**Cytec - Med - Lab Limited**

# Directors' report and financial statements

Registered number 00540182

31 December 2015

# Contents

# Directors' report

The directors present their Directors' report and the audited financial statements for the year ended 31 December 2015.

**Principal activities & business review**

The principal activity of the company is the distribution of chemicals and fuel testing equipment to the aerospace and petroleum industries.

The results for the year are shown in the profit and loss account on page 4. The company is exposed to risks associated with the markets in which it operates and attributable to the wider social and economic environment. The Company is expected to be able to perform according to its budget, reflecting a stabilisation of the markets in which we operate. The company also faces risks specific to its trading activities, such as the potential loss of major customers or suppliers. The company continues to maximise service levels and conduct business with integrity in order to minimise such risks.

**Dividend and transfer to reserves**

Ordinary dividends of £nil were declared and paid during the year *(2014 £nil)*. The profit for the year of £451,123 has been transferred to reserves *(2014: £375,597)*.

**Directors**

The directors who held office during the period were as follows:

| | |
|---|---|
| R S King | |
| M Knight | |
| A Steels | - Resigned 14 January 2016 |
| D Darazsdi | - Resigned 11 December 2015 |
| R D Smith | - Resigned 11 December 2015 |

**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 he ought to have taken as a director to make himself 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 and KPMG LLP will therefore continue in office.

By order of the board

M Knight

**M Knight**
*Director*

Composites House
Sinclair Close
Heanor Gate Industrial Estate
Heanor
Derbyshire
DE75 7SP

6 September 2016

# 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), including FRS 101 Reduced Disclosure Framework.

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 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.

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.

# Independent auditor's report to the members of Cytec - Med - Lab Limited

We have audited the financial statements of Cytec - Med - Lab Limited for the year ended 31 December 2015 set out on pages 4 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

**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 2015 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.

**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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

M. Froom

**Michael Froom** *(Senior Statutory Auditor)*

*for and on behalf of KPMG LLP, Statutory Auditor*
*Chartered Accountants*
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

9 September 2016

## Profit and loss account
*for year ended 31 December 2015*

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | **£** | £ |
| **Turnover** | 2 | **3,571,403** | 3,460,777 |
| Cost of sales | | **(1,917,580)** | (1,806,163) |
| **Gross profit** | | **1,653,823** | 1,654,614 |
| Administrative expenses | | **(1,167,844)** | (1,227,961) |
| **Operating profit** | 3 | **485,979** | 426,653 |
| Interest receivable and similar income | 6 | **80,861** | 52,630 |
| Amounts written off investments | | **-** | (105) |
| **Profit on ordinary activities before taxation** | | **566,840** | 479,178 |
| Tax on profit on ordinary activities | 7 | **(115,717)** | (103,581) |
| **Profit for the financial year** | | **451,123** | 375,597 |

The results shown in the profit and loss account derive wholly from continuing operations.

Other than the profit for the year, the company had no recognised gains or losses in either the current or preceding year.

# Balance sheet
***at 31 December 2015***

| | Note | 2015 | | 2014 | |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Fixed assets** | | | | | |
| Tangible assets | *8* | | **153,654** | | 132,663 |
| | | | **153,654** | | 132,663 |
| **Current assets** | | | | | |
| Stocks | *9* | **171,256** | | 218,194 | |
| Debtors (including £68,319 *(2014: £68,880)* due after more than one year) | *10* | **4,443,345** | | 4,425,943 | |
| Cash at bank and in hand | | **1,861,014** | | 1,487,709 | |
| | | **6,475,615** | | 6,131,846 | |
| **Creditors:** amounts falling due within one year | *11* | **(235,231)** | | (321,594) | |
| **Net current assets** | | | **6,240,384** | | 5,810,252 |
| **Net assets** | | | **6,394,038** | | 5,942,915 |
| **Capital and reserves** | | | | | |
| Called up share capital | *14* | | **5,250** | | 5,250 |
| Profit and loss account | | | **6,388,788** | | 5,937,665 |
| **Shareholders' funds** | | | **6,394,038** | | 5,942,915 |

These financial statements were approved by the board of directors on 6 September 2016 and were signed on its behalf by:

**M Knight**
*Director*

Company registered number: 540182

# Statement of changes in equity

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|---|---|---|---|
| Balance at 1 January 2014 | 5,250 | 5,562,068 | 5,567,318 |
| **Total comprehensive income for the period** | | | |
| Profit or loss | - | 375,597 | 375,597 |
| **Balance at 31 December 2014** | **5,250** | **5,937,665** | **5,942,915** |

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|---|---|---|---|
| Balance at 1 January 2015 | 5,250 | 5,937,665 | 5,942,915 |
| **Total comprehensive income for the period** | | | |
| Profit or loss | - | 451,123 | 451,123 |
| **Balance at 31 December 2015** | **5,250** | **6,388,788** | **6,394,038** |

# Notes
*(forming part of the financial statements)*

## 1 Accounting policies

Cytec – Med - Lab Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").* The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101 from Adopted IFRS, the Company has made one measurement and recognition adjustment. In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 20.

