

**Cytec - Med - Lab Limited**

**Annual report and financial  
statements**

**Registered number 00540182  
For the year ended 31 December 2017**



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## **Directors' report**

The directors present their Directors' report and the audited financial statements for the year ended 31 December 2017.

The Directors' report has been prepared in accordance with the special provisions relating to small companies under Section 415A of the Companies Act 2006.

The Company has availed of the small companies' exemption under Section 414B of the Companies Act 2006 from providing a Strategic Report.

### **Principal activities**

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

### **Going Concern**

The directors company is a subsidiary undertaking of Solvay S.A. ("the Group"). The Group's trading forecasts and projections are aggregated within an overall Group set of projections for the purposes of supporting the directors' going concern assertion. The Group forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level and terms of its current debt facilities and cash generated from trading operations.

The directors have a reasonable expectation that the company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### **Results and key performance indicators**

The results for the year are shown in the profit and loss account on page 8.. The company uses a number of financial measures to monitor progress against strategies and corporate objectives. These are summarised below:

	2017 £000	2016 £000
Revenue	5,033	4,150
Gross profit	2,328	1,944
Gross profit %	46.3%	46.8%
Operating (loss)/profit	989	847

Turnover increased by £883k in the year. Gross margin percentages have remained constant around the 46% level for many years and this was again achieved in 2017. Our margins are strong due to strong relationships with our customers and the excellent service that we provide.

In absolute terms administrative costs were higher in 2017 compared to 2016 driven largely by higher levels of intercompany management costs. However, the increased level of sales meant that operating profit increased by £142k in the same time period.

In addition to financial measures, the board also monitors the company's operations with the objective of ensuring that safety, health and environmental considerations are at the core of all working practices. In measuring the success of this, the board reviews the level of reported incidents and monitors the training being undertaken by all relevant employees.

During the year, performance was on forecast.

## **Principal risks and uncertainties**

The key risk areas of the company are:

- customer pricing affecting sales and gross margin;
- loss of key customer accounts;
- foreign exchange risk; and
- effect of the UK leaving the EU

The company seeks to manage as far as possible the key risks that it faces.

Customer pricing is under constant review and is managed by our sales team. Excellent customer service and customer relations will continue to mitigate pricing pressures.

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.

Foreign exchange risk is managed by the group treasury function, through utilising group banking facilities and internal bank accounts. Following the impact of the 'Brexit' referendum, we will continue to monitor the risks and opportunities involved with UK leaving the EU and the company will mitigate this through the Solvay group where possible.

Having considered the above risks and uncertainties, the directors have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## **Dividend and transfer to reserves**

The profit for the year of £801,956 has been transferred to reserves (2016: £704,918). During the year and up to the date of approval of this report no dividends (2016: £nil) were proposed or paid.

## **Directors**

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

R S King

M Knight

D S Clears

## **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

## **Post balance sheet events**

There were no events subsequent to the balance sheet date.

**Auditor**

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

Approved by the board

A handwritten signature in black ink, appearing to read 'M Knight', is written over the printed name.

**M Knight**  
*Director*

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

19 September 2018

## **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), 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**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Cytec-Med-Lab Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

**(continued)**

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.



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

**(continued)**

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Peter Gallimore FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom

19 September 2018

**Profit and loss account**  
*for year ended 31 December 2017*

	<i>Note</i>	2017 £	2016 £
Revenue	2	5,032,798	4,150,436
Cost of sales		(2,705,261)	(2,206,774)
Gross profit		2,327,537	1,943,662
Administrative expenses		(1,338,607)	(1,096,702)
Operating profit		988,930	846,960
Net interest receivable	6	9,834	35,186
Profit on ordinary activities before taxation		998,764	882,146
Tax on profit on ordinary activities	7	(196,808)	(177,228)
Profit for the financial year		801,956	704,918

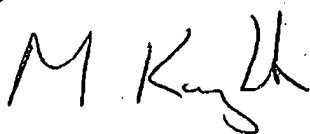
The results shown in the profit and loss account derive wholly from continuing operations.

Other than the profit for the year, the company had no recognised gains or losses in either the current or preceding year, therefore no statement of comprehensive income has been prepared.

