
KROMACHEM LIMITED

**ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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COMPANIES HOUSE

KROMACHEM LIMITED

COMPANY INFORMATION

DIRECTORS

E J Kensbock
U S Kensbock

REGISTERED NUMBER

01662012

REGISTERED OFFICE

Unit 10 Moor Park Industrial Centre
Tolpits Lane
Watford
Herts
WD18 9ER

INDEPENDENT AUDITOR

Hillier Hopkins LLP
Chartered Accountants & Statutory Auditor
Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

BANKERS

HSBC
73 High Street
Watford
Herts
WD17 2DS

KROMACHEM LIMITED

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KROMACHEM LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

INTRODUCTION

The directors present their strategic report on the group for the year ended 31 December 2013.

BUSINESS REVIEW

The principal activities of the company during the year were that of the manufacture of pigment dispersions and additives for the printing ink and coating markets as well as the distribution of pigments, micronised waxes and other third party products to the paint, printing inks and coatings industries.

The results of the company for the year are set out on page 6 show a profit on ordinary activities before tax of £954,062 (2012: Profit of £1,271,675). The shareholders' funds of the company total £5,452,796 (2012: £4,686,111).

Turnover of the company rose 9.7% during 2013, however the loss of some higher margin business in the US led and a different product mix of sales led to an overall reduction in the gross profit margin.

During the year the company has made significant investment programme in new plant and machinery and laboratory facilities which will aid productivity in the manufacturing process and new product development. This investment programme will continue into 2014.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks from the company's business arise from inaccurate pricing; over purchasing of raw material; supply of poor quality or contaminated finished product. The company's directors are closely involved in both the setting and monitoring of prices, the purchase of key raw materials and the monitoring of product quality by extensive quality testing both during and after the manufacturing process.

The company is also at risk of technological developments in the market rendering some of the company's products obsolete. The company attempts to minimise this risk by investing in research and development to keep its products at the leading edge in the markets in which it operates.


The directors monitor the company's performance through the use of regular financial information and management reports. The directors focus on the company's level of profitability, liquidity and the management of foreign exchange risk, together with the balance sheet strength. The results of the key performance indicators can be seen on the profit and loss account and balance sheet.

FINANCIAL KEY PERFORMANCE INDICATORS

	2013	2012	
Gross Margin	41.9%	48.7%	Gross profit divided by turnover
Stock Turnover	2.4 times	2.1 times	Cost of goods divided by average stock
Working Capital Ratio	10.3	6.8	Current assets divided by current liabilities
Return on Capital Employed	13.5%	20.4%	Operating profit divided by total assets less current liabilities

This report was approved by the board and signed on its behalf.

E J Kensbock
Director
Date:


24. Sept. 2014

KROMACHEM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £766,685 (2012 - £1,007,165).

The directors have not recommended the payment of a dividend (2012 - *Nil*).

DIRECTORS

The directors who served during the year were:

E J Kensbock
U S Kensbock

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

KROMACHEM LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

AUDITOR

The auditor, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



E J Kensbock
Director

Date: 24th Sept. 2014

KROMACHEM LIMITED

**INDEPENDENT AUDITOR'S REPORT TO KROMACHEM LIMITED
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

We have examined the abbreviated accounts set out on pages 5 to 14, together with the financial statements of Kromachem Limited for the year ended 31 December 2013 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

OPINION ON FINANCIAL STATEMENTS

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts on pages 5 to 14 have been properly prepared in accordance with the regulations made under that section.

Hillier Hopkins LLP

Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: *24th September 2014*

KROMACHEM LIMITED

**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
TURNOVER	1	8,626,658	7,862,485
GROSS PROFIT		3,615,357	3,835,768
Distribution costs		(125,632)	(125,738)
Administrative expenses		(2,474,552)	(2,373,529)
OPERATING PROFIT	2	1,015,173	1,336,501
Interest receivable and similar income		1,769	233
Interest payable and similar charges	3	(62,880)	(65,059)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		954,062	1,271,675
Tax on profit on ordinary activities	6	(187,377)	(264,510)
PROFIT FOR THE FINANCIAL YEAR	14	766,685	1,007,165

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The notes on pages 7 to 14 form part of these financial statements.