The Company's ultimate parent undertaking, Solvay S.A. includes the Company in its consolidated financial statements. The consolidated financial statements of Solvay S.A. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Solvay S.A., Rue de Ransbeek, 310, 1120 Brussels, Belgium.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the transition to FRS 101.
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

As the consolidated financial statements of Solvay S.A. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

### *1.1. Measurement convention*

The financial statements are prepared on the historical cost basis.

### *1.2. Going concern*

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on page 1.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The directors have prepared cash flow forecasts for a 12 month period from the date of approval of these financial statements and such forecasts have indicated that sufficient funds should be available to enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As a result, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

### *1.3. Foreign currency*

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

### *1.4. Classification of financial instruments issued by the Company*

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### *1.5. Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

*Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

*Trade and other creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

*Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

### *1.6. Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

| | |
|---|---|
| Long leasehold buildings | - 50 years |
| Plant and equipment | - 4 to 10 years |
| Motor vehicles | - 4 years |

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

### *1.7. Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### *1.8. Impairment excluding stocks and deferred tax assets*

*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

*Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### *1.9. Employee benefits*

*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### *1.10. Turnover*

Turnover is recognised in the profit and loss account when goods or services are supplied or made available to customers against orders received and the significant risks and rewards of ownership have been transferred to the customer and the amount of turnover can be measured reliably. Turnover excludes value added tax and other similar sales taxes. Turnover is stated after the deduction of discounts and allowances for estimated future rebates and returns.

### *1.11. Expenses*

*Operating lease payments*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

*Interest receivable*

Interest income is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

### *1.12. Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

## 2 Turnover

The turnover is attributable to the distribution of chemicals and fuel testing equipment to the aerospace and petroleum industries.

| *Analysis of turnover by geographical market* | **2015** **£** | 2014 £ |
|---|---|---|
| United Kingdom | **608,161** | 349,273 |
| Europe | **1,410,263** | 1,440,001 |
| Middle East | **267,409** | 295,692 |
| Rest of the World | **1,285,570** | 1,375,811 |
| | **3,571,403** | 3,460,777 |

# Notes *(continued)*

## 3 Expenses and auditor's remuneration

*Included in profit are the following:*

*Auditor's remuneration:*

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Audit of these financial statements | **6,000** | 6,591 |

## 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

| | Number of employees | |
|---|---|---|
| | **2015** | 2014 |
| Administration and distribution | **20** | 20 |
| | **20** | 20 |

The aggregate payroll costs of these persons were as follows:

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Wages and salaries | **549,787** | 590,931 |
| Social security costs | **60,433** | 61,278 |
| Contributions to defined contribution plans | **38,641** | 37,633 |
| | **648,861** | 689,842 |

# Notes *(continued)*

## 5 Directors' remuneration

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Directors' remuneration | 180,119 | 158,885 |
| Company contributions to money purchase pension plans | 12,627 | 11,368 |

The aggregate of remuneration of the highest paid director was £101,606 *(2014: £90,095)*, and company pension contributions of £7,328 *(2014: £ 6,359)* were made to a money purchase scheme on his behalf.

| | Number of directors 2015 | 2014 |
|---|---|---|
| Retirement benefits are accruing to the following number of directors under: | | |
| Money purchase schemes | 2 | 2 |

## 6 Interest receivable and similar income

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Bank interest | (8,034) | (4,206) |
| Total interest receivable and similar income | 80,861 | 52,630 |

Interest receivable and similar income includes income from group undertakings of £88,895 *(2014: £56,836)*.

