

**Arch Chemicals Products Limited**

**Directors' report and financial  
statements**

**Registered number 978621**

**31 December 2011**

TUESDAY



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## Directors' report

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

### Principal activities / Business review

On 1 January 2006 the company set up an office in India to manage the marketing and sales of chemical products, and search out sourcing opportunities, on behalf of affiliates of the Arch Chemicals Inc group. These activities were curtailed during 2010 and 2011 and the company no longer operates but remains for reasons of compliance in India with a plan to liquidate.

### Results and dividend

The retained profit for the year is £126,975 (2010 £9,239)

The directors do not propose a final dividend for the year (2010 £nil)

### Directors and directors' interests

The directors who held office during the year and to the date of this report were as follows

|                  |                      |
|------------------|----------------------|
| Sarah A O'Connor | (resigned 27 10 11)  |
| W Paul Bush      | (resigned 27 10 11)  |
| Stephen M Baker  |                      |
| Peter J Kitchen  |                      |
| Scott B Waldman  | (appointed 27 10 11) |

None of the directors who held office at the end of the financial year had any interest in the shares of the company

### Political and charitable contributions

The Company did not make any political or charitable donations or incur any political expenditure during the year

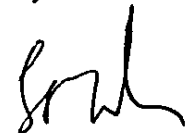
### Disclosure of information to auditor

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

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed KPMG LLP will therefore continue in office.

By order of the board



**S Baker**  
Director

Wheldon Road  
Castleford  
West Yorkshire  
WF10 2JT

14 September 2012

## **Statement of directors' responsibilities in respect of the Directors' Report and the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1, the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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



## **KPMG LLP**

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **Independent auditor's report to the members of Arch Chemicals Products Limited**

We have audited the financial statements of Arch Chemicals Products Limited for the year ended 31 December 2011 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). These financial statements have not been prepared on a going concern basis for the reason set out in note 1.

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement 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 (APB's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

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

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

#### **Opinion on other 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.

## **Independent auditor's report to the members of Arch Chemicals Products Limited** *(continued)*

### **Matters on which we are required to report by exception**

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

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



**David Morrill (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

14 September 2012

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

|                                                      | <i>Note</i> | <b>2011</b><br>£ | <b>2010</b><br>£ |
|------------------------------------------------------|-------------|------------------|------------------|
| <b>Turnover</b>                                      | <b>2</b>    | <b>264,413</b>   | <b>269,346</b>   |
| Administrative expenses                              |             | (137,438)        | (260,107)        |
| <b>Profit on ordinary activities before taxation</b> | <b>3</b>    | <b>126,975</b>   | <b>9,239</b>     |
| Tax on profit on ordinary activities                 | <b>6</b>    | -                | -                |
| <b>Retained profit for the financial year</b>        | <b>12</b>   | <b>126,975</b>   | <b>9,239</b>     |

A reconciliation of movements in shareholders' funds is shown in note 13

There are no other recognised gains or losses during the year

Notes on pages 7 to 11 form part of the financial statements

**Balance sheet**  
**at 31 December 2011**

|                                                       | Note | 2011            | 2010             |
|-------------------------------------------------------|------|-----------------|------------------|
|                                                       |      | £               | £                |
| <b>Fixed assets</b>                                   |      |                 |                  |
| Tangible assets                                       | 7    | 166             | 414              |
| <b>Current assets</b>                                 |      |                 |                  |
| Debtors                                               | 8    | 575,854         | 411,987          |
| Cash at bank and in hand                              |      | 7,679           | 329,122          |
|                                                       |      | <u>583,533</u>  | <u>741,109</u>   |
| <b>Creditors: Amounts falling due within one year</b> | 9    | <u>(15,736)</u> | <u>(300,535)</u> |
| <b>Net current assets</b>                             |      | <u>567,797</u>  | <u>440,574</u>   |
| <b>Net assets</b>                                     |      | <u>567,963</u>  | <u>440,988</u>   |
| <b>Capital and reserves</b>                           |      |                 |                  |
| Called up share capital                               | 11   | 1,000           | 1,000            |
| Profit and loss account                               | 12   | 566,963         | 439,988          |
| <b>Equity shareholders' funds</b>                     | 13   | <u>567,963</u>  | <u>440,988</u>   |

