

# Techwax Limited

## Report and Financial Statements

30 September 2016

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COMPANIES HOUSE

**Director**

F Jumelet

**Secretary**

J Charlton

**Independent Auditors**

Ernst & Young LLP  
Citygate  
St James' Boulevard  
Newcastle Upon Tyne  
NE1 4JD

**Bankers**

National Westminster Bank Plc  
28 Market Place  
Barnard Castle  
County Durham  
DL12 8PT

**Solicitors**

Davies Wallis Foyster  
Centurion House  
129 Deansgate  
Manchester  
M3 3AA

**Registered Office**

Unit 4B Whinbank Park  
Whinbank Road  
Aycliffe Industrial Estate  
Newton Aycliffe  
County Durham  
DL5 6AY

## Strategic report

The director presents his strategic report and financial statements for the year ended 30 September 2016.

### Principal activity and review of the business

The principal activity of the company is in the manufacture of chemicals in support of drilling activities within the oilfield industry and research, manufacture and sale of a range of acrylates including dispersants, thickeners, binders, scale inhibitors, coagulants and flocculants.

The company's financial and other performance indicators during the year were as follows:

|                             | 2016  | 2015  |
|-----------------------------|-------|-------|
|                             | £'000 | £'000 |
| Turnover                    | 2,203 | 2,139 |
| (Loss)/profit before tax    | (104) | 128   |
| Shareholders' funds         | 1,789 | 1,939 |
| Average number of employees | 51    | 49    |

On 6 May 2016 the Trustees of the defined benefit pension scheme entered into a bulk annuity purchase with Aviva Annuity UK. The bulk annuity policy was converted into individual annuity policies and the Company determined it had no further liability to the Scheme with effect from 30 September 2016. A settlement of liability of £473,000 is recognised in the income statement for the year ended 30 September 2016 relating to defined benefit plans. This charge represents the difference between the cost of annuity purchase and the value of the liabilities to which they relate.

The director is pleased with the trading for the year and looks forward to continued profitability in 2017.

### Principal risks and uncertainties

There are no significant risks or uncertainties that would hinder the company's continued steady growth. The company continues to enjoy the full support of its ultimate U.S. parent undertaking and thus no risks or uncertainties currently exist which would hinder continued operations in the markets that it operates in.

### Risk management objectives and policies

The company acts as a toll manufacturer on behalf of Ashland Industries Europe GmbH and thus it is Ashland Industries Europe GmbH who bears all the exposure to risk on pricing, credit, liquidity and cash flows.

### Environmental Matters

The business complies with all current environmental legislation; this is led by the ultimate U.S. parent company and is audited on a regular basis.

By order of the Board



F Jumelet

Director

6 June 2017

## Director's report

The director presents his director's report and financial statements for the year ended 30 September 2015.

### Results and dividends

The loss for the financial year after taxation amounted to £248,278 (2015 - profit £113,182). The directors do not recommend a dividend for the year.

### Going concern

The director has considered the company's current and future prospects and its availability of financing, and is satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the director continues to adopt the going concern basis of preparation for these financial statements.

### Director

The director of the company who was in office during the year and up to the date of signing the financial statements was as follows:

F Jumelet

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of the company's auditors, the director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

F Jumelet  
Director

8 June 2017

## Statement of director's responsibilities

The director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

The director is responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditors' report**

### **to the members of Techwax Limited**

We have audited the financial statements of Techwax Limited for the year ended 30 September 2016 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and the related notes 1 to 16. 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) including FRS102 'The Financial Reporting standard applicable in the UK and the Republic of Ireland.

