

COMPANIES HOUSE COPY

ACB U.K. Limited

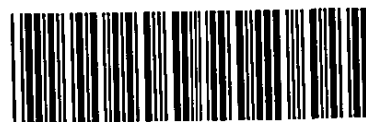
Report and Financial Statements

Year Ended

31 December 2012

Company Number 03574714

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COMPANIES HOUSE

ACB U.K. Limited

Report and financial statements for the year ended 31 December 2012

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Directors

Thomas Frey
Frederick R Withers

Secretary and registered office

Frederick R Withers, Stanley House, 27 Wellington Road, Bilston, Wolverhampton, West Midlands, WV14 6AH

Company number

03574714

Auditors

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

ACB U.K. Limited

Report of the directors for the year ended 31 December 2012

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

Principal activities

The company's principal activity continues to be that of decanting and the distribution of Carbon Black

Results and dividends

The consolidated profit and loss account is set out on page 5 and shows a profit for the financial year of £125,961 (2011 - £24,081)

No dividend has been paid during the year

Review of business, future developments and key performance indicators

As expected 2012 saw key customers scaling back production at facilities across Europe in light of the uncertainty in European markets resulting in a reduction in the decanted tonnage. The impact upon the group's turnover has been mitigated by the increasing price of crude oil, the main commodity utilised in the production of Carbon Black. Although the continuing increase in the price of crude oil has resulted in margins dropping following pressure from customers.

The group operates from 3 main sites around Europe, with the UK site servicing its home market, the Spanish site servicing Spain and Portugal and the Belgium site servicing the rest of Europe.

During 2010 a new entity was incorporated in Italy with the purpose of servicing its home market. It has been difficult for the group to generate significant results from this market with the Italian entity contributing only 0.4% of turnover in 2012. Following the low performance the directors have taken the decision to exit the Italian market with the entity set to become a dormant entity.

The continuing economic uncertainties being faced in Europe and Government austerity measures being faced throughout the European markets leads the directors to believe 2013 will continue to present a challenging environment. However, the directors are cautiously optimistic as the group has been allocated additional product grades by its key customers for 2013.

Principle risks and uncertainties

The group has an established, structured approach to risk management. The group's activities expose it to a variety of financial risks, including price, credit, liquidity and cashflow. The group has adopted risk management policies that seek to mitigate these risks in a cost effective manner, these include the monitoring of customers balances on account, global supply agreements (through the parent company) and monitoring of available cash reserves. Financial liabilities that expose the group to financial risk, as the group currently has net current and net overall liabilities, consist of amounts owed to the parent, Alexandria Carbon Black Co SAE. However assurance has been gained that the parent will continue to allow the group sufficient time in which to repay debts without forcing it into a position whereby it would not be able to meet its liabilities as they fall due.

Policy and practice on the payment of creditors

The company honours its contractual and other legal obligations and will continue to honour all terms of payment agreed with its suppliers.

The number of average days purchases of the company represented by trade creditors at 31 December 2012 was 84 (2011 – 124), however as noted the majority of the creditor balance, 98% (2011 – 89%) is due to the parent, Alexandria Carbon Black Co SAE. The directors have obtained assurance that the parent entity will continue to offer support for the foreseeable future.

ACB U.K. Limited

Report of the directors for the year ended 31 December 2012 (*continued*)

Directors

The directors of the company during the year were

Sabyaschi Patnaik (resigned 1 July 2013)
Shibnath Agarwalla (resigned 15 October 2012)
Rajesh Kedia (resigned 1 July 2013)
Thomas Frey (appointed 15 October 2012)
Frederick R Withers (appointed 1 July 2013)

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 group and company 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 group and company and of the profit or loss of the group 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

ACB U.K. Limited

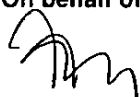
Report of the directors for the year ended 31 December 2012 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



Thomas Frey
Director

30 SEPTEMBER 2013

ACB U.K. Limited

Independent auditor's report

To the members of ACB U.K. Limited

We have audited the financial statements of ACB U.K. Limited for the year ended 31 December 2012 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

