

**ACB U.K. Limited**

**Annual Report and financial statements**

**Registered number 03574714**

**31 March 2014**

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COMPANIES HOUSE

## **Officers and Professional Advisers**

### **Directors**

Thomas Frey  
Frederick Withers  
Ayman Saleh Attia Soliman El Ghargomi

### **Secretary**

Frederick Withers

### **Registered office**

1 Crescent Office Park  
Clarks Way  
Bath  
BA2 2AF

### **Bankers**

HSBC Plc  
8 Canada Square  
London  
E14 5HQ

### **Auditor**

KPMG LLP  
100 Temple Street  
Bristol  
BS1 6AG

## Strategic Report

The directors present their annual report and the audited financial statements for the year ended 31 March 2014.

### Principal activities

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

### Business review

The profit and loss account is set out on page 7 and shows a loss for the year of £217,294 (*profit of £11,286 for the 3 month period ending 31 March 2013*).

In general major customers throughout Europe continue to reduce capacity; however this has had little impact on the UK business. The market in the UK remains flat and is expected to continue in this direction.

Supply of the Turkish market has commenced since the close of the financial year and is expected to provide extra revenue in the future. There continues to be pressure on margins from major customers.

### Principal risks and uncertainties

The Company has an established, structured approach to risk management. The Company's activities expose it to a variety of financial risks, including price, credit, liquidity, currency and cashflow.

Risk management policies have been adopted to mitigate these risks in a cost effective manner, including monitoring of customers balances on account, global supply agreements (through the parent company) and monitoring of available cash reserves.

Financial liabilities that expose the Company to financial risk are with the parent, Alexandria Carbon Black Co. SAE. However assurance has been gained that the parent will allow the business 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.

### Key performance indicators

The directors are of the opinion that, given the straightforward nature of the Company, analysis using KPIs is not necessary or appropriate for an understanding of the development and performance of the Company.

The directors consider the data within the financial statements sufficient to enable a considered view of the Company's performance to be undertaken.

By order of the board



**T Frey**  
Director

1 Crescent Office Park  
Clarks Way  
Bath  
BA2 2AF  
28 July 2014

## Directors' Report

### Directors and directors' interests

The directors who held office during the year ended 31 March 2014 were as follows:

Thomas Frey  
Frederick Withers  
Ayman Saleh Attia Soliman El Ghargomi

### Employees

There were 6 employees at 31 March 2014 (2013: 6).

### Political contributions

The Company made political contributions during the year of £Nil (3 month period ending 31 March 2013: £Nil).

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Dividends

The directors have not proposed a final dividend (3 month period ending 31 March 2013: £Nil).

### Auditor

During the year, BDO LLP resigned as auditor and KPMG LLP were appointed to fill the casual vacancy arising. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**T Frey**  
Director

1 Crescent Office Park  
Clarks Way  
Bath  
BA2 2AF  
28 July 2014

## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## KPMG LLP

100 Temple Street  
Bristol  
BS1 6AG  
United Kingdom

### **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 March 2014 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of ACB U.K. Limited** *(continued)*

### **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.



**Huw Brown (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
100 Temple Street  
Bristol  
BS1 6AG

**5 August** 2014

**Profit and Loss Account**  
*for the year ended 31 March 2014*

	<i>Note</i>	<b>Year ended 31 March 2014</b>	<b>3 months ended 31 March 2013</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	<b>11,473,401</b>	<b>3,886,961</b>
<b>Cost of sales</b>		<b>(11,284,108)</b>	<b>(3,924,950)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>189,293</b>	<b>(37,989)</b>
Total administrative expenses		(472,596)	51,883
		<hr/>	<hr/>
<b>Operating (loss)/profit</b>		<b>(283,303)</b>	<b>13,894</b>
Interest payable and similar charges		-	-
Other finance income		-	-
		<hr/>	<hr/>
<b>(Loss)/Profit on ordinary activities before taxation</b>	<b>3</b>	<b>(283,303)</b>	<b>13,894</b>
Tax on (loss)/profit on ordinary activities	<b>5</b>	<b>66,009</b>	<b>(2,608)</b>
		<hr/>	<hr/>
<b>(Loss)/profit for the financial year</b>	<b>12</b>	<b>(217,294)</b>	<b>11,286</b>
		<hr/>	<hr/>

All activities derive from continuing operations.

There are no material differences for the year ended 31 March 2014 or the 3 month period ended 31 March 2013 between the loss on ordinary activities before taxation and their historical cost equivalents.

The notes on pages 9 to 16 form part of these financial statements.