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 director and auditor**

As explained more fully in the Statement of Director's Responsibilities set out on page 4, the director is 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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 30 September 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS102 'The Financial Reporting standard applicable in the UK and the Republic of Ireland'; 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 Strategic Report and Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report**

**to the members of Techwax 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Darren Rutherford (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Newcastle upon Tyne

14 June 2017

## Income Statement

for the year ended 30 September 2016

|   |      | 2016        | 2015        |
|---|------|-------------|-------------|
|   | Note | £           | £           |
| <b>Turnover</b>                             | 2    | 2,203,278   | 2,139,495   |
| Cost of sales                               |      | (2,070,605) | (2,045,100) |
| <b>Gross profit</b>                         |      | 132,673     | 94,395      |
| Administrative expenses                     | 3    | (2,518,721) | (1,712,685) |
| Other operating income                      |      | 2,292,777   | 1,770,705   |
| <b>Operating (loss)/ profit</b>             | 4    | (93,271)    | 152,415     |
| Other finance expense (net)                 |      | (10,363)    | (24,847)    |
| <b>(Loss)/profit before taxation</b>        |      | (103,634)   | 127,568     |
| Tax on (loss)/profit                        | 7    | (144,644)   | (14,386)    |
| <b>(Loss)/profit for the financial year</b> |      | (248,278)   | 113,182     |

The results are derived wholly from continuing operations.

## Statement of comprehensive income

for the year ended 30 September 2016

|  |    | 2016      | 2015    |
|--|----|-----------|---------|
|  |    | £         | £       |
| (Loss)/profit for the financial year                     |    | (248,278) | 113,182 |
| Remeasurement gain recognised on the pension scheme      | 12 | 119,000   | 70,000  |
| Deferred tax on pension scheme                           | 7  | (20,229)  | -       |
| <b>Total comprehensive income for the financial year</b> |    | (149,507) | 183,182 |



## Statement of changes in equity

for the year ended 30 September 2016

|                            | <i>Share capital</i> | <i>Profit and<br/>loss account</i> | <i>Total<br/>share-<br/>holders'<br/>funds</i> |
|----------------------------|----------------------|------------------------------------|--|
|                            | £                    | £                                  | £  |
| At 1 October 2014          | 30,000               | 1,725,913                          | 1,755,913                                      |
| Profit for the year        | -                    | 113,182                            | 113,182  |
| Other comprehensive income | -                    | 70,000                             | 70,000   |
| At 1 October 2015          | 30,000               | 1,909,095                          | 1,939,095                                      |
| Loss for the year          | -                    | (248,278)                          | (248,278)                                      |
| Other comprehensive income | -                    | 98,771                             | 98,771   |
| At 30 September 2016       | 30,000               | 1,759,588                          | 1,789,588                                      |

# Statement of financial position

at 30 September 2016

|   | Notes | 2016<br>£   | 2015<br>£   |
|---|-------|-------------|-------------|
| <b>Fixed assets</b>                                   |       |             |             |
| Tangible assets                                       | 8     | 1,798,849   | 1,666,610   |
| <b>Current assets</b>                                 |       |             |             |
| Debtors   | 9     | 964,187     | 1,230,891   |
| Cash at bank and in hand                              |       | 874,186     | 367,861     |
|   |       | 1,838,373   | 1,598,752   |
| <b>Creditors:</b> amounts falling due within one year | 10    | (1,629,858) | (1,204,627) |
| <b>Net current assets</b>                             |       | 200,815     | 394,125     |
| <b>Total assets less current liabilities</b>          |       | 2,007,364   | 2,060,735   |
| <b>Pension surplus</b>                                | 12    | -           | 127,000     |
| <b>Provisions for liabilities</b>                     |       |             |             |
| Deferred tax  | 7(c)  | (217,776)   | (248,640)   |
| <b>Net assets</b>                                     |       | 1,789,588   | 1,939,095   |
| <b>Capital and reserves</b>                           |       |             |             |
| Called up share capital                               | 11    | 30,000      | 30,000      |
| Profit and loss account                               |       | 1,759,588   | 1,909,095   |
| <b>Total shareholders' funds</b>                      |       | 1,789,588   | 1,939,095   |

The financial statements were approved and authorised for issue by the Board of Directors on 8th June 2017 and signed on their behalf by:

F Jumelet  
Director

## Notes to the financial statements

at 30 September 2016

### 1. Accounting policies

#### *Statement of compliance*

Techwax Limited is a limited liability company incorporated in England. The registered address is Unit 4B Whinbank Park, Whinbank Road, Aycliffe Industrial Estate, Newton Aycliffe, County Durham, DL5 6AY.