ACB U.K. Limited

Independent auditor's report *(continued)*

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

*BDO LLP
30 September 2012*

Thomas Lawton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

ACB U.K. Limited

Consolidated profit and loss account for the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	69,508,244	85,060,067
Cost of sales		66,069,869	80,497,183
Gross profit		3,438,375	4,562,884
Administrative expenses		3,257,468	4,395,770
Group operating profit	3	180,907	167,114
Other interest receivable and similar income		7,161	5,152
Interest payable and similar charges	6	(17,286)	(22,146)
Profit on ordinary activities before taxation		170,782	150,120
Taxation on profit on ordinary activities	7	44,641	125,904
Profit on ordinary activities after taxation		126,141	24,216
Minority interest		227	135
Profit for the financial year	16	125,914	24,081

All amounts relate to continuing activities

The notes on pages 12 to 27 form part of these financial statements

ACB U.K. Limited

Consolidated statement of total recognised gains and losses for the year ended 31 December 2012

	Note	2012 £	2011 £
Consolidated statement of total recognised gains and losses			
Profit for the financial year		125,914	24,081
Total gains and losses for the year before currency adjustments		125,914	24,081
Exchange translation differences on consolidation	16	3,114	3,603
Total recognised gains and losses for the financial year		129,028	27,684

The notes on pages 12 to 27 form part of these financial statements

ACB U.K. Limited

Consolidated balance sheet at 31 December 2012

<i>Company number 03574714</i>	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	9		182,417		221,377
Current assets					
Stocks	11	4,283,105		7,875,546	
Debtors	12	9,476,023		19,355,054	
Cash at bank and in hand		1,362,732		539,290	
		<u>15,121,860</u>		<u>27,769,890</u>	
Amounts owed to parent	13	13,819,862		25,050,550	
Other	13	1,364,531		2,949,745	
		<u>15,184,393</u>		<u>28,000,295</u>	
Creditors: amounts falling due within one year					
Net current liabilities			(62,533)		(230,405)
Total assets less current liabilities			119,884		(9,028)
Provisions for liabilities	14		2,758		3,101
			<u>117,126</u>		<u>(12,129)</u>

The notes on pages 12 to 27 form part of these financial statements

ACB U.K. Limited

Consolidated balance sheet at 31 December 2012 (*continued*)

	Note	2012 £	2012 £	2011 £	2011 £
Capital and reserves					
Called up share capital	15		1,000		1,000
Profit and loss account	16		115,489		(13,539)
			<hr/>		<hr/>
Shareholders' funds/(deficit)	17		116,489		(12,539)
Minority interests			637		410
			<hr/>		<hr/>
			117,126		(12,129)
			<hr/>		<hr/>

The financial statements were approved by the board of directors and authorised for issue on 30 SEPTEMBER 2013



Thomas Frey
Director

The notes on pages 12 to 27 form part of these financial statements

ACB U.K. Limited

Company balance sheet at 31 December 2012

<i>Company number 03574714</i>	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	9		19,073		21,989
Fixed asset investments	10		22,596		22,596
			<hr/>		<hr/>
			41,669		44,585
Current assets					
Stocks	11	824,542		413,799	
Debtors	12	2,868,908		3,919,869	
Cash at bank and in hand		1,095,165		497,457	
		<hr/>		<hr/>	
		4,788,615		4,831,125	
		<hr/>		<hr/>	
Amounts owed to parent	13	4,463,049		4,495,720	
Other	13	232,758		259,716	
		<hr/>		<hr/>	
Creditors: amounts falling due within one year		4,695,807		4,755,436	
		<hr/>		<hr/>	
Net current assets			92,808		75,689
			<hr/>		<hr/>
Total assets less current liabilities			134,477		120,274
			<hr/>		<hr/>
Provisions for liabilities	14		2,758		3,101
			<hr/>		<hr/>
			131,719		117,173
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15		1,000		1,000
Profit and loss account	16		130,719		116,173
			<hr/>		<hr/>
Shareholders' funds	17		131,719		117,173
			<hr/>		<hr/>

