# Albemarle Chemicals UK Limited

# Annual report

# for the year ended 31 December 2011

**Registered number 04778866**

# Albemarle Chemicals UK Limited

# Annual report

# for the year ended 31 December 2011

# Contents

# Directors' report for the year ended 31 December 2011

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

## Principal activity

The principal activity of the company is the manufacture, marketing and selling of phosphorus based polyurethane flame retardants for use in the manufacture of rigid and flexible foams, as well as textiles, coatings, and other industries

## Review of business

The operating results for 2011 show a small decrease in revenue primarily due lower sales volumes, however the definite shift towards innovative blend type products continued with a number of new blends again being launched during the year Margins in the year continue to benefit from this change in business strategy

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately Accordingly, the principal risks and uncertainties of Albemarle Corporation, which include those of the company, are discussed in the group's annual report, which does not form part of this report

Key performance indicators

The directors of Albemarle Corporation manage the group's operations on a divisional basis For this reason, the company's directors believe that analysis using additional key performance indicators for the company other than the financial measures below, is not necessary or appropriate for an understanding of the development, performance or position of the business of Albemarle Chemicals UK Limited The development, performance and position of the polymer chemicals division of Albemarle Corporation, which includes the company, is discussed in the group's annual report, which does not form part of this report

Results and dividends

The company's revenue for the year was £12,956k (2010 £13,503k) and the company's loss after tax for the year was £29,232k (2010 loss £1,393k) No dividend was paid in the year (2010 £nil)

Closure of the Business

On 16h May 2012 it was announced by the company that the Albemarle Group would be closing its UK operations in the form of Albemarle Chemicals (UK) Ltd as the Group intended to leave the Phosphorus flame retardant market This resulted in the company no longer meeting the criteria of a going concern and related exceptional costs have been incurred as a result of this announcement in the financial statements for the year ended 31 December 2011 Production intends cease in December 2012

## Financial risk management policies

As the group is managed on a divisional basis the group manages credit risk, price risk, liquidity risk and cash flow risk by division Management therefore feel that it is only appropriate to consider these risks on a group basis Accordingly, the financial risk management policies of Albemarle Corporation, which include those of the company, are discussed in the group's annual report, which does not form part of this report (see note 21 for details of where copies of the group annual report can be obtained)

**Directors**

The directors who held office during the year, unless stated otherwise, are given below

L C Kissam (resigned December 2011)
K Goldwaite Narwold (appointed December 2011)
N Daniel
P Clement (deceased February 2012)

**Statement of directors' responsibilities in respect of the annual report and financial statements**

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 prepared 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,
- 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

**Disclosure of information to auditors**

In the case of each of the persons who are directors at the time when the report is approved, the following applies

- so far as the director is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office A resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the annual general meeting

On behalf of the board

N Daniel
**Director**
29 October 2012

# Independent auditors' report to the members of Albemarle Chemicals UK Limited

We have audited the financial statements of Albemarle Chemicals UK Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Accounting Policies 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)

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report 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 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

**Emphases of matter - basis of preparation of financial statements and contingent liabilities**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the following disclosures made in the following notes to the financial statements

- Note 1, which describes the announcement on 16th May 2012 to close the business Consequently, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a break up basis Adjustments have been made in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets and long-term liabilities as current assets and liabilities

- Note 19, which describes the uncertainty relating to the closure provisions of the site for which obligations exist at the balance sheet date

**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, 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

Duncan Stratford

Duncan Stratford (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
31 October 2012