**Balance Sheet**  
*at 31 March 2014*

	<i>Note</i>	<b>2014</b> £	<b>2013</b> £
<b>Fixed assets</b>			
Tangible assets	6	41,809	19,337
Fixed asset investments	7	22,596	22,596
		<hr/>	<hr/>
		64,405	41,933
<b>Current assets</b>			
Stocks	8	1,325,932	841,666
Debtors	9	2,975,387	4,303,206
Cash at bank and in hand		1,665,622	805,276
		<hr/>	<hr/>
		5,966,941	5,950,148
<b>Creditors: amounts falling due within one year</b>	10	(6,105,635)	(5,846,070)
		<hr/>	<hr/>
<b>Net current (liabilities)/assets</b>		(138,694)	104,078
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		(74,289)	146,011
		<hr/>	<hr/>
<b>Provisions for liabilities</b>	9	-	(3,006)
		<hr/>	<hr/>
<b>Net (liabilities)/assets</b>		(74,289)	143,005
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	1,000	1,000
Profit and loss account	12	(75,289)	142,005
		<hr/>	<hr/>
<b>Shareholders' (deficit)/funds</b>	13	(74,289)	143,005
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 28 July 2014 and were signed on its behalf by:



**T Frey**  
*Director*

Company registered number: 03574714

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### **Basis of preparation**

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

The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

As the Company is a wholly owned subsidiary of Alexandria Carbon Black Co. S.A.E, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

#### **Going concern**

In preparing the financial statements, the directors have considered the current financial position of the Company and its projected future cash flows.

The directors have concluded that it is appropriate to prepare the financial statements on a going concern basis, notwithstanding net liabilities of £74,289 which the directors believe to be appropriate for the following reasons.

The Company is dependent for its working capital on funds provided to it by Alexandria Carbon Black Co. S.A.E. Alexandria Carbon Black Co. S.A.E has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company, and in particular, will not seek repayment of the amounts currently made available.

This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this 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.

Based on this understanding the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### **Investments**

Investments in subsidiary undertakings are stated at cost.

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

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings	-	3 to 5 years
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No depreciation is provided on freehold land.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Impairment of fixed assets***

Impairment reviews are carried out periodically to assess whether impairment has occurred. Impairment is not considered to have occurred where the net realisable value, being the higher of resale value and value in use to the Company, is greater than the cost.

Impairments, where they occur, are charged to the profit and loss account and are included within exceptional items if required.

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### ***Taxation***

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Provisions***

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

#### ***Foreign currency***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### ***Leases***

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

#### ***Turnover***

Turnover, which is net of value added tax, represents the invoiced value of goods and services supplied. Turnover on the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer.

### **2 Turnover**

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

## Notes (continued)

### 3 (Loss)/profit on ordinary activities before taxation

	Year ended 31 March 2014 £	3 months ended 31 March 2013 £
(Loss)/profit on ordinary activities before taxation is stated after charging /(crediting):		
Depreciation of tangible fixed assets	16,552	730
Other operating lease rentals – land and buildings	73,000	18,250
Other operating lease rentals – other	9,313	3,269
Auditors' remuneration – audit services	18,000	17,500
Auditors' remuneration – taxation services	4,000	4,794
Exchange losses/(gains)	86,130	(130,157)
	<u>          </u>	<u>          </u>

### 4 Staff costs

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

	Year ended 31 March 2014 No.	3 months ended 31 March 2013 No.
Office and operations	6	6
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2014 £	3 months ended 31 March 2013 £
Wages and salaries	64,657	18,864
Social security costs	5,790	1,785
	<u>          </u>	<u>          </u>
	70,447	20,649
	<u>          </u>	<u>          </u>

The emoluments of the directors were paid by other related companies, and are excluded from the details above. These are Columbian Chemicals Europa GmbH, Sevalco Limited and Alexandria Carbon Black Co. S.A.E. It is not practicable to split their remuneration between the services provided to each of the related companies and ACB U.K. Limited.

## Notes (continued)

### 5 Taxation

#### Analysis of charge in period

	Year ended 31 March 2014 £	3 months ended 31 March 2013 £
<i>UK corporation tax</i>		
Current tax on income for the period	-	2,360
Total current tax	-	2,360
<i>Deferred tax (see note 9)</i>		
Origination/reversal of timing differences	4,528	248
Losses recognised	(70,537)	-
Total deferred tax	(66,009)	248
Tax on (loss)/profit on ordinary activities	(66,009)	2,608

The current tax charge for the period is lower (2013: lower) than the standard rate of corporation tax in the UK (23%, 2013: 24%). The differences are explained below.