# Notes *(continued)*

## 7 Taxation

### Recognised in the profit and loss account

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| *UK corporation tax* | | | | |
| Current tax on income for the period | | **115,155** | | 104,025 |
| Adjustments in respect of prior periods | **-** | | (64) | |
| | | **-** | | (64) |
| Total current tax | | **115,155** | | 103,961 |
| *Deferred tax (see note 12)* | | | | |
| Origination and reversal of temporary differences | **(165)** | | (380) | |
| Reduction in tax rate | **727** | | - | |
| Total deferred tax | **562** | | (380) | |
| | | **562** | | (380) |
| Tax on profit on ordinary activities | | **115,717** | | 103,581 |

### Reconciliation of effective tax rate

| | 2015 | 2014 |
|---|---|---|
| | £ | £ |
| Profit for the year | **451,123** | 375,597 |
| Total tax expense | **115,717** | 103,581 |
| Profit excluding taxation | **566,840** | 479,178 |
| Tax using the UK corporation tax rate of 20.25 % *(2014: 21.49%)* | **114,785** | 102,975 |
| Reduction in tax rate on deferred tax balances | **727** | - |
| Non-deductible expenses | **205** | 670 |
| Tax exempt revenues | **-** | - |
| Recognition of previously unrecognised tax losses | **-** | - |
| Under / (over) provided in prior years | **-** | (64) |
| Total tax expense (including tax on discontinued operations) | **115,717** | 103,581 |

# Notes *(continued)*

## 8 Tangible fixed assets

| | Freehold Buildings £ | Plant and equipment £ | Motor vehicles £ | Total £ |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance at 1 January 2015 | 183,606 | 83,853 | 25,000 | 292,459 |
| Additions | 16,571 | 28,440 | - | 45,011 |
| Revaluations | - | - | - | - |
| Disposals | (2,103) | (813) | - | (2,916) |
| Balance at 31 December 2015 | 198,074 | 111,480 | 25,000 | 334,554 |
| **Depreciation and impairment** | | | | |
| Balance at 1 January 2015 | 96,117 | 46,494 | 17,185 | 159,796 |
| Depreciation charge for the year | 1,412 | 15,914 | 6,252 | 23,578 |
| Disposals | (2,103) | (371) | - | (2,474) |
| Balance at 31 December 2015 | 95,426 | 62,037 | 23,437 | 180,900 |
| **Net book value** | | | | |
| At 1 January 2015 | 87,489 | 37,359 | 7,815 | 132,663 |
| **At 31 December 2015** | **102,648** | **49,443** | **1,563** | **153,654** |

# Notes *(continued)*

## 8 Tangible fixed assets *(continued)*

*Impairment loss and subsequent reversal*

There were £nil impairment losses this year *(2014: £nil)*.

*Security*

£nil assets pledged as security *(2014: £nil)* and no restriction of title exists *(2014: None)*

*Tangible fixed assets under construction*

Included in plant and equipment for the Company at 31 December 2015 was an amount of £12,775 *(2014: £nil)* relating to expenditure for equipment in the course of construction. The amount of borrowing costs capitalised during the period was £nil *(2014: £nil)*.

Included in the cost of tangible fixed assets is £nil *(2014: £nil)* in respect of capitalised finance costs.

*Buildings*

The net book value of Buildings comprises:

| | **2015** | 2014 |
|---|---|---|
| | **£** | £ |
| Freehold | **102,648** | 87,489 |

## 9 Stocks

| | **2015** | 2014 |
|---|---|---|
| | **£** | £ |
| Finished goods | **171,256** | 218,194 |
| | **171,256** | 218,194 |

# Notes *(continued)*

## 10 Debtors

| | **2015** | 2014 |
|---|---|---|
| | **£** | £ |
| *Amounts falling due within one year* | | |
| Trade debtors | **367,518** | 338,673 |
| Amounts owed by group undertakings | **4,000,000** | 4,000,000 |
| Other debtors | **7,508** | 18,390 |
| | **4,375,026** | 4,357,063 |
| *Amounts falling due after more than one year* | | |
| Deferred tax assets (see note 12) | **6,528** | 7,089 |
| Amounts owed by parent company | **61,791** | 61,791 |
| | **4,443,345** | 4,425,943 |

Other debtors include prepayments of £7,508 *(2014: £16,180)* and construction contract debtors of £nil *(2014: £nil)*.

## 11 Creditors: amounts falling due within one year

| | **2015** | 2014 |
|---|---|---|
| | **£** | £ |
| Trade creditors | **72,701** | 67,264 |
| Amounts owed to group undertakings | **53,749** | 50,256 |
| Taxation and social security | **66,923** | 68,926 |
| Accruals and deferred income | **41,858** | 135,148 |
| | **235,231** | 321,594 |

Included within accruals and deferred income above, is £nil *(2014:£nil)* relating to convertible debt.