Notes on pages 7 to 11 form part of the financial statements

These financial statements were approved by the board of directors on 14 September 2012 and were signed on its behalf by



**S Baker**  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### *Basis of preparation*

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

During the year the company's operations were curtailed and the intention is to liquidate the company. As a result these accounts have not been prepared on a going concern basis. No significant adjustments were necessary to the accounts of which the assets and liabilities were carried on these financial statements

The group accounts of the ultimate parent undertaking, Lonza Group AG include a group cash flow statement and accordingly no cash flow statement is included as part of these financial statements

The company is exempt from the requirements of FRS 8 (related party disclosures) to disclose transactions with other group undertakings or transactions with investees of the group, as it is a wholly owned subsidiary and its financial statements are included in the consolidated financial statements of the ultimate parent company and those financial statements are publicly available

#### *Tangible fixed assets*

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

Office furniture and equipment      -      4 years

#### *Foreign currencies*

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

#### *Operating leases*

All existing leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease

#### *Taxation*

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

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

#### *Post-retirement benefits*

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 amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

### 2 Turnover

Turnover represents the amounts (excluding value added tax) derived from managing the marketing and sales of chemical products on behalf of fellow subsidiary undertakings of the Arch Chemicals Inc group

## Notes (continued)

### 3 Profit on ordinary activities before taxation

|                                                                               | 2011<br>£     | 2010<br>£     |
|-------------------------------------------------------------------------------|---------------|---------------|
| <i>Profit on ordinary activities before taxation is stated after charging</i> |               |               |
| Depreciation                                                                  | 248           | 736           |
| Operating lease rentals                                                       | 23,851        | 23,859        |
|                                                                               | <u>23,851</u> | <u>23,859</u> |

The company's audit fee has been paid by another group company

### 4 Directors' emoluments

No directors in office during the years ended 31 December 2010 and 31 December 2011 received any emoluments for services provided to the company

### 5 Staff numbers and costs

The average number of persons employed by the company during the period, analysed by category, was as follows

|                          | Number of employees |          |
|--------------------------|---------------------|----------|
|                          | 2011                | 2010     |
| Sales and administration | 1                   | 2        |
|                          | <u>1</u>            | <u>2</u> |

The aggregate payroll costs of these persons were as follows

|                       | £             | £              |
|-----------------------|---------------|----------------|
| Wages and salaries    | 10,365        | 73,875         |
| Social security costs | 1,060         | 13,034         |
| Other pension costs   | 782           | 16,427         |
|                       | <u>12,207</u> | <u>103,336</u> |

### 6 Taxation

|                    | 2011<br>£000 | 2010<br>£000 |
|--------------------|--------------|--------------|
| UK corporation tax | -            | -            |
|                    | <u>-</u>     | <u>-</u>     |

## Notes (continued)

### 6 Taxation (continued)

The current tax charge for the year is lower than the standard rate of corporation tax in the United Kingdom of 26.5% (2010 28%). The difference is analysed below

|                                                                                                            | 2011<br>£ | 2010<br>£ |
|------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Profit on ordinary activities                                                                              | 126,975   | 9,239     |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%) | 33,648    | 2,587     |
| Losses surrendered by fellow group undertakings for no cost                                                | (33,714)  | (2,925)   |
| Expenses not deductible for tax purposes                                                                   | -         | 132       |
| Depreciation in excess of capital allowance                                                                | 66        | 206       |
|                                                                                                            | -         | -         |

The Finance Act 2012 received Royal Assent on 17 July 2012 and the main rate of corporation tax was reduced from 26% to 24% effective from 1 April 2012