**Balance sheet**  
as at 31 December 2017

	Note	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		187,493		148,501
			<u>187,493</u>		<u>148,501</u>
<b>Current assets</b>					
Stocks	9	230,840		189,297	
Debtors (including £6,960 (2016: £6,960) due after more than one year)	10	8,162,086		7,797,670	
Cash at bank and in hand					
		<u>8,392,926</u>		<u>7,986,967</u>	
		(679,507)		(1,036,512)	
<b>Creditors: amounts falling due within one year</b>	11				
<b>Net current assets</b>			<u>7,713,419</u>		<u>6,950,455</u>
<b>Total assets less current liabilities</b>			<u>7,900,912</u>		<u>7,098,956</u>
<b>Net assets</b>			<u>7,900,912</u>		<u>7,098,956</u>
<b>Capital and reserves</b>					
Called up share capital	14	5,250		5,250	
Profit and loss account		7,895,662		7,093,706	
<b>Shareholders' funds</b>			<u>7,900,912</u>		<u>7,098,956</u>

These financial statements were approved by the board of directors on 19 September 2018 and were signed on its behalf by:



**M Knight**  
Director

Company registered number: 00540182

## Statement of changes in equity

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2016	5,250	6,388,788	6,394,038
Total comprehensive income for the period	-	704,918	704,918
Profit or loss	-	704,918	704,918
Balance at 31 December 2016	<u>5,250</u>	<u>7,093,706</u>	<u>7,098,956</u>

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2017	5,250	7,093,706	7,098,956
Total comprehensive income for the period	-	801,956	801,956
Profit or loss	-	801,956	801,956
Balance at 31 December 2017	<u>5,250</u>	<u>7,895,662</u>	<u>7,900,912</u>

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

Cytec - Med - Lab Limited (the "Company") is a private company limited by shares, incorporated and registered in the UK (England and Wales). The registered office address of the company is Composites House, Sinclair Close, Heanor Gate Industrial Estate, Heanor, Derbyshire, DE75 7SP.

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

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.

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 capital management;
- Disclosures in respect of financial instruments and fair value measurement;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and

## **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 18.

#### **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.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **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 losses arising on translation of £12,579 are recognised in the profit and loss account (2016: £6,074).

#### **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.

#### **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:

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.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **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.

#### **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 Revenue

The turnover is attributable to the distribution of chemicals and fuel testing equipment to the aerospace and petroleum industries and related to only one class of business.

<i>Analysis of turnover by geographical market</i>	2017 £	2016 £
United Kingdom	862,785	733,949
Europe	2,125,736	1,848,047
Middle East	628,476	216,285
Rest of the World	1,415,801	1,352,155
	<hr/> 5,032,798 <hr/>	<hr/> 4,150,436 <hr/>

## Notes (continued)

### 3 Expenses and auditor's remuneration

*Included in profit are the following:*

*Auditor's remuneration:*

	2017 £	2016 £
Audit of these financial statements	6,000	9,400
	<u>6,000</u>	<u>9,400</u>

There are no non audit services for the current and prior year.

### 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 2017	2016
Administration and distribution	20	20
	<u>20</u>	<u>20</u>

In line with requirements of the Companies Act 2006, the number of employees disclosed above is the monthly average for the year ended 31<sup>st</sup> December 2017.

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	688,661	608,531
Social security costs	66,837	62,647
Contributions to defined contribution plans	44,007	40,807
	<u>799,505</u>	<u>711,985</u>

**Notes (continued)**

**5 Directors' remuneration**

	2017 £	2016 £
Directors' remuneration	194,845	168,562
Company contributions to money purchase pension plans	12,227	12,939
	<u>207,072</u>	<u>181,501</u>

The aggregate of remuneration of the highest paid director was £117,931 (2016: £94,185), and company pension contributions of £6,721 (2016: £7,519) were made to a money purchase scheme on his behalf.

