limited and United Beauty Products Limited. At 31 December 2011 the total potential amount outstanding under the guarantee amounted to £1,584,505 (2010 £3,431,752)

CHEMENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2011

20 Financial commitments

At 31 December 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2012

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
Operating leases which expire				
Within one year	-	-	6,439	18,589
Between two and five years	188,400	188,400	2,813	9,252
	<u>188,400</u>	<u>188,400</u>	<u>9,252</u>	<u>27,841</u>

21 Employees

Number of employees

The average monthly number of employees (including directors) during the period was

	2011 Number	2010 Number
Production	45	45
Selling and Distribution and Administration	53	53
	<u>98</u>	<u>98</u>

Employment costs

	2011 £	2010 £
Wages and salaries	2,758,291	2,182,095
Social security costs	260,019	204,523
Other pension costs	23,209	20,098
	<u>3,041,519</u>	<u>2,406,716</u>

22 Control

The ultimate parent company is Clast Trading Limited, a company registered in Hong Kong. No one party has overall control.

CHEMENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2011

23 Related party relationships and transactions

Other transactions

The freehold interests in the leasehold premises of the company are owned by Mr H V Cooke. During the year rent payable to Mr H V Cooke under the terms of those leases amounted to £251,200 (2010 £188,400).

The company undertook trading transactions with its subsidiaries, fellow subsidiaries and connected companies during the year.

United Beauty Products Limited

Sales amounted to £79,417 (2010 £93,608). Management service charge income amounted to (£116,004) (2010 £132,267). Rental income amounted to £58,667 (2010 £53,333). Interest received on the capital element of the intercompany account balance amounted to £32,198 (2010 £22,267). Purchases amounted to £1,439 (2010 £5,629). At the balance sheet date the debtor balance was £6,917 (2010 £1,324,853).

Chemence Pacific

Purchases amounted to £nil (2010 £nil). At the balance sheet date the debtor balance was £36,931 (2010 creditor £7,617).

Chemence Inc

Sales amounted to £81,982 (2010 £74,808). Purchases amounted to £99,353 (2010 £63,455). At the balance sheet date the debtor balance was £44,737 (2010 £nil). A guarantee for £500,000 (2010 £500,000) has also been provided as security against the Composite Accounting Agreement.

Chemence Medical Inc

Sales amounted to £28,643 (2010 £37,815). Purchases amounted to £7,932 (2010 £9,967). At the balance sheet date the creditor balance was £230,658 (debtor 2010 £29,250).

Shoo 149 Limited

During the year the company received £100,000 for management services provided. At the balance sheet date the company was due £239,587 (2010 £239,062) from Shoo 149 Limited.