Proposed further changes to reduce the rate of corporation tax to 22% by 2014 were also included in the budget but these changes had not been substantively enacted by the balance sheet date

### 7 Tangible fixed assets

|                       | Office<br>furniture<br>and equipment<br>£ |
|-----------------------|-------------------------------------------|
| <b>Cost</b>           |                                           |
| At beginning of year  | 3,129                                     |
| <b>Depreciation</b>   |                                           |
| At beginning of year  | 2,715                                     |
| Charge for year       | 248                                       |
| At end of year        | 2,963                                     |
| <b>Net book value</b> |                                           |
| At 31 December 2011   | 166                                       |
| At 31 December 2010   | 414                                       |

## Notes (continued)

### 8 Debtors

|                                    | 2011<br>£      | 2010<br>£      |
|------------------------------------|----------------|----------------|
| Amounts owed by group undertakings | 574,638        | 402,034        |
| Other debtors                      | 1,216          | 9,953          |
|                                    | <u>575,854</u> | <u>411,987</u> |

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

|                                    | 2011<br>£     | 2010<br>£      |
|------------------------------------|---------------|----------------|
| Amounts owed to group undertakings | -             | 283,783        |
| Accruals and deferred income       | 15,736        | 16,752         |
|                                    | <u>15,736</u> | <u>300,535</u> |

### 10 Provisions for liabilities and charges

#### Deferred tax

There were no deferred tax assets or liabilities at 31 December 2010 or 2011

### 11 Called up share capital

|                                            | 2011<br>£ | 2010<br>£ |
|--------------------------------------------|-----------|-----------|
| <i>Authorised:</i>                         |           |           |
| 1,000 ordinary shares of £1 each           | 1,000     | 1,000     |
| <i>Allotted, called up and fully paid:</i> |           |           |
| 1,000 ordinary shares of £1 each           | 1,000     | 1,000     |

### 12 Profit and loss account

|                      | £              |
|----------------------|----------------|
| At beginning of year | 439,988        |
| Profit for the year  | 126,975        |
|                      | <u>566,963</u> |
| At end of year       | <u>566,963</u> |

## Notes (continued)

### 13 Reconciliation of movement in equity shareholders' funds

|                                              | 2011<br>£          | 2010<br>£        |
|----------------------------------------------|--------------------|------------------|
| Profit on ordinary activities after taxation | 126,975            | 9,239            |
|                                              | <hr/>              | <hr/>            |
| Shareholders' funds at beginning of year     | 126,975<br>440,988 | 9,239<br>431,749 |
|                                              | <hr/>              | <hr/>            |
| Shareholders' funds at end of year           | 567,963            | 440,988          |
|                                              | <hr/> <hr/>        | <hr/> <hr/>      |

### 14 Commitments

Annual commitments under non-cancellable operating leases are as follows

|                                        | 2011<br>£   | 2010<br>£   |
|----------------------------------------|-------------|-------------|
| Operating leases which expire          |             |             |
| Within one year                        | -           | 23,851      |
| In the second to fifth years inclusive | -           | -           |
|                                        | <hr/>       | <hr/>       |
|                                        | -           | 23,851      |
|                                        | <hr/> <hr/> | <hr/> <hr/> |

### 15 Ultimate parent company

The company is an immediate subsidiary undertaking of Arch Chemicals Limited which is registered in England. Copies of this company's financial statements are available from Wheldon Road, Castleford, West Yorkshire, WF10 2JT.

The ultimate parent undertaking is Lonza Group AG, which is incorporated in Switzerland and has its principal office in Basel, Switzerland. The accounts and annual report of Lonza Group AG incorporate the results of the company and can be obtained from the website [www.lonza.com](http://www.lonza.com), or alternatively from Lonza Group AG, Muenchensteinerstrasse 38, CH-4002 Basel, Switzerland.