	Number of directors 2017	2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2
	<u>2</u>	<u>2</u>

**6 Net interest receivable**

	2017 £	2016 £
Interest payable to group companies	(3,198)	-
Bank interest payable	-	(3,567)
Interest receivable from group companies	13,032	38,753
	<u>9,834</u>	<u>35,186</u>
Total interest receivable	<u>9,834</u>	<u>35,186</u>

## Notes (continued)

### 7 Taxation

#### Recognised in the profit and loss account

	2017 £	£	2016 £	£
<i>UK corporation tax</i>				
Current tax on income for the period		193,000		177,660
Adjustments in respect of prior periods	3,808		-	
	<u>3,808</u>		<u>-</u>	
		3,808		-
Total current tax		<u>196,808</u>		<u>177,660</u>
<i>Deferred tax (see note 12)</i>				
Origination and reversal of temporary differences	-		(934)	
Reduction in tax rate	-		502	
	<u>-</u>		<u>(432)</u>	
Total deferred tax		-		(432)
Tax on profit on ordinary activities		<u>196,808</u>		<u>177,228</u>

Corporation tax is calculated at 19.25 % (2016: 20%) of the estimated taxable profit for the year. The charge for the year can be reconciled to the profit and loss account as follows:

#### Reconciliation of effective tax rate

	2017 £	2016 £
Profit for the year	998,764	882,146
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	192,262	176,429
Reduction in tax rate on deferred tax balances	-	502
Adjustments in respect of prior periods	3,808	-
Non-deductible expenses	738	297
Total tax charge for the year	<u>196,808</u>	<u>177,228</u>

A reduction to the UK corporation tax rate from 20% to 19% took effect from 1 April 2017. Finance Act 2015 (No. 2), which was substantively enacted in October 2015, included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020. The tax charge for 2017 of £196,808 is covered in full by group relief (2016: £177,228 covered in full by group relief).

## Notes (continued)

### 8 Tangible fixed assets

	Freehold Buildings £	Plant and equipment £	Motor Vehicles £	Total £
<b>Cost</b>				
Balance at 1 January 2017	207,624	110,368	25,000	342,992
Additions	54,610	-	-	54,610
Disposals	-	(21,241)	-	(21,241)
<b>Balance at 31 December 2017</b>	<b>262,234</b>	<b>89,127</b>	<b>25,000</b>	<b>376,361</b>
<b>Depreciation and impairment</b>				
Balance at 1 January 2016	95,015	74,476	25,000	194,491
Depreciation charge for the year	2,566	13,052	-	15,618
Disposals	-	(21,241)	-	(21,241)
<b>Balance at 31 December 2016</b>	<b>97,581</b>	<b>66,287</b>	<b>25,000</b>	<b>188,868</b>
<b>Net book value</b>				
At 1 January 2017	112,609	35,892	-	148,501
<b>At 31 December 2017</b>	<b>164,653</b>	<b>22,840</b>	<b>-</b>	<b>187,493</b>

## Notes (continued)

### 8 Tangible fixed assets (continued)

#### *Impairment loss and subsequent reversal*

There were £nil impairment losses this year (2016: £nil).

#### *Security*

£nil assets pledged as security (2016: £nil) and no restriction of title exists (2016: None)

#### *Tangible fixed assets under construction*

Included in plant and equipment for the Company at 31 December 2017 was an amount of £nil (2016: £12,775) relating to expenditure for equipment in the course of construction. The amount of borrowing costs capitalised during the period was £nil (2016: £nil).

Included in the cost of tangible fixed assets is £nil (2016: £nil) in respect of capitalised finance costs.

#### *Buildings*

The net book value of Buildings comprises:

	2017 £	2016 £
Freehold	164,653	112,609

### 9 Stocks

	2017 £	2016 £
Finished goods	230,840	189,297
	<u>230,840</u>	<u>189,297</u>

Cost of inventories recognised as expense during the year ended 31<sup>st</sup> December 2017 was £2,598,214 (2016:£2,108,414). There were no stock write downs in the current and prior year.

**Notes (continued)**

**10 Debtors**

	2017 £	2016 £
<i>Amounts falling due within one year</i>		
Trade debtors	705,288	648,930
Amounts owed by parent company	50,748	122,472
Amounts owed by fellow group company	7,356,727	7,013,436
Other debtors	42,363	5,872
	<hr/>	<hr/>
	8,155,126	7,790,710
<i>Amounts falling due after more than one year</i>		
Deferred tax assets (see note 12)	6,960	6,960
	<hr/>	<hr/>
	8,162,086	7,797,670
	<hr/>	<hr/>

Other debtors include prepayments of £10,615 (2016: £5,872).