The financial statements were approved by the board of directors and authorised for issue on **30 September 2013**



Thomas Frey
Director

The notes on pages 12 to 27 form part of these financial statements

ACB U.K. Limited

Consolidated cashflow statement for the year ended 31 December 2012

	Note	2012 £	2012 £	2011 £	2011 £
Net cash inflow/(outflow) from operating activities	21		376,606		(6,363,777)
Returns on investments and servicing of finance					
Interest received		7,161		5,152	
Interest paid bank loans		-		(198)	
Interest paid other loans		(17,286)		(21,948)	
Net cash outflow from returns on investments and servicing of finance			(10,125)		(16,994)
Taxation					
Corporation tax paid			(49,554)		(33,507)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(20,556)		(15,215)	
Receipts from sale of tangible fixed assets		1,014		-	
Net cash outflow from capital expenditure and financial investment			(19,542)		(15,215)
Increase/(Decrease) in cash	22		297,385		(6,429,493)

The notes on pages 12 to 27 form part of these financial statements

ACB U.K. Limited

Notes forming part of the financial statements for the year ended 31 December 2012

1 Accounting policies

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

The following principal accounting policies have been applied

Basis of preparation

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 1

The directors have obtained confirmation from the parent undertaking, Alexandria Carbon Black Co SAE which represents the largest single creditor, that it will continue to support and make available such funds as needed by the company and group to enable it to continue to trade for a period of at least 12 months from the date of approval of these financial statements. This includes not forcing payment of liabilities owed by the company and group to the parent. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that the support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors, therefore, have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Basis of consolidation

The consolidated financial statements incorporate the results of ACB U K Limited and all of its subsidiary undertakings as at 31 December 2012 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Revenue is recognised when the risks and rewards of ownership are transferred to the customer in accordance with the transactions terms of shipping.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Buildings	- Straight line over 50 years
Leasehold property	- Over the period of the lease
Plant and machinery	- 15% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 25% reducing balance
Computer equipment	- 25% reducing balance

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

ACB U.K. Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

1 Accounting policies (*continued*)

Impairment of fixed assets and goodwill

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use

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 for completion and disposal.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

All other differences are taken to the profit and loss account.

Financial instruments

Financial instruments are measured initially and subsequently at cost.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Provisions

Provisions are recognised when a present obligation exists as a result of a past event and are measured at the directors' best estimate of the costs to settle that obligation.

ACB U.K. Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

2 Turnover

	2012 £	2011 £
Analysis by geographical market		
United Kingdom	11,882,357	11,969,948
Europe	57,615,944	72,662,450
Rest of the world	9,943	427,669
	<u>69,508,244</u>	<u>85,060,067</u>

Turnover is wholly attributable to the principal activity of the group

3 Operating profit

	2012 £	2011 £
This is arrived at after charging		
Depreciation of tangible fixed assets	53,681	64,039
Hire of plant and machinery - operating leases	16,557	17,476
Hire of other assets - operating leases	242,690	236,160
Auditors' remuneration		
- fees payable to the group's auditor for the audit of the group's annual accounts	17,500	17,500
- other services supplied under legislation	500	500
Exchange differences	135,452	52,603
	<u>406,780</u>	<u>478,278</u>

4 Employees

Staff costs (including directors) consist of

	Group 2012 £	Group 2011 £
Wages and salaries	381,966	383,113
Social security costs	107,006	101,554
	<u>488,972</u>	<u>484,667</u>

ACB U.K. Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

4 Employees (*continued*)

The average number of employees (including directors) during the year was as follows

	Group 2012 Number	Group 2011 Number
Production	9	9
Administration	6	6
	<hr/>	<hr/>
	15	15
	<hr/>	<hr/>

5 Directors' remuneration

The company's directors are remunerated through the parent company Alexandria Carbon Black Co SAE. Accordingly, no director received any emoluments during the current year (2011 - £Nil)

