

Acetate Products Limited

**Annual report and financial statements
for the year ended 31 December 2014**

Registered number: 00217201

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Acetate Products Limited

Annual report and financial statements for the year ended 31 December 2014

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Acetate Products Limited

Strategic report for the year ended 31 December 2014

The directors present their strategic report on the Company for the year ended 31 December 2014.

Review of the business

The principal activity of the Company is the management and development of its land with the aim of maximising its potential value.

The remaining 30 acres of land at Little Heath were sold to Persimmon Homes Limited on 3 February 2014 for a consideration £10.125 million of which £5.438 million was received during 2014 and the final deferred consideration of £4.687 million received on 3 August 2015. Additional consideration in relation to this land could be earned in future years in the event planning permission is granted to the buyer in respect of an increase in the overall square footage of dwellings above 340,000 square feet.

Regarding the land at Spondon leased to Derwent Cogeneration Limited, the Company is still waiting for the tenant to remove the plant and equipment on site, to demolish the building and then to vacate the land. The Company continues to review the potential long term development opportunities in respect of this land.

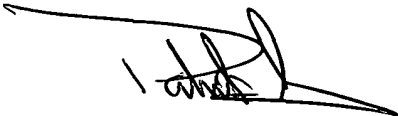
Negotiations have continued with Celanese Corporation to agree a remediation plan for the clean up of contaminated land at Spondon sold together with an acetate fibres business to Celanese in 2007 on which the Company remains responsible for 25% of the cost.

The Company has continued advising its parent company, Acordis Beheer BV, on environmental issues and development opportunities in relation to its land at Spondon.

Future developments

In the coming year the Company will focus on its land at Spondon currently leased to Derwent Cogeneration Limited and finalising the remediation plan in respect of the land sold to Celanese. It will also continue to advise Acordis Beheer BV on environmental and development issues involving its property in the UK.

On behalf of the Board



P Shanley

Director

17 August 2015

Acetate Products Limited

Directors' report for the year ended 31 December 2014

The directors present their report and the audited financial statements of Acetate Products Limited (the "Company") for the year ended 31 December 2014.

Business review

The results for the Company show a profit on ordinary activities before taxation of £9,002,000 (2013: £1,856,000).

Dividends

A dividend of £2 per ordinary share amounting to £6,000,000 has been paid to the shareholder during the year (2013: £nil).

Future developments

The future developments in the Company are included in the Strategic report on page 2.

Capital reduction

On 19 September 2014 the share capital of the Company was reduced from £18,000,000, divided into 18,000,000 ordinary shares of £1 each, to £3,000,000, divided into 3,000,000 ordinary shares of £1 each. This reduction was effected by cancelling and extinguishing 15,000,000 of the existing issued ordinary shares of £1 each registered in the name of Acordis Beheer BV.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

S Boermans (Appointed 14 January 2014 and resigned 14 January 2015)

D Haarsma (Appointed 14 January 2014 and resigned 14 January 2015)

A S Poulsom

P Shanley

J H H Smitsmans (Appointed 14 January 2015)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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;

Acetate Products Limited

Directors' report for the year ended 31 December 2014 (continued)

Statement of directors' responsibilities (continued)

- 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.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act 2006 the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he 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.

Appointment of auditors

The Company's auditors are PricewaterhouseCoopers LLP. An elective resolution has been passed in accordance with Companies Act 2006, dispensing with the requirement to re-appoint auditors annually.

On behalf of the Board



P Shanley
Director
17 August 2015

Registered number: 00217201

Acetate Products Limited

Independent auditors' report to the members of Acetate Products Limited

Report on the financial statements

Our opinion

In our opinion, Acetate Products Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit 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.

What we have audited

The financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Acetate Products Limited

Independent auditors' report to the members of Acetate Products Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual 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.



Phil Harrold (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
17 August 2015

Acetate Products Limited

Profit and loss account for the year ended 31 December 2014

		2014	2013
	Note	£'000	£'000
Turnover	3	10,156	2,531
Cost of sales		(909)	(359)
Gross profit		9,247	2,172
Administrative expenses		(245)	(316)
Operating profit	4	9,002	1,856
Profit on ordinary activities before interest and taxation		9,002	1,856
Profit on ordinary activities before taxation		9,002	1,856
Tax on profit on ordinary activities	8	(5)	-
Profit for the financial year		8,997	1,856

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

There are no material differences between the profits as disclosed in the profit and loss account and their historical cost equivalent.

The Company had no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

All amounts relate to continuing operations.