These financial statements have been prepared in compliance with FRS 102, for the first time, for the year ending 30 September 2016. The company transitioned from previous UK GAAP to FRS 102 as at 1 October 2014. An explanation of how the transition to FRS 102 has affected the reported financial statements is given in note 16.

In these financial statements, the company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- the requirements of Section 7 Statement of Cash Flows
- the requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A
- the requirements of Section 33.1A and 33.7 Related Party Disclosures

The group in which the results of the Company are consolidated is Ashland Inc. Consolidated financial statements are available from 50 E. RiverCenter Blvd, P.O. Box 391, Covington, KY 41012-0391 USA.

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards. The financial statements are prepared in GBP sterling which is the functional currency of the company.

#### *Judgements and key sources of estimation uncertainty*

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date, and the amounts reported for revenues and expenses during the period.

However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and estimates have had the most significant effect on the financial statements:

#### *Taxation*

Judgement is required when determining the provision for taxes. Tax benefits are not recognised unless it is probable that the benefit will be obtained. Tax provisions are made if it is possible that a liability will arise. The company reviews each significant tax liability or benefit to assess the appropriate accounting treatment. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future profits.

#### *Significant accounting policies*

##### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write-off the cost less estimated residual value of tangible fixed assets on a straight-line basis over their expected useful life, as follows:

|                        |   |               |
|------------------------|---|---------------|
| Leasehold improvements | – | 5 years       |
| Plant and machinery    | – | 3 to 20 years |

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

## Notes to the financial statements

at 30 September 2016

### 1. Accounting policies (continued)

#### ***Stocks***

Stock is owned by Ashland Industries Europe GmbH under a tolling manufacturing arrangement and is therefore not included in the balance sheet of Techwax Limited.

#### ***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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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

Transactions in foreign currencies are recorded at the rate of exchange 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 income statement.

#### ***Leases***

Operating lease rental are charged to the income statement on a straight-line basis over the period of the lease.

#### ***Pension costs***

The company operated two pension schemes, a defined contribution scheme and a defined benefit pension scheme. The defined benefit pension scheme was fully bought out in the year by Aviva Annuity UK.

Contributions to the defined contribution scheme are charged against the profits of the year in which they are payable to the schemes. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The assets of the scheme are held separately from those of the company in an independently administered fund.

The defined benefit pension scheme provides benefits based on final pensionable pay and is accountable for in accordance with FRS 102. Payments made to the scheme, and charge in the financial statements comprise current and past service contributions and curtailment losses. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The amount charged to the income statement in respect of the defined benefit scheme is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from the cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll.

Variations from regular cost are charged or credited to the income statement as a constant percentage of payroll over the estimated average remaining working life of the scheme members. Differences between amounts charged to the income statement and amounts funded are shown as either provisions or prepayments in the balance sheet.

#### ***Other operating income***

Other operating income relates to reimbursement for work undertaken and expenses incurred on behalf of a fellow ISP subsidiary.

#### ***Research and development***

Research and development expenditure is deemed to be entirely research costs which are expensed in the year incurred.