# Profit and loss account for the year ended 31 December 2011

| | Note | **Year ended 31 December 2011** | Year ended 31 December 2010 |
|---|---|---|---|
| | | **£'000** | £'000 |
| **Turnover** | 2 | **12,956** | 13,503 |
| Cost of sales | | **(11,133)** | (12,881) |
| **Gross profit/(loss)** | | **1,823** | 622 |
| Administrative expenses | | **(2,309)** | (1,959) |
| **Operating loss before exceptional expenses** | 3 | **(486)** | (1,337) |
| Exceptional closure costs | 4 | **(28,648)** | - |
| **Operating loss** | | **(29,134)** | (1,337) |
| Interest receivable and similar income | 7 | **31** | 27 |
| Foreign exchange (losses) / gains | | **(6)** | (83) |
| **Loss on ordinary activities before taxation** | | **(29,109)** | (1,393) |
| Tax on loss on ordinary activities | 8 | **(123)** | - |
| **Loss for the financial year** | 17 | **(29,232)** | (1,393) |

All of the activities of the company relate to continuing operations

There is no material difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented

## Albemarle Chemicals UK Limited    Company Reg 04778866

# Balance sheet as at 31 December 2011

| | | | 2011 | | 2010 |
|---|---|---|---|---|---|
| | Note | £'000 | £'000 | £'000 | £'000 |
| **Fixed assets** | | | | | |
| Intangible assets | 9 | - | | 21,288 | |
| Tangible assets | 10 | - | | 8,356 | |
| | | | - | | 29,644 |
| **Current assets** | | | | | |
| Stocks | 11 | **1,645** | | 2,699 | |
| Debtors | 12 | **4,196** | | 5,086 | |
| Cash at bank and in hand | | **4,035** | | 2,172 | |
| | | | **9,876** | | 9,957 |
| **Creditors. Amounts falling due within one year** | 13 | | **(1,356)** | | (1,849) |
| **Net current assets** | | | **8,520** | | 8,108 |
| **Total assets less current liabilities** | | | **8,520** | | 37,752 |
| **Net assets** | | | **8,520** | | 37,752 |
| **Capital and reserves** | | | | | |
| Called up share capital | 16 | | - | | - |
| Share premium | 17 | | **42,856** | | 42,856 |
| Profit and loss account | 17 | | **(34,336)** | | (5,104) |
| **Total shareholders' funds** | 18 | | **8,520** | | 37,752 |

Registered company number 04778866

The financial statements on pages 6 to 18 were approved by the board of directors on 29 October 2012 and were signed on its behalf by

N Daniel
**Director**

# Statement of accounting policies

### Basis of accounting

These financial statements are prepared on the break up basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom This is following the announcement of the Group's decision to close its UK operations in May 2012 The principal accounting policies, which have been applied consistently throughout the year are set out below

### Turnover

Turnover represents the value of goods and services that have been provided to customers in the year, net of value added tax Turnover is recognised on the date goods have been despatched to customers and the risks and rewards have transferred

### Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis The expected useful lives of the assets to the business are reassessed periodically in the light of experience

Straight line annual rates of depreciation most widely used are

| | |
|---|---|
| Leasehold improvements | Over lease period |
| Plant and machinery | 10-20 years |
| Fixtures and fittings | 15 years |

### Stocks

Stocks are stated at the lower of cost and net realisable value

Cost incurred in bringing each product to its present location and condition comprises

| | | |
|---|---|---|
| Raw materials | - | purchase cost |
| Work in progress and finished goods | - | cost of direct materials and labour plus attributable overheads based on normal level of activity |

Where slow moving/obsolete stock has been identified an appropriate provision has been created

### Foreign currencies

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

**Share based payments**

The company operates an Inland Revenue approved share matching scheme which is accounted for as a "cash settled" scheme in accordance with FRS 20 The company matches the cash contributions of the employee each month up to a maximum of £125 per employee per month Each month the scheme administrators purchase shares in Albemarle Corporation Inc on the open market with the contributions for the month

The shares vest with the employees on purchase and there are no vesting conditions attached to the shares, therefore there is no difference between the cash cost and the FRS20 fair value The company recognises the matching cash cost plus the scheme administration costs as they are incurred through the P&L with the matching cost disclosed in the note 4

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted Deferred tax balances are not discounted Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