Acetate Products Limited

Balance sheet as at 31 December 2014

	Note	2014 £'000	2013 £'000
Current assets			
Stocks	9	5	572
Debtors	10	4,724	97
Cash at bank and in hand		2,738	3,445
		7,467	4,114
Creditors: amounts falling due within one year	11	(325)	(75)
Net current assets		7,142	4,039
Total assets less current liabilities		7,142	4,039
Provisions for liabilities	12	(1,021)	(915)
Net assets		6,121	3,124
Capital and reserves			
Called up share capital	14	3,000	18,000
Profit and loss account	15	3,121	(14,876)
Total shareholder's funds	16	6,121	3,124

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

The financial statements on pages 7 to 16 were approved by the Board of Directors on 17 August 2015 and were signed on its behalf by:



P Shanley
Director

Acetate Products Limited

Notes to the financial statements for the year ended 31 December 2014

1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention, the accounting policies set out below, which have been applied consistently, and in accordance with the Companies Act 2006 and applicable UK Accounting Standards.

Turnover

Turnover, which excludes value added tax, includes income from property sales, representing the amount receivable at the date a contract for sale becomes unconditional. It also includes rental income.

Stocks

All stocks are stated at the lower of cost and net realisable value. Cost comprises all expenditure directly attributable to the purchase of land and property, its development and associated fees.

For land and properties held for resale, net realisable value is the estimated amount which could be realised if disposed of at the year end. For sites under development, net realisable value is based on the expected selling price when it is completed, less all costs to be incurred in bringing the site to completion. Immediate provision is made for all foreseeable losses.

Foreign currencies

Transactions denominated in foreign currencies occurring during the year are translated into sterling at the exchange rates prevailing at the dates of those transactions.

Foreign currency assets and liabilities have been translated into sterling at the rates of exchange ruling at the year-end or, where appropriate, the forward cover rate. Exchange differences arising on transactions during the year are dealt with through the profit and loss account.

Deferred taxation

Deferred taxation is accounted for under Financial Reporting Standard 19 ("FRS 19"), 'Deferred tax'. Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. Deferred tax assets are only recognised to the extent that it is considered more likely than not that there will be taxable profits against which they will reverse in the reasonably foreseeable future. Deferred tax is not discounted.

Operating leases

Rental charges in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Provisions

Provision is made where the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefit will be required and a reliable estimate of the obligation can be made. Provisions are discounted where the effect would be material.

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Notes to the financial statements for the year ended 31 December 2014 (continued)

2 Cash flow statement

For the year ended 31 December 2014 the Company was a wholly-owned subsidiary of Acordis Beheer BV and was included in the consolidated financial statements of Acordis Holding BV. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 "Cash flow statements" (revised 1996).

3 Turnover

All turnover arose within the United Kingdom.

The Company's activities consist solely of the management and development of land.

4 Operating profit

Operating profit is stated after charging / (crediting):

	2014	2013
	£'000	£'000
Wages and salaries	112	194
Social security costs	14	25
Staff costs	126	219
Rental income	(32)	(31)
Exchange loss	4	3
Auditors' remuneration		
-Audit fees	12	19
-Non-audit fees – tax compliance	9	10

5 Employee information

The average monthly number of persons (including directors) employed by the Company during the year was:

By activity	2014	2013
Operations	1	1
Administration	2	2
	3	3

Acetate Products Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Directors' emoluments

	2014	2013
	£'000	£'000
Aggregate emoluments (including pension contributions)	54	113

Included in directors' emoluments above is £11,000 (2013: £18,000) recharged to other group companies.

7 Dividends paid

	2014	2013
	£'000	£'000
Dividend on ordinary shares – paid (£2 per share)	6,000	-

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Notes to the financial statements for the year ended 31 December 2014 (continued)

8 Tax on profit on ordinary activities

The tax is based on the profit for the year and comprises:

	2014	2013
	£'000	£'000
Current tax:		
UK corporation tax at 21.5% (2013: 23.25%) based on the profit for the year	-	-
Prior years tax:		
Adjustments in respect of previous years	5	-
Tax charge on profit on ordinary activities	5	-

The tax assessed for the year is lower (2013: lower) than the average standard rate of corporation tax in the UK 21.5% (2013: 23.25%). The difference is explained below:

	2014	2013
	£'000	£'000
Profit on ordinary activities before taxation	9,002	1,856
Profit on ordinary activities multiplied by standard rate in the UK 21.5% (2013: 23.25%)	1,935	432
Effects of:		
Expenses not deductible for tax purposes	160	(9)
Property valuation adjustment for tax purposes	(2,213)	617
Losses carried forward	118	-
Utilisation of losses brought forward	-	(1,040)
Adjustments in respect of previous years	5	-
Tax on profit on ordinary activities	5	-