## Notes to the financial statements

at 30 September 2016

### 2. Turnover

The company acts as a tolling manufacturer for Ashland Industries Europe GmbH. Turnover represents the movement on inventory plus associated mark-up. Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

The geographical analysis of turnover by destination is as follows:

|        | 2016      | 2015      |
|--------|-----------|-----------|
|        | £         | £         |
| Europe | 2,203,278 | 2,139,495 |

### 3. Administrative expenses

|                          | 2016             | 2015             |
|--------------------------|------------------|------------------|
|                          | £                | £                |
| Administration           | 937,960          | 665,411          |
| Research and development | 1,580,761        | 1,047,274        |
|                          | <u>2,518,721</u> | <u>1,712,685</u> |

### 4. Operating (loss)/profit

This is stated after charging:

|  | 2016             | 2015             |
|--|------------------|------------------|
|  | £                | £                |
| Auditors' remuneration – audit                         | 11,300           | 8,354            |
| Depreciation of owned fixed assets                     | 272,740          | 292,464          |
| Operating lease rentals – land and buildings           | 270,008          | 263,038          |
| Operating lease rentals – plant and machinery          | 40,955           | 39,572           |
| Operating lease rentals - other                        | 31,024           | 37,379           |
| Loss on defined benefit pension settlement (note 12)   | 473,000          | -                |
| Research and development costs (including staff costs) | <u>1,580,761</u> | <u>1,047,274</u> |

## Notes to the financial statements

at 30 September 2016

### 6. Staff costs

|  | 2016             | 2015             |
|--|------------------|------------------|
|  | £                | £                |
| Wages and salaries                         | 1,687,698        | 1,555,400        |
| Social security costs                      | 194,191          | 152,307          |
| Other pension costs – defined contribution | 111,977          | 95,461           |
| Pension costs – defined benefit (note 12)  | 473,000          | 65,000           |
|  | <u>2,466,866</u> | <u>1,868,168</u> |

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

|                          | 2016      | 2015      |
|--------------------------|-----------|-----------|
|                          | £         | £         |
| Production               | 24        | 24        |
| Administration           | 10        | 12        |
| Research and development | 17        | 13        |
|                          | <u>51</u> | <u>49</u> |

The remuneration of the company directors in the current financial accounting year were borne by other group companies and are disclosed in the financial statements of those companies. It is not practical to apportion their remuneration between those companies.

## Notes to the financial statements

at 30 September 2016

### 7. Tax on (loss)/profit on ordinary activities

(a) Tax on (loss)/profit on ordinary activities

The tax charge is made up as follows:

|   | 2016<br>£       | 2015<br>£       |
|---|-----------------|-----------------|
| <i>Current tax:</i>                           |                 |                 |
| UK corporation tax                            | 13,686          | 16,687          |
| Adjustments in respect of previous years      | 182,054         | (76,967)        |
| <b>Total current tax</b>                      | <b>195,740</b>  | <b>(60,280)</b> |
| <i>Deferred tax:</i>                          |                 |                 |
| Origination and reversal of timing difference | (26,072)        | 28,000          |
| Adjustment in respect of previous periods     | 9,839           | 47,376          |
| Effects of changes in tax rates               | (34,860)        | (710)           |
| <b>Total deferred tax (note 7(c))</b>         | <b>(51,093)</b> | <b>74,666</b>   |
| <b>Tax on (loss)/profit (note 7(b))</b>       | <b>144,647</b>  | <b>14,386</b>   |

(b) Factors affecting current tax charge

The tax charged for the period differs from the standard rate of corporation tax in the UK of 20% (2015 – 20.50%). The differences are reconciled below:

|   | 2016<br>£      | 2015<br>£     |
|---|----------------|---------------|
| (Loss)/profit before tax  | (103,634)      | 127,568       |
| (Loss)/profit multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.50%) | (20,727)       | 26,151        |
| <i>Effects of:</i>  |                |               |
| Expenses not deductible for tax   | 8,341          | 42,553        |
| Income not taxable  | -              | (24,015)      |
| Adjustments in respect of previous years  | 191,893        | (29,591)      |
| Effects of other tax rates/credits  | (34,860)       | (712)         |
| <b>Total tax for the year (note 7(a))</b>   | <b>144,647</b> | <b>14,386</b> |

