

Cytec - Med - Lab Limited

**Directors' report and financial
statements**

Registered number 00540182

31 December 2014

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

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 (2013: £nil). The profit for the year of £375,597 has been transferred to reserves (2013: £860,417).

Directors

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

R S King	
M Knight	
A Steels	
D Drillock	- resigned 31 October 2014
R Smith	
D Darazsdi	- appointed 1 November 2014


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



A Steels
Director

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

17 APRIL 2015
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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 period. 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 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 Cyttec - Med - Lab Limited

We have audited the financial statements of Cyttec – Med - Lab Limited for the year ended 31 December 2014 set out on pages 4 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 2014 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.

Michael Froom (*Senior Statutory Auditor*)

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

20 APRIL 2015

Profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	2014 £	2013 £
Turnover	2	3,460,777	3,982,844
Cost of sales		(1,806,163)	(2,054,270)
Gross profit		<u>1,654,614</u>	<u>1,928,574</u>
Administrative expenses		(1,227,961)	(941,953)
Operating profit	3	<u>426,653</u>	<u>986,621</u>
Interest receivable		52,630	50
Income from shares in group undertakings	8	-	61,791
Amounts written off investments	8	(105)	-
Profit on ordinary activities before tax		<u>479,178</u>	<u>1,048,462</u>
Tax on profit on ordinary activities	6	(103,581)	(188,045)
Profit for the financial period	15	<u><u>375,597</u></u>	<u><u>860,417</u></u>

The notes that form part of these financial statements are on pages 6 to 13.

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 2014

	<i>Note</i>	2014		2013	
		£	£	£	£
Fixed assets					
Tangible assets	7		132,663		129,518
Investments	8		-		105
			<hr/>		<hr/>
			132,663		129,623
Current assets					
Stocks	9	218,194		205,416	
Debtors	10	4,425,943		457,200	
Cash at bank and in hand		1,487,709		5,108,220	
		<hr/>		<hr/>	
		6,131,846		5,770,836	
Creditors: amounts falling due within one year	11	(310,551)		(322,098)	
		<hr/>		<hr/>	
Net current assets			5,821,295		5,448,738
			<hr/>		<hr/>
Total assets less current liabilities			5,953,958		5,578,361
Creditors: amounts falling due after more than one year	12	(11,043)		(11,043)	
		<hr/>		<hr/>	
Net assets			5,942,915		5,567,318
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	14	5,250		5,250	
Profit and loss account	15	5,937,665		5,562,068	
		<hr/>		<hr/>	
Shareholder's funds	16	5,942,915		5,567,318	
		<hr/>		<hr/>	

These financial statements were approved by the board of directors on 17 APRIL 2015 and were signed on its behalf by:



A Steels
Director

Registered number : 00540182

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 under the historical cost convention and in accordance with applicable accounting standards. As permitted under s400 of the Companies Act 2006 the company has not prepared group accounts. Accordingly, these accounts present information for the company only.

In accordance with FRS1, a cash flow statement has not been prepared on the grounds that the company is a wholly owned subsidiary of a company which presents a consolidated cash flow statement in its accounts.

As the company is a wholly owned subsidiary of Cytec Industries Inc., the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group.

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.

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.

Tangible fixed assets and depreciation

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

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

Long leasehold land is not depreciated.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the close of the preceding month. 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.

Notes (continued)

1 Accounting policies (continued)

Leases

All leases in place are considered to be operating leases and the rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.

Investments

Fixed assets investments in subsidiary undertakings are included at cost less any amounts provided against their carrying value for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. The company has a formal policy for making appropriate reserves to ensure stocks are stated at the lower of cost and net realisable value. This policy requires assumptions to be made regarding future demand levels and these assumptions are partly dependent upon prevailing market and economic conditions, which are outside the company's control.