# Notes *(continued)*

## 12 Deferred tax assets

*Recognised deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

| | Assets 2015 £ | 2014 £ | Liabilities 2015 £ | 2014 £ | Net 2015 £ | 2014 £ |
|---|---|---|---|---|---|---|
| Tangible fixed assets | **(6,528)** | (5,889) | - | - | **(6,528)** | (5,889) |
| Other | - | (1,200) | - | - | - | (1,200) |
| Tax (assets) / liabilities | **(6,528)** | (7,089) | - | - | **(6,528)** | (7,089) |
| Net of tax liabilities/(assets) | - | - | - | - | - | - |
| Net tax (assets) / liabilities | **(6,528)** | (7,089) | - | - | **(6,528)** | (7,089) |

*Movement in deferred tax during the year*

| | 1 January 2015 £ | Recognised in income £ | 31 December 2015 £ |
|---|---|---|---|
| Tangible fixed assets | **(5,889)** | **(639)** | **(6,528)** |
| Other | **(1,200)** | **1,200** | **-** |
| | **(7,089)** | **561** | **(6,528)** |

*Movement in deferred tax during the prior year*

| | 1 January 2014 £ | Recognised in income £ | 31 December 2014 £ |
|---|---|---|---|
| Tangible fixed assets | (4,702) | (1,187) | (5,889) |
| Other | (2,007) | 807 | (1,200) |
| | (6,709) | (380) | (7,089) |

# Notes *(continued)*

## 13 Employee benefits

*Defined contribution plans*

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £38,641 *(2014: £37,633).*

*Share based payments*

No share-based payments existed during the period.

## 14 Capital and reserves

**Share capital**

| | Ordinary shares | |
|---|---|---|
| | **2015** | 2014 |
| On issue at beginning and end of the year – fully paid | **5,250** | 5,250 |

| | **2015** | 2014 |
|---|---|---|
| | **£** | £ |
| ***Allotted, called up and fully paid*** | | |
| Ordinary shares of £1 each | **5,250** | 5,250 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

*Dividends*

There was no dividend recognised during the year.

After the balance sheet date dividends of £nil per qualifying ordinary share *(2014: £nil)* were proposed by the directors.

# Notes *(continued)*

## 15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

| | **2015** | 2014 |
|---|---|---|
| | **£** | £ |
| Less than one year | **19,408** | 19,408 |
| Between one and five years | **32,520** | 47,679 |
| More than five years | **216,750** | 221,000 |
| | **268,678** | 288,087 |

*Description of significant lease arrangements*

The Company currently has lease arrangements in place for three (*2014: three*) company cars as well as the land on which its premises are located.

During the year £20,617 was recognised as an expense in the profit and loss account in respect of operating leases *(2014: £22,928)*.

## 16 Related parties

*Identity of related parties with which the Company has transacted*

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December 2015 with other related parties, are as follows:

*Transactions with key management personnel*

Directors of the Company and their immediate relatives control 0% per cent of the voting shares of the Company.

*Other related party transactions*

| | **Sales to** | | **Administrative expenses incurred from** | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **£** | £ | **£** | £ |
| Parent | - | - | **202,403** | 216,624 |
| Other Related Parties: | - | - | | |
| - Cytec Engineered Materials (Manchester) Ltd | - | - | **559** | 1,381 |
| - Cytec Industrial Materials (Derby) Ltd | - | - | **16,526** | 12,775 |
| - Umeco Ltd | - | - | **2,739** | 11,556 |
| | - | - | **222,227** | 242,336 |

# Notes *(continued)*

## 16 Related parties *(continued)*

| | Receivables outstanding 2015 | 2014 | Creditors outstanding 2015 | 2014 |
|---|---|---|---|---|
| | **£** | £ | **£** | £ |
| Parent | **61,791** | 61,791 | **50,393** | 49,482 |
| Other Related Parties: | | | | |
| - Cytec UK Holdings Ltd | **4,000,000** | 4,000,000 | **-** | - |
| - Cytec Process Materials (Keighley) Ltd | **-** | - | **305** | - |
| - Cytec Industrial Materials (Derby) Ltd | **-** | - | **3,050** | - |
| - Cytec Engineered Materials (Manchester) Ltd | **-** | - | **-** | 774 |
| | 4,061,791 | 4,061,791 | **53,748** | 50,256 |

## 17 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Solvay S.A. which is the ultimate parent company incorporated in Belgium, the ultimate controlling party.

The largest group in which the results of the Company are consolidated is that headed by Solvay S.A. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from Solvay S.A., Rue de Ransbeek, 310, 1120 Brussels, Belgium.