KROMACHEM LIMITED
REGISTERED NUMBER: 01662012

ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	7		823,711		711,555
CURRENT ASSETS					
Stocks	8	2,133,660		2,055,080	
Debtors	9	3,237,663		3,220,268	
Cash at bank and in hand		1,924,591		1,593,063	
		<u>7,295,914</u>		<u>6,868,411</u>	
CREDITORS: amounts falling due within one year	10	<u>(726,731)</u>		<u>(1,016,752)</u>	
NET CURRENT ASSETS			<u>6,569,183</u>		<u>5,851,659</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,392,894</u>		<u>6,563,214</u>
CREDITORS: amounts falling due after more than one year	11		<u>(1,815,152)</u>		<u>(1,784,626)</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	12		<u>(124,946)</u>		<u>(92,477)</u>
NET ASSETS			<u>5,452,796</u>		<u>4,686,111</u>
CAPITAL AND RESERVES					
Called up share capital	13		20,000		20,000
Profit and loss account	14		5,432,796		4,666,111
SHAREHOLDERS' FUNDS	15		<u>5,452,796</u>		<u>4,686,111</u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of section 445(3) of the Companies Act 2006 relating to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf by:



E J Kensbock
 Director

Date: 24th Sept. 2014

The notes on pages 7 to 14 form part of these financial statements.

KROMACHEM LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	10-20% straight line
Motor vehicles	-	25% straight line
Fixtures & fittings	-	20-33% straight line

1.4 STOCKS

Stocks are valued at the lower of average cost on a FIFO basis and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

1.5 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.6 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

KROMACHEM LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

1. ACCOUNTING POLICIES (continued)

1.7 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.8 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.9 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue is recognised when goods are dispatched.

1.10 OPERATING LEASES

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

2. OPERATING PROFIT

The operating profit is stated after charging:

	2013	2012
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	153,041	133,650
- held under finance leases	11,661	11,660
Auditor's remuneration	11,400	8,315
Operating lease rentals:		
- plant and machinery	13,850	21,783
- other operating leases	55,280	32,027
Difference on foreign exchange	(23,992)	(6,817)
Research and development expenditure written off	11,500	14,272
	<u> </u>	<u> </u>

KROMACHEM LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

3. INTEREST PAYABLE

	2013	2012
	£	£
On finance leases and hire purchase contracts	2,880	5,059
On loans from group undertakings	60,000	60,000
	<u>62,880</u>	<u>65,059</u>

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2013	2012
	£	£
Wages and salaries	941,782	872,093
Social security costs	102,164	94,725
Other pension costs	19,540	11,761
	<u>1,063,486</u>	<u>978,579</u>

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

	2013	2012
	No.	No.
Sales	3	3
Production	11	12
Administration	15	15
	<u>29</u>	<u>30</u>

5. DIRECTORS' REMUNERATION

	2013	2012
	£	£
Remuneration	<u>13,002</u>	<u>11,491</u>

KROMACHEM LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

6. TAXATION

	2013 £	2012 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	154,180	275,999
Adjustments in respect of prior periods	728	-
TOTAL CURRENT TAX	154,908	275,999
DEFERRED TAX (see note 12)		
Origination and reversal of timing differences	32,469	(11,489)
TAX ON PROFIT ON ORDINARY ACTIVITIES	187,377	264,510

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2012 - *higher than*) the standard rate of corporation tax in the UK of 23.25% (2012 - 24%). The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	954,062	1,271,675
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24%)	221,819	305,202
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	677	1,185
Capital allowances for year in excess of depreciation	(26,316)	7,832
Adjustments to tax charge in respect of prior periods	728	-
Changes in provisions leading to an increase (decrease) in the tax charge	(39)	-
Other differences leading to an increase (decrease) in the tax charge	(22)	5,602
Enhanced relief on research and development expenditure	(41,301)	(43,822)
Group relief	(638)	-
CURRENT TAX CHARGE FOR THE YEAR (see note above)	154,908	275,999