## Notes to the financial statements

at 30 September 2016

### 7. Tax on (loss)/profit (continued)

#### (c) Deferred tax

The deferred tax liability included in the balance sheet is as follows:

|  | 2016           | 2015           |
|--|----------------|----------------|
|  | £              | £              |
| Accelerated capital allowances             | 221,880        | 244,748        |
| Short term timing differences – trading    | (4,104)        | (2,717)        |
| R&D expenditure credit                     | -              | (18,739)       |
| Pension                                    | -              | 25,348         |
|  | <u>217,776</u> | <u>248,640</u> |
|  |                | £              |
| At 1 October 2015                          |                | 248,640        |
| Credit to the income statement (note 7(a)) |                | (51,093)       |
| Charge to other comprehensive income       |                | 20,229         |
| At 30 September 2016                       |                | <u>217,776</u> |

#### (d) Factors affecting future tax charge

The standard rate of UK corporation tax for the period was 20.00% (2015: 20.5%). A reduction in the rate to 19% from 1 April 2017 and 17% from 1 April 2020 were substantively enacted prior to the balance sheet date and have been applied to the company's deferred tax balance at the balance sheet date.



## Notes to the financial statements

at 30 September 2016

### 8. Tangible fixed assets

|   | <i>Leasehold<br/>improvements</i> | <i>Plant and<br/>machinery</i> | <i>Total</i> |
|---|-----------------------------------|--------------------------------|--------------|
|   | £                                 | £                              | £            |
| Cost:                                       |                                   |                                |              |
| At 1 October 2015                           | 24,772                            | 3,596,852                      | 3,621,624    |
| Additions                                   | 143,499                           | 190,828                        | 334,327      |
| Transfers out/reclassifications             | 269,816                           | (638,038)                      | (368,222)    |
| Transfers in from fellow group undertakings | 4,803                             | 65,849                         | 70,652       |
| Disposals                                   | -                                 | (163,402)                      | (163,402)    |
| At 30 September 2016                        | 442,890                           | 3,052,089                      | 3,494,979    |
| Accumulated depreciation:                   |                                   |                                |              |
| At 1 October 2015                           | 24,772                            | 1,930,242                      | 1,955,014    |
| Charge for the year                         | 27,211                            | 245,529                        | 272,740      |
| Transfers out                               | 73,289                            | (441,511)                      | (368,222)    |
| Disposals                                   | -                                 | (163,402)                      | (163,402)    |
| At 30 September 2016                        | 125,272                           | 1,570,858                      | 1,696,130    |
| Net book value:                             |                                   |                                |              |
| At 30 September 2016                        | 317,618                           | 1,481,231                      | 1,798,849    |
| At 30 September 2015                        | -                                 | 1,666,610                      | 1,666,610    |

### 9. Debtors

|                                    | 2016    | 2015      |
|------------------------------------|---------|-----------|
|                                    | £       | £         |
| Amounts owed by group undertakings | 709,566 | 563,737   |
| Prepayments and accrued income     | 149,806 | 105,070   |
| VAT recoverable                    | 104,815 | 80,777    |
| Corporation tax                    | -       | 481,307   |
|                                    | 964,187 | 1,230,891 |

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

|                                    | 2016      | 2015      |
|------------------------------------|-----------|-----------|
|                                    | £         | £         |
| Trade creditors                    | 329,766   | 157,300   |
| Amounts owed to group undertakings | 990,463   | 813,842   |
| Other taxation and social security | 3,227     | -         |
| Accruals and deferred income       | 306,402   | 233,485   |
|                                    | 1,629,858 | 1,204,627 |

## Notes to the financial statements

at 30 September 2016

### 11. Called up share capital

| <i>Allotted, called up and fully paid</i> | <i>No.</i> | <i>2016</i> | <i>No.</i> | <i>2015</i> |
|---|------------|-------------|------------|-------------|
|   |            | <i>£</i>    |            | <i>£</i>    |
| Ordinary shares of £1 each                | 30,000     | 30,000      | 30,000     | 30,000      |

### 12. Pension schemes

During the year, the Company operated two pension schemes, a defined benefit scheme and a defined contribution personal pension plan. The assets of both schemes are held separately from those of the company in independently administered funds.