## 18 Subsequent events

There were no events subsequent to the balance sheet date.

## 19 Accounting estimates and judgements

In the application of the company's accounting policies, which are described on pages 7 to 11, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily available from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period and future periods if the revision affects both current and future periods.

Management believe there are no areas of estimates which would have a significant effect on the amounts recognised in the financial statements

# Notes *(continued)*

**20 Explanation of transition to FRS 101 from old UK GAAP**

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

# Notes *(continued)*

*Reconciliation of equity*

| | Note | 1 January 2014 UK GAAP | Effect of transition to FRS 101 | FRS 101 | 31 December 2014 UK GAAP | Effect of transition to FRS 101 | FRS 101 |
|---|---|---|---|---|---|---|---|
| | | £ | £ | £ | £ | £ | £ |
| **Fixed assets** | | | | | | | |
| Tangible fixed assets | | 129,518 | - | 129,518 | 132,663 | - | 132,663 |
| Investments | | 105 | - | 105 | - | - | - |
| | | 129,623 | - | 129,623 | 132,663 | - | 132,663 |
| **Current assets** | | | | | | | |
| Stocks | | 205,416 | - | 205,416 | 218,194 | - | 218,194 |
| Trade debtors | | 380,723 | - | 380,723 | 338,673 | - | 338,673 |
| Amounts owed by group undertakings | | 61,791 | - | 61,791 | 4,061,791 | - | 4,061,791 |
| Other debtors | | 7,977 | - | 7,977 | 18,390 | - | 18,390 |
| Deferred tax asset | | 6,709 | - | 6,709 | 7,089 | - | 7,089 |
| Cash at bank and in hand | | 5,108,220 | - | 5,108,220 | 1,487,709 | - | 1,487,709 |
| | | 5,770,836 | - | 5,770,836 | 6,131,846 | - | 6,131,846 |
| **Creditors: amounts due within one year** | | | | | | | |
| Trade creditors | | (136,643) | - | (136,643) | (67,264) | - | (67,264) |
| Amounts owed to group undertakings | | (4,917) | (11,043) | (15,960) | (39,213) | (11,043) | (50,256) |
| Taxation and social security | | (123,048) | - | (123,048) | (68,926) | - | (68,926) |
| Accruals and deferred income | | (57,490) | - | (57,490) | (135,148) | - | (135,148) |
| | | (322,098) | (11,043) | (333,141) | (310,551) | (11,043) | (321,594) |
| **Net current assets** | | 5,578,361 | (11,043) | 5,567,318 | 5,953,958 | (11,043) | 5,942,915 |
| **Creditors: amounts falling due after more than one year** | | | | | | | |
| Amounts owed to group undertakings | | (11,043) | 11,043 | - | (11,043) | 11,043 | - |
| **Net assets** | | 5,567,318 | - | 5,567,318 | 5,942,915 | - | 5,942,915 |
| **Capital and reserves** | | | | | | | |
| Called up share capital | | 5,250 | - | 5,250 | 5,250 | - | 5,250 |
| Profit and loss account | | 5,562,068 | - | 5,562,068 | 5,937,665 | - | 5,937,665 |
| **Shareholders' equity** | | 5,567,318 | - | 5,567,318 | 5,942,915 | - | 5,942,915 |

# Notes *(continued)*

*Reconciliation of profit for 2014*

| | Note | UK GAAP | 2014 Effect of transition to FRS 101 | FRS 101 |
|---|---|---|---|---|
| | | £ | £ | £ |
| **Turnover** | | 3,460,777 | - | 3,460,777 |
| Cost of sales | a | (1,806,163) | - | (1,806,163) |
| **Gross profit** | | 1,654,614 | - | 1,654,614 |
| Distribution costs | | - | - | |
| Administrative expenses | | (1,227,961) | - | (1,227,961) |
| **Operating profit/[loss]** | | 426,653 | | 426,653 |
| Other interest receivable and similar income | | 52,630 | - | 52,630 |
| Amounts written off investments | | (105) | - | (105) |
| **Profit/[loss] on ordinary activities before taxation** | | 479,178 | - | 479,178 |
| Tax on profit on ordinary activities | | (103,581) | - | (103,581) |
| **Profit for the year** | | 375,597 | - | 375,597 |

## Notes to the reconciliation of profit/loss

*Explanation of reconciling items in the table above*

Creditors: Amounts falling due after more than one year included an amount owed to Med-Lab International. This has been reallocated to Creditors: Amounts due within one year due to the fact that the loan is not interest bearing and has been held at face value since its inception.