	Year ended 31 March 2014 £	3 months ended 31 March 2013 £
(Loss)/profit on ordinary activities before tax	(283,303)	13,894
Tax on (loss)/profit on ordinary activities before tax at 23% (2013: 24%)	(65,160)	3,335
<i>Factors affecting charge for the year</i>		
Accelerated capital allowances	(5,377)	(120)
Marginal relief claimed	-	(394)
Losses recognised	70,537	-
Other timing differences	-	(461)
Total current tax charge (see above)	-	2,360

#### Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax assets and liabilities at 31 March 2014 have been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

Deferred tax assets of £70,357 (2013: £Nil) in relation to tax losses available to offset against future taxable profits have been recognised on the grounds that the directors consider the availability of such suitable future taxable profits to be sufficiently certain.

## Notes (continued)

### 6 Tangible fixed assets

	Short leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 April 2013	40,930	151,567	7,027	199,524
Additions	-	39,022	-	39,022
Disposals	(4,695)	(10,505)	(2,353)	(17,553)
At 31 March 2014	36,235	180,084	4,676	220,995
<b>Depreciation</b>				
At 1 April 2013	40,930	133,873	5,384	180,187
Charge for the year	-	15,995	557	16,552
Disposals	(4,695)	(10,505)	(2,353)	(17,553)
At 31 March 2014	36,235	139,363	3,588	179,183
<b>Net book value</b>				
At 31 March 2014	-	40,721	1,088	41,809
At 31 March 2013	-	17,694	1,643	19,337

### 7 Fixed asset investments

	Group undertakings £
Cost at 31 March 2013 and 31 March 2014	22,596

The principal companies in which the Company's interest at the period end is 20% or more as follows:

	Country of incorporation	Class of share capital held	Proportion of share capital held
<b>Subsidiary undertakings</b>			
ACB (Belgium) BVBA	Belgium	Ordinary €23	99.33%
ACB Decanting Services S.L.	Spain	Ordinary €10	100%
ACB Italy Srl	Italy	Ordinary €1	100%

The principal activity of ACB (Belgium) BVBA and ACB Decanting Services S.L. is the decanting of Carbon Black. ACB Italy Srl is a dormant company.

## Notes (continued)

### 8 Stocks

	2014 £	2013 £
Finished goods and good for resale	1,325,932	841,666

### 9 Debtors

	2014 £	2013 £
Trade debtors	2,794,865	4,172,378
Amounts owed by group undertakings	24,017	-
Prepayments and accrued income	37,456	39,222
Other debtors	56,046	91,606
Deferred tax asset (see note 5)	63,003	-
	<u>2,975,387</u>	<u>4,303,206</u>

The elements of deferred taxation are as follows:

	2014 £	2013 £
Accelerated capital allowances	(7,534)	(3,006)
Tax Losses	70,537	-
	<u>63,003</u>	<u>-</u>
Deferred tax asset	63,003	-
Deferred tax liability	-	(3,006)

### 10 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	54,729	30,158
Amounts owed to group undertakings	5,776,838	5,430,312
Corporation tax	-	7,281
Other taxation and social security	210,991	338,753
Accruals and deferred income	63,077	39,566
	<u>6,105,635</u>	<u>5,846,070</u>

## Notes (continued)

### 11 Called up share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £10 each	1,000	1,000

### 12 Statement of movements on reserves

	Profit and loss account £
At 1 April 2013	142,005
Loss for the financial period	(217,294)
At 31 March 2014	(75,289)

### 13 Reconciliation of movement in shareholders' (deficit)/funds

	2014 £	2013 £
(Loss)/profit for the financial period	(217,294)	11,286
Net (decrease)/increase in shareholders' funds	(217,294)	11,286
Opening shareholders' funds	143,005	131,719
Closing shareholders' (deficit)/funds	(74,289)	143,005



## Notes (continued)

### 14 Commitments

#### a) Lease commitments

At 31 March 2014, the Company had annual commitments under non-cancellable operating leases as set out below:

	2014 Other £	2013 Other £
In respect of lease expiring:		
Within one year	-	3,369
Within two to five years	-	-
Over five years	-	-
	<hr/>	<hr/>
	-	3,369
	<hr/>	<hr/>

#### b) Capital commitments

The Company had no capital commitments at the end of the either financial year.

### 15 Ultimate parent company and controlling party

The immediate parent undertaking is Alexandria Carbon Black Co. SAE, incorporated in Egypt.

The Company is a subsidiary of Aditya Birla Group which is the ultimate parent company, incorporated in Mumbai, India.

The largest group in which the results of the Company are consolidated is that headed by Aditya Birla Group, incorporated in Mumbai, India. The smallest group in which they are consolidated is that headed by Alexandria Carbon Black Co. SAE incorporated in Egypt. The consolidated financial statements of Alexandria Carbon Black Co. SAE are maintained at El Nahda Road, P.O. Box 1, Amereya Egypt