Pension costs

Pension costs are recognised in the financial statements in accordance with the requirement of FRS17. The company participates in the Friends Life Plan, a defined contribution scheme and the Umeco Limited Pension and Life Assurance Plan, a defined contribution scheme. The assets of these schemes are held separately from those of the company in independently administered funds. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

Tax

The charge for tax is based on the profit for the period and takes into account tax deferred because of timing differences between the treatment of certain items for tax and accounting purposes except as otherwise required by FRS19. Liabilities are calculated on a non-discounted full provision basis. Assets are recognised on the same basis, but only to the extent that it is probable they will be recovered.

2 Analysis of turnover by geographical market

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

	2014	2013
	£	£
<i>Analysis of turnover by geographical market</i>		
United Kingdom	349,273	490,635
Europe	1,440,001	1,559,285
Middle East	295,692	496,561
Rest of the World	1,375,811	1,436,363
	<hr/>	<hr/>
	3,460,777	3,982,844
	<hr/>	<hr/>

Notes (continued)

3 Operating profit

	2014 £	2013 £
<i>Operating profit is stated after charging/(crediting):</i>		
Depreciation of tangible fixed assets:		
- assets owned	18,500	16,694
Rentals payable under operating leases on land and buildings	4,250	4,250
Rentals payable under other operating leases	18,678	20,314
Loss/(profit) on foreign exchange translation	98,662	(3,931)
 Auditor's remuneration		
- Fees payable to the company's auditor for the audit of the annual accounts	<u>6,591</u>	<u>7,255</u>

4 Remuneration of directors

	2014 £	2013 £
Directors' emoluments	<u>170,253</u>	<u>170,759</u>

The company made contributions to defined contribution pension schemes on behalf of the directors' totalling £11,368 (2013: £9,838). Retirement benefits accrued to two (2013: two) of the directors under defined contribution pension schemes.

5 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 2014	2013
Administration and distribution	<u>20</u>	<u>23</u>

The aggregate payroll costs of these persons were as follows:

	2014 £	2013 £
Wages and salaries	590,931	608,435
Social security costs	61,278	53,386
Other pension costs (note 19)	37,633	31,708
	<u>689,842</u>	<u>693,529</u>

Notes (continued)

6 Tax on profit on ordinary activities

	2014 £	2013 £
UK taxation charge at 21.49% (2013: 23.25%)		
- current year	104,025	229,028
- prior years	(64)	(41,373)
	<hr/> 103,961	<hr/> 187,655
Deferred taxation		
- current year	(380)	1,039
- prior year	-	(1,811)
- change in rate	-	1,162
	<hr/> 103,581	<hr/> 188,045

The current tax charge for the year is higher (2013: lower) than the standard rate of UK corporation tax. The reasons for this are as follows:

	2014 £	2013 £
Profit on ordinary activities before tax	<hr/> 479,178	<hr/> 1,048,462
Multiplied by the standard rate of UK corporation tax of 21.49% (2013: 23.25%)	102,975	243,767
Effects of:		
- other timing differences	(868)	(1,784)
- expenses not deductible for tax purposes	641	835
- non-taxable income	-	(14,367)
- depreciation in excess of capital allowances	1,277	577
- prior year adjustments	(64)	(41,373)
	<hr/> 103,961	<hr/> 187,655

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes (continued)

7 Tangible fixed assets

	Long leasehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At start of year	183,606	133,735	25,000	342,341
Additions	-	21,648	-	21,648
Disposals	-	(71,530)	-	(71,530)
At end of year	183,606	83,853	25,000	292,459
Depreciation				
At start of year	95,073	106,817	10,933	212,823
Charge for the year	1,044	11,204	6,252	18,500
Disposals	-	(71,527)	-	(71,527)
At end of year	96,117	46,494	17,185	159,796
Net book value				
At 31 December 2014	87,489	37,359	7,815	132,663
At 31 December 2013	88,533	26,918	14,067	129,518

8 Fixed asset investments

			Shares in subsidiary undertaking £	Total £
Cost at start of year			105	105
Disposal			(105)	(105)
Cost at end of year			-	-
	Shareholding of ordinary share capital	Country of incorporation and registration	2014 £	2013 £
<i>Shares in subsidiary undertaking</i>				
Med-Lab (O.M.) Limited	100%	England and Wales	-	105

A dividend of £nil (2013: £61,791) was received from Med-Lab (O.M.) Limited in the year.