6 Interest payable and similar charges

	2012 £	2011 £
Bank overdrafts	-	198
Other interest	17,286	21,948
	<hr/>	<hr/>
	17,286	22,146
	<hr/>	<hr/>

ACB U.K. Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

7 Taxation on profit on ordinary activities

	2012 £	2011 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	4,922	1,110
Adjustment in respect of previous periods	429	537
	<u>5,351</u>	<u>1,647</u>
<i>Foreign tax</i>		
Overseas tax	39,633	52,752
	<u>44,984</u>	<u>54,399</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences - UK	(343)	(459)
Origination and reversal of timing differences - overseas	-	71,964
	<u>(343)</u>	<u>71,505</u>
Movement in deferred tax provision	(343)	71,505
	<u>44,641</u>	<u>125,904</u>

The tax assessed for the year is different to the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below.

	2012 £	2011 £
Profit on ordinary activities before tax	<u>170,782</u>	<u>150,120</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 24% (2011 - 26%)	40,988	39,031
Effect of		
Expenses not deductible for tax purposes	(5,860)	64,574
Depreciation for period in excess of capital allowances	446	3,416
Utilisation of tax losses	1,149	(71,964)
Adjustment to tax charge in respect of previous periods	429	537
Marginal relief	(217)	(865)
Effect of overseas tax rates	8,049	13,185
Tax losses carried forward	-	6,485
	<u>44,984</u>	<u>54,399</u>

ACB U.K. Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

7 Taxation on profit on ordinary activities (*continued*)

It was announced during the Autumn statement in December 2012 that the main rate of UK corporation tax will reduce to 22% over a period of 2 years from 1 April 2012. The first reduction in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) was substantively enacted on 5 July 2011. A further reduction to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012 and the reduction to 22% (effective from 1 April 2014) has not yet been substantively enacted. This will reduce the company's future tax charge accordingly.

8 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £14,546 (2011 - £4,236) which is dealt with in the financial statements of the parent company.

9 Tangible fixed assets

Group

	Short leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
<i>Cost</i>				
At 1 January 2012	40,930	854,992	94,291	990,213
Additions	-	17,745	2,811	20,556
Disposals	-	(7,218)	(804)	(8,022)
Exchange adjustments	-	(20,533)	(2,575)	(23,108)
	40,930	844,986	93,723	979,639
<i>Depreciation</i>				
At 1 January 2012	40,930	680,424	47,482	768,836
Provided for the year	-	44,768	8,913	53,681
Disposals	-	(7,218)	(804)	(8,022)
Exchange adjustments	-	(16,045)	(1,228)	(17,273)
	40,930	701,929	54,363	797,222
<i>Net book value</i>				
At 31 December 2012	-	143,057	39,360	182,417
At 31 December 2011	-	174,568	46,809	221,377

ACB U.K. Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

9 Tangible fixed assets *(continued)*

Company

	Short leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
<i>Cost</i>				
At 1 January 2012	40,930	151,567	5,543	198,040
Additions	-	-	490	490
	<u>40,930</u>	<u>151,567</u>	<u>6,033</u>	<u>198,530</u>
At 31 December 2012	<u>40,930</u>	<u>151,567</u>	<u>6,033</u>	<u>198,530</u>
<i>Depreciation</i>				
At 1 January 2012	40,930	129,942	5,179	176,051
Provided for the year	-	3,243	163	3,406
	<u>40,930</u>	<u>133,185</u>	<u>5,342</u>	<u>179,457</u>
At 31 December 2012	<u>40,930</u>	<u>133,185</u>	<u>5,342</u>	<u>179,457</u>
<i>Net book value</i>				
At 31 December 2012	-	18,382	691	19,073
	<u>-</u>	<u>18,382</u>	<u>691</u>	<u>19,073</u>
At 31 December 2011	-	21,625	364	21,989
	<u>-</u>	<u>21,625</u>	<u>364</u>	<u>21,989</u>