The amounts owed by fellow group undertakings and parent company are unsecured, repayable on demand and are interest free.

**11 Creditors: amounts falling due within one year**

	2017 £	2016 £
Trade creditors	73,646	206,325
Amounts owed to parent company	293,601	497,329
Amounts owed to fellow group companies	4,850	4,562
Taxation and social security	210,891	211,159
Accruals	96,519	117,137
	<hr/>	<hr/>
	679,507	1,036,512
	<hr/>	<hr/>

The amounts owed to fellow group undertakings and parent company are unsecured, repayable on demand and are interest free.

## Notes (continued)

### 12 Deferred tax assets

#### *Recognised deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

	Assets 2017 £	2016 £	Liabilities 2017 £	2016 £	Net 2017 £	2016 £
Tangible fixed assets	(6,960)	(6,960)	-	-	(6,960)	(6,960)
Net tax assets	<u>(6,960)</u>	<u>(6,960)</u>	<u>-</u>	<u>-</u>	<u>(6,960)</u>	<u>(6,960)</u>

#### *Movement in deferred tax during the year*

	1 January 2017 £	Recognised in income £	31 December 2017 £
Tangible fixed assets	(6,960)	-	(6,960)
	<u>(6,960)</u>	<u>-</u>	<u>(6,960)</u>

#### *Movement in deferred tax during the prior year*

	1 January 2016 £	Recognised in income £	31 December 2016 £
Tangible fixed assets	(6,528)	(432)	(6,960)
	<u>(6,528)</u>	<u>(432)</u>	<u>(6,960)</u>



## 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 £44,007 (2016: £40,807).

### 14 Capital and reserves

#### Share capital

	2017	Ordinary shares 2016
On issue at beginning and end of the year – fully paid	5,250	5,250
	<hr/>	<hr/>
	2017	2016
	£	£
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	5,250	5,250
	<hr/>	<hr/>

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 (2016: £nil) were proposed by the directors.

## Notes (continued)

### 15 Operating leases

Future minimum lease payments are as follows:

	2017 £	2016 £
Less than one year	5,062	16,207
Between one and five years	20,248	21,250
More than five years	209,313	209,313
	<hr/> 234,623 <hr/>	<hr/> 246,770 <hr/>

#### *Description of significant lease arrangements*

The Company currently has lease arrangements in place for zero (2016: three) company cars as well as the land on which its premises are located. Rental for company cars is payable on a monthly basis whereas land rental is payable quarterly in arrears. No renewal options exist for the company cars. The lease for land expires in March 2072. Normal restrictions apply for the leased land, with permissions required from the Landlord for improvements or building on the site.

During the year £4,250 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £20,924).

### 16 Related parties

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

During the year the Company entered into arm's length transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December 2017 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 2017 £	2016 £	Administrative expenses incurred from 2017 £	2016 £
Parent	-	-	279,276	174,106
Other Related Parties:				
- Other Solvay group companies	-	-	28,348	-
- Cytec Industrial Materials (Derby) Ltd	-	-	15,240	11,534
	<hr/> -	<hr/> -	<hr/> 322,864 <hr/>	<hr/> 185,640 <hr/>

## Notes (continued)

### 16 Related parties (continued)

	Receivables outstanding 2017	2016	Creditors outstanding 2017	2016
	£	£	£	£
Parent	50,748	122,472	293,601	497,329
Other Related Parties:				
- Other Solvay group companies	7,356,727	7,013,436	4,850	-
- Cytec Process Materials (Keighley) Ltd	-	-	-	1,428
- Cytec Industrial Materials (Derby) Ltd	-	-	-	3,134
	<u>7,407,475</u>	<u>7,135,908</u>	<u>298,451</u>	<u>501,891</u>

### 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 registered office address of the parent company is Rue de Ransbeek, 310, 1120 Brussels, Belgium.

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 its registered address Solvay S.A., Rue de Ransbeek, 310, 1120 Brussels, Belgium.

### 18 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are disclosed in note 1, 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.

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 period if the revision affects both current and future periods.

Management believe there are no areas of accounting judgements or estimation uncertainty which would have a material effect on the amount recognised in the financial statements.