Factors affecting the future tax charge

The Finance Act 2013 enacted reductions to the main rate of corporation tax, applying a 21% corporation tax rate for the financial year beginning 1 April 2014 and a 20% corporation tax rate for the financial year beginning 1 April 2015. The unrecognised deferred tax asset at 31 December 2014, which is disclosed at Note 13, has been re-measured at 20%. Further changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1

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Notes to the financial statements for the year ended 31 December 2014 (continued)

April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

9 Stocks

	2014	2013
	£'000	£'000
Land and property held for sale	5	572

10 Debtors

	2014	2013
	£'000	£'000
Trade debtors	4,687	-
Amounts owed by group undertakings	2	50
Other debtors	34	35
Prepayments and accrued income	1	12
	4,724	97

All debtor balances fall due within one year. The trade debtor is the final deferred consideration payable on 3 August 2015 in respect of the sale of the remaining land at Little Heath completed on 3 February 2014. A legal charge over an agreed portion of this land was granted to the Company as security for the payment of this debt. Full payment of the debt has subsequently been received from Persimmon Homes Limited on the due date.

11 Creditors: amounts falling due within one year

	2014	2013
	£'000	£'000
Trade creditors	16	17
Taxation and social security	16	9
Other creditors	260	-
Accruals and deferred income	33	49
	325	75

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Notes to the financial statements for the year ended 31 December 2014 (continued)

12 Provisions for liabilities

	Environ- mental £'000
1 January 2014	915
Charged to the profit and loss account	157
Utilised during the year	(51)
31 December 2014	1,021

The provision relates to the expected cost of the Company's obligations to complete the remediation of the land at Spondon sold to Celanese Corporation on 31 January 2007. A substantial proportion of the provision at 31 December 2014 is expected to be utilised in the next three years.

13 Deferred tax

No deferred tax asset has been recognised in the financial statements.

There is an unrecognised deferred tax asset of £511,000 (2013: £487,000) in respect of unutilised trading losses of £2,557,000 (2013: £2,434,000) which could be utilised against future profits of the company. In addition, no deferred tax asset has been recognised in respect of capital losses of £2,371,000 (2013: £2,371,000).

14 Called up share capital

	2014 £'000	2013 £'000
Allotted and fully paid:		
3,000,000 (2013:18,000,000) £1 ordinary shares	3,000	18,000

On 19 September 2014 the share capital of the Company was reduced from £18,000,000, divided into 18,000,000 ordinary shares of £1 each, to £3,000,000, divided into 3,000,000 ordinary shares of £1 each. This reduction was effected by cancelling and extinguishing 15,000,000 of the existing issued ordinary shares of £1 each registered in the name of Acordis Beheer BV.

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Notes to the financial statements for the year ended 31 December 2014 (continued)

15 Reserves

	Profit and loss account
	£'000
1 January 2014	(14,876)
Share capital reduction	15,000
Profit for the financial year	8,997
Dividends paid	(6,000)
31 December 2014	3,121

16 Reconciliation of movements in total shareholders' funds

	2014	2013
	£'000	£'000
Profit for the financial year	8,997	1,856
Dividends paid	(6,000)	-
Net increase in shareholders' funds	2,997	1,856
Opening shareholders' funds	3,124	1,268
Closing shareholders' funds	6,121	3,124

17 Commitments

There were no capital commitments at the end of the financial year (2013: £nil) which have not been provided for.

18 Related party transactions

Given that 100% of the Company's voting rights were controlled by Acordis Holding BV, the Company has taken advantage of the exemptions within Financial Reporting Standard Number 8 (Related Party Transactions) and not included details in these financial statements of transactions with other wholly owned Acordis Holding BV Group companies.

Derwent Cogeneration Limited

The Company leases land to Derwent Cogeneration Limited, in which Acordis Beheer BV holds a 17.5% equity interest. The Company has received rent of £31,601 (2013: £30,778) in the year.

Directors

No director has had a material interest in any contract with the Company in either year.

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Notes to the financial statements for the year ended 31 December 2014 (continued)

19 Immediate and ultimate parent undertaking and controlling party

Acetate Products Limited is a wholly owned subsidiary of Acordis Beheer BV, which is a wholly owned subsidiary undertaking of Acordis Holding BV. Both companies are incorporated in the Netherlands.

The ultimate parent undertaking and controlling party at 31 December 2014 is Acordis Holding BV, which is the parent undertaking of the largest and smallest group to consolidate these financial statements.

Copies of the consolidated financial statements of Acordis Holding BV are available from the Company Secretary, Westervoortsedijk 73, PO Box 9600, Arnhem 6800TC, The Netherlands.