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

KROMACHEM LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

7. TANGIBLE FIXED ASSETS

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
COST				
At 1 January 2013	974,704	114,611	416,916	1,506,231
Additions	111,405	45,253	120,200	276,858
Disposals	-	(13,768)	-	(13,768)
At 31 December 2013	<u>1,086,109</u>	<u>146,096</u>	<u>537,116</u>	<u>1,769,321</u>
DEPRECIATION				
At 1 January 2013	417,972	50,425	326,279	794,676
Charge for the year	91,923	23,461	49,318	164,702
On disposals	-	(13,768)	-	(13,768)
At 31 December 2013	<u>509,895</u>	<u>60,118</u>	<u>375,597</u>	<u>945,610</u>
NET BOOK VALUE				
At 31 December 2013	<u>576,214</u>	<u>85,978</u>	<u>161,519</u>	<u>823,711</u>
At 31 December 2012	<u>556,732</u>	<u>64,186</u>	<u>90,637</u>	<u>711,555</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2013 £	2012 £
Plant and machinery	<u>79,680</u>	<u>91,342</u>

8. STOCKS

	2013 £	2012 £
Raw materials	721,558	693,778
Finished goods and goods for resale	1,412,102	1,361,302
	<u>2,133,660</u>	<u>2,055,080</u>

KROMACHEM LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

9. DEBTORS

	2013	2012
	£	£
Trade debtors	1,062,755	1,087,462
Amounts owed by group undertakings	2,061,742	2,058,516
Other debtors	4,400	5,573
Prepayments and accrued income	108,766	68,717
	3,237,663	3,220,268
	3,237,663	3,220,268

**10. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013	2012
	£	£
Net obligations under finance leases and hire purchase contracts	22,404	24,071
Trade creditors	556,393	734,999
Corporation tax	5,179	100,999
Other taxation and social security	73,568	90,394
Other creditors	6,574	8,716
Accruals and deferred income	62,613	57,573
	726,731	1,016,752
	726,731	1,016,752

**11. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2013	2012
	£	£
Net obligations under finance leases and hire purchase contracts	21,652	41,126
Amounts owed to group undertakings	1,793,500	1,743,500
	1,815,152	1,784,626
	1,815,152	1,784,626

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2013	2012
	£	£
Between one and five years	21,652	41,126
	21,652	41,126
	21,652	41,126

The amounts due under finance leases and hire purchase contracts are secured upon the assets concerned.

KROMACHEM LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

12. DEFERRED TAXATION

	2013 £	2012 £
At beginning of year	92,477	103,966
Charge for/(released during) year (P&L)	32,469	(11,489)
At end of year	124,946	92,477

The provision for deferred taxation is made up as follows:

	2013 £	2012 £
Accelerated capital allowances	124,946	92,477

13. SHARE CAPITAL

	2013 £	2012 £
ALLOTTED, CALLED UP AND FULLY PAID		
20,000 Ordinary shares of £1 each	20,000	20,000

14. RESERVES

		Profit and loss account £
At 1 January 2013		4,666,111
Profit for the financial year		766,685
At 31 December 2013		5,432,796

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Opening shareholders' funds	4,686,111	3,678,946
Profit for the financial year	766,685	1,007,165
Closing shareholders' funds	5,452,796	4,686,111

KROMACHEM LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

16. PENSION COMMITMENTS

Kromachem Limited operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £19,540 (2012 - £11,761). Contributions totalling £273 (2012 - £439) were payable to the fund at the balance sheet date and are included in creditors

17. OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	2013	2012
	£	£
EXPIRY DATE:		
Within 1 year	6,604	4,953
Between 2 and 5 years	17,451	26,869
After more than 5 years	25,000	-

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

In the opinion of the directors the ultimate parent undertaking is Kromachem Holdings Limited. Kromachem Holdings Limited is controlled by Mr E J Kensbock, by virtue of his majority shareholding.