In respect of the defined contribution scheme, the pension charge for the year amounted to £111,977 (2015 – £95,461). At the balance sheet date there were no outstanding contributions (2015 – £13,587).

The defined benefit scheme is closed to all new employees and the last remaining active member left the company's employment on 31 January 2006. The defined benefit scheme liabilities were fully bought out by Aviva Annuity UK during the year. Payments of £1,229,000 were made to Aviva in May 2016 and a loss on settlement of £473,000 recognised in the income statement in the year.

The main assumptions used in valuation of the pension in the prior year were:

|   | <i>2015</i> |
|---|-------------|
| Rate of increase in pensions in payment and deferment | 3.20%       |
| Discount rate   | 3.83%       |
| Inflation assumption (RPI)                            | 3.25%       |
| Expected long term return on plan assets              | 2.25%       |

Weighted average life expectancy for mortality tables used to determine benefit obligations:

|                                | <i>2015</i><br>Years |
|--------------------------------|----------------------|
| Male Member from age 65        | 23.4                 |
| Female member from age 65      | 26.0                 |
| Male Member currently age 45   | 25.2                 |
| Female member currently age 45 | 27.9                 |

The assets and liabilities of the scheme at 30 September 2015 were:

|                                       | <i>2015</i><br>£ |
|---------------------------------------|------------------|
| Bonds                                 | 876,472          |
| Cash                                  | 4,528            |
| Fair value of scheme assets           | 881,000          |
| Actuarial value of scheme liabilities | (754,000)        |
| Pension surplus                       | 127,000          |

## Notes to the financial statements

at 30 September 2016

### 12. Pension schemes (continued)

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| <b>Changes to the present value of the defined benefit obligation</b> |              |              |
| Opening defined benefit obligation                                    | 754          | 726          |
| Current service cost  | -            | 45           |
| Interest cost   | 28           | 28           |
| Past service cost   | -            | 20           |
| Actuarial gains on scheme liabilities                                 | -            | (5)          |
| Loss on settlement  | 473          | -            |
| Net benefits paid out   | (26)         | (15)         |
| Expenses paid   | -            | (45)         |
| Settlement payment from employer                                      | (1,229)      | -            |
| Closing defined benefit obligation                                    | -            | 754          |
|   | 2016<br>£000 | 2015<br>£000 |
| <b>Changes to the fair value of scheme assets</b>                     |              |              |
| Opening fair value of scheme assets                                   | 881          | 852          |
| Expected return on scheme assets                                      | 37           | 23           |
| Actuarial gains on scheme assets                                      | 119          | 66           |
| Net benefits paid out   | (26)         | (15)         |
| Expenses paid   | -            | (45)         |
| Settlement payment from employer                                      | (1,229)      | -            |
| Employer contributions  | 218          | -            |
| Closing fair value of scheme assets                                   | -            | 881          |
|   | 2016<br>£000 | 2015<br>£000 |
| <b>Movement in the surplus during the year</b>                        |              |              |
| Surplus in scheme at beginning of year                                | 127          | 126          |
| Other finance expense   | 9            | (5)          |
| Current service cost  | -            | (45)         |
| Past service cost   | -            | (20)         |
| Actuarial gain  | 119          | 71           |
| Employer contributions  | 218          | -            |
| Loss on settlement  | (473)        | -            |
| Surplus in the scheme at the end of year                              | -            | 127          |

## Notes to the financial statements

at 30 September 2016

### 12. Pension schemes (continued)

The amounts recognised in the income statement and other comprehensive income for the year are analysed as follows:

#### Recognised in the income statement

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| <i>Recognised in arriving at operating profit</i> |              |              |
| Current service cost                              | -            | 45           |
| Past service cost                                 | -            | 20           |
| Loss on settlement                                | 473          | -            |
|   | <u>473</u>   | <u>65</u>    |

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| <i>Recognised in other finance (income)/expense</i> |              |              |
| Expected return on pension schemes assets           | (37)         | (23)         |
| Interest on pension scheme liabilities              | 28           | 28           |
|   | <u>(9)</u>   | <u>5</u>     |

#### Recognised in other comprehensive income

|                 | 2016<br>£000 | 2015<br>£000 |
|-----------------|--------------|--------------|
| Actuarial gains | (119)        | (70)         |

### 13. Other financial commitments

At 30 September, the company had total commitments under non-cancellable operating leases as set out below:

|                              | <i>Land and<br/>buildings</i><br>2016<br>£ | <i>Other</i><br>2016<br>£ | <i>Land and<br/>buildings</i><br>2015<br>£ | <i>Other</i><br>2015<br>£ |
|------------------------------|--|---------------------------|--|---------------------------|
| Amounts payable:             |  |                           |  |                           |
| – within one year            | 261,138                                    | 38,575                    | 196,344                                    | 37,251                    |
| – between two and five years | 1,067,016                                  | 53,069                    | 517,952                                    | 33,658                    |
| – over five years            | 745,068                                    | -                         | 272,771                                    | -                         |
|                              | <u>2,073,222</u>                           | <u>91,644</u>             | <u>987,067</u>                             | <u>70,909</u>             |

## Notes to the financial statements

at 30 September 2016

### 14. Related party transactions

The company has not disclosed transactions with other Group companies or key management personnel, as it has taken advantage of the exemption contained within FRS102.33.1A and FRS102.33.7 on the grounds that the fellow group subsidiaries are all wholly owned.

### 15. Ultimate parent undertaking and controlling party

The company is a subsidiary undertaking of ISP Holdings (UK) Limited, incorporated in England and Wales.

The largest and smallest group into which the results of the company are consolidated is that headed by Ashland Inc. a company registered in United States of America, and the controlling party of the company.

The consolidated financial statements of Ashland Inc. are available to the public and may be obtained from Ashland Inc., 50 E. River Center Blvd, P.O. Box 391, Covington, KY 41012-0391 USA.

### 16. Transition to FRS 102

The company has adopted FRS 102 from previously extant UK GAAP on 30 September 2014 and has restated the prior year comparative amounts in these financial statements.

The impact from the adoption of FRS 102 is as follows:

#### *Reconciliation of equity at 1 October 2014*

|   | £                |
|---|------------------|
| Equity shareholders' funds at 1 October 2014 under previous UK GAAP | 1,655,261        |
| Pension asset   | 126,000          |
| Deferred tax on pension asset                                       | (25,348)         |
| Equity shareholders' funds at 1 October 2014 under FRS 102          | <u>1,755,913</u> |

#### *Reconciliation of equity at 30 September 2015*

|  | £                |
|--|------------------|
| Equity shareholders' funds at 30 September 2015 under previous UK GAAP | 1,837,443        |
| Pension asset  | 127,000          |
| Deferred tax on pension asset  | (25,348)         |
| Equity shareholders' funds at 30 September 2015 under FRS 102          | <u>1,939,095</u> |

The following were changes are required arising from the transition to FRS 102:

#### *Pension asset*

Under previous UK GAAP, a restriction was applied to the pension surplus to restrict the surplus to the recoverable amount. FRS 102 requires that an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus through either reduced contribution in the future or through refunds from the Fund. As the Fund Rules state that, on winding up, any surplus would come back to the participating employer, the full plan surplus has been recognised under FRS 102.

#### *Deferred tax*

Following the changes to the pension plan asset recognition, an additional deferred tax liability has been recognised.