ACB U.K. Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

10 Fixed asset investments

Company

	Group undertakings £
<i>Cost</i>	
At 1 January 2012 and 31 December 2012	22,596

Subsidiary undertakings

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business	Last year end
<i>Subsidiary undertakings</i>					
ACB (Belgium) BVBA	Belgium	Ordinary €23	99.33%	Carbon Black decanting	31 December 2011
ACB Decanting Services S L	Spain	Ordinary €10	100%	Carbon Black decanting	31 December 2011
ACB Italy Srl	Italy	Ordinary €1	100%	Carbon Black decanting	31 December 2011

All investments are included within the consolidated financial statements as a result of the proportion of share capital held within the immediate group. All subsidiaries are direct subsidiaries.

ACB U.K. Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

11 Stocks

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Finished goods and goods for resale	4,283,105	7,875,546	824,542	413,799

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

12 Debtors

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Trade debtors	8,787,698	17,240,162	2,717,163	3,766,679
Amounts owed by group undertakings	-	364,229	123,369	127,058
Other debtors	658,134	1,714,995	-	-
Prepayments and accrued income	30,191	35,668	28,376	26,132
	9,476,023	19,355,054	2,868,908	3,919,869

All amounts shown under debtors fall due for payment within one year

13 Creditors: amounts falling due within one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Bank loans and overdrafts (secured)	645,285	121,543	-	-
Trade creditors	262,248	2,318,250	8,642	10,869
Amounts owed to group undertakings	13,819,862	25,050,550	4,513,862	4,495,720
Corporation tax	38,008	43,827	4,922	1,110
Other taxation and social security	156,488	259,964	127,140	206,297
Other creditors	219,759	163,379	-	-
Accruals and deferred income	42,743	42,782	41,241	41,440
	15,184,393	28,000,295	4,695,807	4,755,436

ACB U.K. Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

14 Provisions for liabilities

Group and company

	Deferred taxation £
At 1 January 2012	3,101
Utilised in year	(343)
	<hr/>
At 31 December 2012	2,758
	<hr/>

Deferred taxation

	Group and company 2012 £	Group and company 2011 £
Accelerated capital allowances	2,758	3,101
	<hr/>	<hr/>

The deferred tax provided for is in relation to accelerated capital allowances

15 Share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £10 each	1,000	1,000
	<hr/>	<hr/>

ACB U.K. Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

16 Reserves

Group

	Profit and loss account £
At 1 January 2012	(13,539)
Translation differences on foreign currency net investments in subsidiary undertakings	3,114
Profit for the year	125,914
	<hr/>
At 31 December 2012	115,489
	<hr/>

Company

	Profit and loss account £
At 1 January 2012	116,173
Profit for the year	14,546
	<hr/>
At 31 December 2012	130,719
	<hr/>

17 Reconciliation of movements in shareholders' funds/(deficit)

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Profit for the year	125,914	24,081	14,546	4,236
Other net recognised gains and losses relating to the year	3,114	3,603	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net additions to shareholders' funds/(deficit)	129,028	27,684	14,546	4,236
Opening shareholders' (deficit)/funds	(12,539)	(40,223)	117,173	112,937
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds/(deficit)	116,489	(12,539)	131,719	117,173
	<hr/>	<hr/>	<hr/>	<hr/>

ACB U.K. Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

18 Contingent liabilities

During the period the group entered into a non-recourse receivables purchasing agreement with Standard Chartered Bank, subject to certain conditions. All group companies are jointly and severally liable under cross guarantee arrangements together with the parent, Alexandria Carbon Black Co SAE, for any sums payable or owing to the lender in connection with this facility. At the year end the total debts sold (including Alexandria Carbon Black Co SAE) amounted to \$28.5m.