**Related party transactions**

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Albemarle Corporation, whose accounts are publicly available

**Operating leases**

Operating lease costs are charged to the profit and loss account when incurred

**Pension costs**

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 disclosed in note 15 represents contributions payable by the company to the fund

**Goodwill and other intangible assets**

Under the accounting standard FRS10 (Goodwill and Intangible Assets), goodwill and the trade name arising on acquisition have been capitalised and are being amortised over a period not exceeding 20 years, being the period over which the expected benefits will flow The company evaluates the carrying value of long term assets including goodwill and the trade name in each financial year to determine if there has been an impairment, which would result in the inability to recover the carrying amount When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account The goodwill and the trade name are stated at cost less accumulated amortisation

**Cash flow statement**

The company is a wholly-owned subsidiary of Albemarle Corporation and is included in the consolidated financial statements of that company, which are publicly available Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996)

**Exceptional Closure Costs**

In accordance with the accounting standard FRS 3 (Reporting Financial Performance), Any costs in the year relating to the expected closure of the site are disclosed separately

# Notes to the financial statements for the year ended 31 December 2011

## 1 Post Balance Sheet Events

On the 16th May 2012 Albemarle Corporation announced the proposed closure of Albemarle Chemicals UK Ltd and exit from the Phosphorus flame retardant market Following this announcement these accounts have been performed on a break up basis as the going concern basis of accounting is no longer appropriate Production is expected to cease in December 2012 Management are unable to estimate with reasonable certainty the likely site closure costs as site environmental work is ongoing at the date of signing the accounts

## 2 Turnover

An analysis of turnover by geographical market is given below

| | **Year ended 31 December 2011 £'000** | Year ended 31 December 2010 £'000 |
|---|---|---|
| Europe | **11,130** | 12,346 |
| North America | **914** | 112 |
| Asia | **912** | 1,045 |
| Total | **12,956** | 13,503 |

## 3 Operating loss

| | **Year ended 31 December 2011 £'000** | Year ended 31 December 2010 £'000 |
|---|---|---|
| Operating loss before exceptional expenses (2010 loss) is stated after charging/(crediting) | | |
| Services provided by the companies auditors | | |
| - fees payable for the audit | **20** | 29 |
| Depreciation of tangible fixed assets | **1,013** | 1,010 |
| Amortisation of intangible fixed assets | **1,153** | 1,644 |
| Operating lease charges | **74** | 71 |
| Loss / (gain) on foreign exchange on trading | **6** | 84 |

## 4 Exceptional Closure Costs

| | **Year ended 31 December 2011 £'000** | Year ended 31 December 2010 £'000 |
|---|---|---|
| Exceptional Closure costs comprise | | |
| Impairment of Intangible Fixed Assets | **20,135** | - |
| Impairment of Tangible Fixed Assets | **7,917** | - |
| Impairment of Stocks | **596** | - |

## 5 Directors' emoluments

None of the directors received any remuneration either in the current or prior year

## 6 Staff costs

| | **Year ended 31 December 2011 £'000** | Year ended 31 December 2010 £'000 |
|---|---|---|
| Wages and salaries | **1,920** | 1,873 |
| Share based payment costs | **83** | 78 |
| Social security costs | **219** | 208 |
| Other pension costs (note 15) | **186** | 184 |
| | **2,408** | 2,343 |

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

| By Activity | **Year ended 31 December 2011 Number** | Year ended 31 December 2010 Number |
|---|---|---|
| Office and management | **19** | 19 |
| Plant operatives | **33** | 33 |
| | **52** | 52 |

## 7 Interest receivable and similar income

| | **Year ended 31 December 2011 £'000** | Year ended 31 December 2010 £'000 |
|---|---|---|
| Bank interest | **31** | 27 |