Med-Lab (O.M.) Limited did not trade in the current or prior year, and was dissolved via voluntary strike-off on 6 May 2014.

Notes (continued)

9 Stocks

	2014 £	2013 £
Finished goods	<u>218,194</u>	<u>205,416</u>

10 Debtors

	2014 £	2013 £
<i>Amounts falling due within one year</i>		
Trade debtors	338,673	380,723
Other debtors	18,390	7,977
Amounts owed by group companies	4,000,000	-
	<u>4,357,063</u>	<u>388,700</u>
<i>Amounts falling due after more than one year</i>		
Deferred tax (note 13)	7,089	6,709
Amounts owed by parent company	61,791	61,791
	<u>4,425,943</u>	<u>457,200</u>

There are no fixed repayment terms for the amounts due in more than one year, no interest is charged and it is not expected to be repaid within five years.

11 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	67,264	136,643
Amounts owed to other group companies	39,213	4,917
Other creditors including tax and social security	68,926	123,048
Accruals and deferred income	135,148	57,490
	<u>310,551</u>	<u>322,098</u>

Other creditors including tax and social security comprise:

	2014 £	2013 £
Corporation tax payable	56,512	114,747
Other taxes and social security	12,414	8,301
	<u>68,926</u>	<u>123,048</u>

Notes (continued)

12 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Amounts owed to parent company	<u>11,043</u>	<u>11,043</u>

There are no fixed repayment terms for the amounts due to the parent company, no interest is charged, and they are not expected to be repaid within five years.

13 Deferred tax

	2014 £	2013 £
Opening deferred tax asset	6,709	7,099
Profit and loss account charge	380	(390)
Closing deferred tax asset	<u>7,089</u>	<u>6,709</u>

The closing deferred tax asset is analysed as follows:

	2014 £	2013 £
Depreciation in excess of capital allowances	5,889	4,701
Other timing differences	1,200	2,008
Closing balance	<u>7,089</u>	<u>6,709</u>

The assets are calculated at a rate of 20% (2013: 20%) (see note 6).

14 Called up share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i> 5,250 (2013: 5,250) ordinary shares of £1 each	<u>5,250</u>	<u>5,250</u>

15 Profit and loss account

	£
At beginning of year	5,562,068
Profit for the year	375,597
At end of year	<u>5,937,665</u>

Notes (continued)

16 Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Profit for the financial year	375,597	860,417
Net movement in shareholders' funds	375,597	860,417
Opening shareholders' funds	5,567,318	4,706,901
Closing shareholders' funds	<u>5,942,915</u>	<u>5,567,318</u>

17 Contingent liabilities

A contingent liability for bank guarantees with Umeco Limited (an intermediate parent company) subsidiaries given in the normal course of business at 31 December 2014 amounted to £nil (2013: £13,185,122).

18 Commitments

Annual commitments under non-cancellable operating leases

	2014 £	2013 £
Leases on motor vehicles expiring in less than 5 years	15,158	17,083
Leases on land and buildings expiring after 5 years	<u>4,250</u>	<u>4,250</u>

19 Pensions

The company currently participates in the Friends Life Plan and the Umeco Ltd Pension and Life Assurance Plan, both of which are defined contribution schemes. The pension cost charge for the year represents contributions payable by the company to the schemes and amounted to £37,633 (2013: £31,708). There were no outstanding contributions to the fund at 31 December 2014 (2013: £nil).

20 Ultimate holding company and ultimate controlling party

The ultimate parent undertaking and ultimate controlling undertaking, at 31 December 2014, into which the results of this company are consolidated is Cytec Industries Inc, a corporation organised under the laws of the State of Delaware USA, and copies of their financial statements are available on Cytec's website www.cytec.com.