19 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2012 £	Other 2012 £	Land and buildings 2011 £	Other 2011 £
Operating leases which expire				
Within one year	106,997	5,478	-	-
In two to five years	26,749	-	134,772	5,478
	<u>133,746</u>	<u>5,478</u>	<u>134,772</u>	<u>5,478</u>

The company had annual commitments under non-cancellable operating leases as set out below

	Other 2012 £	Other 2011 £
Operating leases which expire		
Within one year	5,478	-
In two to five years	-	5,478
	<u>5,478</u>	<u>5,478</u>

ACB U.K. Limited

Notes forming part of the financial statements for the year ended 31 December 2012 *(continued)*

20 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions between itself and 100% owned subsidiaries within the group

Group related party transactions and balances

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	£	£	£	£
2012				
Alexandria Carbon Black Co SAE	9,942	62,196,084	-	13,819,862
Thai Carbon Black Company Limited	-	-	-	-
Columbian Carbon Europa	2,227	-	-	-
Columbian Carbon Spain	1,146	-	-	-
Columbian Carbon Tizjauvaros	28,653	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2011				
Alexandria Carbon Black Co SAE	250,295	76,895,655	364,229	25,050,550
Thai Carbon Black Company Limited	-	5,107,146	-	1,855,189
Columbian Carbon Europa	-	-	-	-
Columbian Carbon Spain	-	-	-	-
Columbian Carbon Tizjauvaros	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Company related party transactions and balances

2012				
Alexandria Carbon Black Co SAE	-	11,018,474	-	4,463,049
ACB (Belgium) BVBA	-	98,322	-	50,813
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2011				
Alexandria Carbon Black Co SAE	-	11,042,223	-	4,187,996
ACB (Belgium) BVBA	-	160,958	-	307,724
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Alexandria Carbon Black Co SAE is a related party of the group and company as a result of being the parent of the group and company

Thai Carbon Black Company Limited is a related company as a result of the influences of common control within the larger Aditya Birla Group, a significant shareholder in Alexandria Carbon Black Co SAE

Columbian Carbon entities are related companies as a result of the influence of common control through Alexandria Carbon Black Co SAE's investment in Columbian Chemicals, the holding company of these entities

ACB (Belgium) BVBA is related to the Company by virtue of the significant influence through ownership by the Company

ACB U.K. Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

21 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2012 £	2011 £
Operating profit	180,907	167,114
Depreciation of tangible fixed assets	53,681	64,039
Profit on sale of tangible fixed assets	(1,014)	-
Decrease/(increase) in stocks	3,375,789	(3,300,353)
Decrease/(increase) in debtors	9,425,674	(1,587,280)
Decrease in creditors	(12,658,431)	(1,707,297)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	376,606	(6,363,777)
	<hr/>	<hr/>

22 Reconciliation of net cash flow to movement in net funds

	2012 £	2011 £
Increase/(decrease) in cash	297,385	(6,429,493)
Cash inflow from changes in debt	1,114,843	-
	<hr/>	<hr/>
Movement in net funds resulting from cash flows	1,412,228	(6,429,493)
Exchange translation	2,315	(118,510)
	<hr/>	<hr/>
Movement in net funds	1,414,543	(6,548,003)
Opening net funds	417,747	6,965,750
	<hr/>	<hr/>
Closing net funds	1,832,290	417,747
	<hr/>	<hr/>

ACB U.K. Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

23 Analysis of net funds

	At 1 January 2012 £	Cash flow £	Exchange adjustment £	At 31 December 2012 £
Cash at bank and in hand	539,290	824,768	(1,326)	1,362,732
Bank overdrafts	(121,543)	(527,383)	3,641	(645,285)
		<u>297,385</u>		
Debt due within one year	-	1,114,843	-	1,114,843
	<u>417,747</u>	<u>1,412,228</u>	<u>2,315</u>	<u>1,832,290</u>
Total	<u>417,747</u>	<u>1,412,228</u>	<u>2,315</u>	<u>1,832,290</u>

ACB U.K. Limited

**Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)**

24 Ultimate parent company and parent undertaking of larger group

The immediate and ultimate parent undertaking is Alexandria Carbon Black Co SAE, incorporated in Egypt. The smallest and largest group in which the results of the company are consolidated is that headed by Alexandria Carbon Black Co SAE.

The consolidated accounts of Alexandria Carbon Black Co SAE, are not available to the public.