# 8 Tax on loss on ordinary activities

## (a) Analysis of charge in the year

| | **Year ended 31 December 2011 £'000** | Year ended 31 December 2010 £'000 |
|---|---|---|
| **Current tax** | | |
| UK corporation tax on losses for the year | **123** | - |
| **Deferred tax (note 14)** | | |
| Current year deferred tax charge | **-** | - |
| | **123** | - |

## (b) Factors affecting the charge in the year

The tax assessed for the year is higher (2010 higher) than the standard rate of corporation tax in the UK 26% (2010 28%) The differences are explained below

| | **2011 £'000** | 2010 £'000 |
|---|---|---|
| Loss on ordinary activities before tax | **(29,110)** | (1,393) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26 49% (2010 28%) | **(7,711)** | (390) |
| Effects of | | |
| Expenses not deductible for tax purposes | **7,498** | 18 |
| Adjustments to tax charge in respect of previous periods | **123** | - |
| Capital allowances in excess of Depreciation | **(186)** | 264 |
| Unutilised losses carried forward | **-** | - |
| Timing differences on intangible assets | **53** | 82 |
| Other Fixed Asset differences, adjustments & movements | **-** | 11 |
| Unrelieved tax losses and other deductions arising in the period | **346** | 15 |
| | **123** | - |

**(c) Factors that may affect future tax charges:**

During 2010 new legislation has been issued and enacted which will reduce the standard rate of tax to 26% from the 1 April 2011 Future reductions are expected in the years to 2014 however this part of the legislation has not currently been enacted further details of the future impact are given in note 14 Certain capital allowances may be available to the company in future periods which do not meet the definition of a timing difference for the purposes of FRS19 (Deferred Tax) Any future benefit of the capital allowances would be recognised annually as permanent differences

## 9 Intangible Fixed Assets

| | Goodwill | Trade name | Total |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| **Cost** | | | |
| **At 1 January 2011 and 31 December 2011** | **22,876** | **10,929** | **33,805** |
| **Accumulated amortisation** | | | |
| At 1 January 2011 | 8,456 | 4,061 | 12,517 |
| Charge for the year | 607 | 546 | 1,153 |
| Impairment due to closure | 13,813 | 6,322 | 20,135 |
| **At 31 December 2011** | **22,876** | **10,929** | **33,805** |
| **Net book amount** | | | |
| **At 31 December 2011** | - | - | - |
| At 31 December 2010 | 14,420 | 6,868 | 21,288 |

## 10 Tangible Fixed Assets

| | Leasehold improvements | Plant and machinery | Fixtures & fittings | Construction in progress | Total |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Cost** | | | | | |
| At 1 January 2011 | **385** | **13,774** | **388** | **422** | **14,969** |
| Additions | - | - | - | 574 | 574 |
| Transfers | - | 447 | - | (447) | - |
| **At 31 December 2011** | **385** | **14,221** | **388** | **549** | **15,543** |
| **Accumulated depreciation** | | | | | |
| At 1 January 2011 | **142** | **6,276** | **195** | - | **6,613** |
| Charge for the year | 23 | 974 | 16 | - | 1,013 |
| Impairment due to closure | 220 | 6,971 | 177 | 549 | 7,917 |
| **At 31 December 2011** | **385** | **14,221** | **388** | **549** | **15,543** |
| **Net book amount** | | | | | |
| **At 31 December 2011** | - | - | - | - | - |
| At 31 December 2010 | 243 | 7,498 | 193 | 422 | 8,356 |

The directors have considered the carrying value of the long term assets on page 10

## 11 Stocks

| | 2011 | 2010 |
|---|---|---|
| | £'000 | £'000 |
| Raw materials and consumables | **262** | 1,050 |
| Finished goods and goods for resale | **1,383** | 1,649 |
| | **1,645** | 2,699 |

## 12 Debtors

| | 2011 £'000 | 2010 £'000 |
|---|---|---|
| Trade debtors | **1,612** | 2,003 |
| Amounts owed by group undertakings | **2,406** | 2,603 |
| Group relief receivable | **-** | 123 |
| Other debtors | **60** | 249 |
| Prepayments and accrued income | **118** | 108 |
| | **4,196** | 5,086 |

## 13 Creditors: amounts falling due within one year

| | 2011 £'000 | 2010 £'000 |
|---|---|---|
| Trade creditors | **934** | 1,190 |
| Amounts owed to group undertakings | **56** | 337 |
| Tax and social security | **57** | 77 |
| Accruals and Defered Income | **309** | 245 |
| | **1,356** | 1,849 |

## 14 Deferred tax

There are the following un-provided deferred tax assets due to uncertainty over the existence of future profits against which the assets may be offset

| | **2011** | 2010 |
|---|---|---|
| | **£'000** | £'000 |
| Trading losses carried forward | **1,305** | 259 |
| Excess of depreciation over capital allowances | **-** | 799 |
| **Total unrecognised deferred tax** | **1,305** | 1,058 |

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011 This tax change became substantively enacted in July 2010 and therefore the effect of the rate reduction on the deferred tax balances as at 31 December 2010 has been included in the figures above

On 23 March 2011 the Chancellor announced a further reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011 This change became substantively enacted on 29 March 2011 and therefore the effect of the rate change would create an additional reduction in the unrecognised deferred tax asset of approximately £39k, to £1,018k This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above The overall effect of the further reductions from 27 per cent to 23 per cent , if these applied to the unrecognised deferred tax balance at 31 December 2010, would be to reduce the unrecognised deferred tax asset by approximately £157k, to £901k

## 15 Pension and similar obligations

The company operates a defined contribution pension scheme open to all employees The total cost of company contributions to the scheme for the year was £186k (2010 £184k) As at the 31 December 2011 and 2010, there were no outstanding amounts owed to any pension scheme

## 16 Called up share capital

| | 2011 | 2010 |
|---|---|---|
| | £ | £ |
| **Authorised** | | |
| 100 (2010 100) ordinary shares of £1 each | **100** | 100 |
| **Allotted, called up and fully paid** | | |
| 1 (2010 1) ordinary share of £1 | **3** | 3 |

## 17 Reserves

| | Share premium | Profit and loss account | Total |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| At 1 January 2011 | 42,856 | (5,104) | 37,752 |
| Loss for the financial year | - | (29,232) | (29,232) |
| **At 31 December 2011** | **42,856** | **(34,336)** | **8,520** |

## 18 Reconciliation of movements in shareholders' funds

| | 2011 | 2010 |
|---|---|---|
| | £'000 | £'000 |
| Loss for the financial year | **(29,232)** | (1,393) |
| Proceed from shares issued at a premium | **-** | - |
| Net (decrease) in shareholders' funds | **(29,232)** | (1,393) |
| Opening shareholders' funds | **37,752** | 39,145 |
| **Closing shareholders' funds** | **8,520** | 37,752 |

## 19 Contingent liabilities

Given the announcement on the 16th May 2012 of the pending closure of the site Albemarle Chemicals UK Ltd has a number of constructive obligations in respect of the closure of the site (for example, costs to restore the property and land to the conditions required by the landlord under the lease agreement) Due to the timing of the announcement and the complexity of the exercise, a full provision for these costs is currently unable to be calculated at this time

## 20 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

| | **2011** | 2010 |
|---|---|---|
| | **Plant and machinery** | Plant and machinery |
| | **£'000** | £'000 |
| **Commitments expiring** | | |
| Within 1 year | **52** | 29 |
| Between 2 – 5 years | **-** | 42 |
| | **52** | 71 |

## 21 Ultimate parent undertaking

The immediate parent undertaking is Albemarle Netherlands BV The ultimate parent undertaking and controlling party is Albemarle Corporation, a company incorporated in the United States of America

Albemarle Corporation is the ultimate parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2011 The consolidated financial statements of Albemarle Corporation are available from Albemarle Corporation, 451 Florida Street, Baton Rouge, Louisiana 70801