

**Cytec Industrial Materials (Manchester)  
Limited**

**Annual report and financial  
statements**

**Registered number 00605214**

**31 December 2016**



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## Strategic report

### Business review

#### Objectives

The company's long term objective is to increase profitability and meet the objectives of Solvay SA. In pursuing this objective the company intends to maintain sound financial management and avoid excessive risks.

#### Key business strategies

In pursuit of its objectives the company has a number of key business strategies which have been successfully implemented over recent years.

We aim to increase sales by increasing product ranges with existing customers, increasing market share within our key markets and by delivering technology and products beyond our customers' imagination. We plan to improve our gross margin by fully leveraging the benefits of cross-business collaboration within Solvay.

#### Risks and uncertainties

The key risk areas of the company are:

- customer pricing affecting sales and gross margin;
- loss of key customer accounts;
- volatility in commodity prices;
- 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 product quality as well as strong customer relations will continue to mitigate pricing pressures.

The customer base has expanded in recent years, reducing the financial risks faced by the loss of a customer account.

The buying power of the Solvay group reduces the adverse impact of movements in commodity prices.

Foreign exchange risk is managed by the group treasury function, through utilising group banking facilities and internal bank accounts.

The company will mitigate, through the Solvay group, any adverse effect of the UK leaving the EU.

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.

#### Key performance indicators

The company uses a number of financial measures to monitor progress against strategies and corporate objectives. These are summarised below:

	2016 £000	2015 £000
Turnover	13,104	11,577
Gross profit	3,931	4,044
Gross profit %	30.0%	34.9%
Operating profit	2,528	3,022
Working capital	1,602	2,838

Turnover increased by 13.2% (2015: 16.7%) in the year through the increase in aerospace sales.

The reduction in gross profit percentage is due to the lower margins achieved on industrial contracts.

## **Strategic report** *(continued)*

### **Key performance indicators** *(continued)*

Operating profits in 2016 showed a marginal reduction with a decrease in gross profit and increase in operating spend through higher levels of maintenance spend.

Working capital levels are monitored regularly. Year on year working capital has decreased by 44% at the end of 2016 due to reduction in inventory and trade debts outstanding.

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 good and as far as the board is aware, this is likely to be the case in the forthcoming year.

### **Future prospects**

Trading levels have remained good for the first half of 2017 with sales up on the corresponding period in 2016.

Potential new business opportunities have also been identified and these will continue to be evaluated and pursued. In addition further benefits are anticipated due to synergies that can be achieved as a member of the Solvay group of companies.

### **Employees**

The company seeks to ensure that all employees, job applicants and prospective job applicants are afforded equality of job opportunity in all areas of employment.

The Health & Safety Policy fully recognises the company's responsibility for the health and safety of employees and members of the community in which they work.

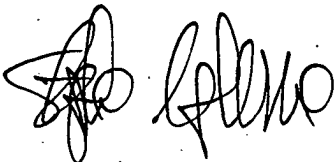
The company places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees, and on various matters affecting the performance of the company and Solvay group.

### **Environmental policy**

The company is committed to adopting a responsible approach to environmental matters.

The management of the company seeks to minimise any adverse impact on the environment from all aspects of the company's operations by means of environmentally sound disciplines, which take practical steps to control effectively or eliminate any known pollution risks, without entailing excessive cost. Specifically, methods of minimising the environmental costs of disposal of waste, the recycling of wood, the re-use of cardboard and paper products, and the reduction of energy consumption.

Signed on behalf of the board



**Stephen Glennon**  
*Director*

29<sup>th</sup> September 2017

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

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

### **Principal activities**

The principal activities of the company comprise the manufacture and supply of impregnated composite materials used for the manufacture of composite tooling and components. The company will continue with its principal activities for the foreseeable future

### **Results and dividend**

Profit for the year was £1,705,000 (2015: £2,418,000). During the year, dividends of £nil (2015: £nil) were proposed and paid.

### **Risk management**

Details of risk management are discussed in the Strategic Report on page 1 and form part of this report by cross reference.

### **Directors**

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

DJ Bernard (Resigned 28 January 2016)  
SM Glennon  
JD Norris  
DS Clears

### **Disclosure of information to auditor**

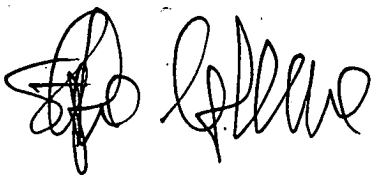
The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself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

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

### **Auditor**

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

By order of the board



**Stephen Glennon**  
*Director*  
29<sup>th</sup> September 2017

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

## **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 Industrial Materials (Manchester) Limited**

We have audited the financial statements of Cytec Industrial Materials (Manchester) Limited for the year ended 31 December 2016 which comprise Profit and Loss Account, Balance Sheet, Statements of Changes in Equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Independent auditor's report to the members of Cytec Industrial Materials (Manchester) Limited (continued)**

### **Opinion 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 Strategic Report and the Directors' Report.

### **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.



Peter Gallimore FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom  
*29 September 2017*



**Profit and loss account**  
*for year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Turnover</b>	2	13,104	11,577
Cost of sales		(9,173)	(7,533)
<b>Gross profit</b>		3,931	4,044
Administrative expenses		(1,403)	(1,022)
<b>Operating profit before taxation</b>	3	2,528	3,022
Tax on profit	6	(823)	(604)
<b>Profit for the financial year</b>		1,705	2,418

All of the activities of the company are classed as continuing.

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account, hence no statement of comprehensive income is required.

**Balance sheet**  
*as at 31 December 2016*

	Note	2016 £000	2015 £000
<b>Fixed assets</b>			
Tangible assets	7	7,799	7,856
<b>Current assets</b>			
Stocks	8	1,275	1,850
Debtors	9	4,625	3,515
Cash at bank and in hand		-	-
		<u>5,900</u>	<u>5,365</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(2,762)</u>	<u>(4,400)</u>
<b>Net current assets</b>		<u>3,138</u>	<u>965</u>
<b>Total assets less current liabilities</b>		<u>10,937</u>	<u>8,821</u>
<b>Provisions for liabilities</b>			
Deferred tax liability	11	(530)	(119)
<b>Net assets</b>		<u>10,407</u>	<u>8,702</u>
<b>Capital and reserves</b>			
Called up share capital	13	598	598
Share premium account		46	46
Profit and loss account		9,763	8,058
<b>Shareholders' funds</b>		<u>10,407</u>	<u>8,702</u>

These financial statements were approved by the board of directors on 29<sup>th</sup> September 2017 and were signed on its behalf by:



**Stephen Glennon**  
Director

Company registered number: 00605214

## Statement of changes in equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	598	46	5,640	6,284
<b>Total comprehensive income for the period</b>				
Profit	-	-	2,418	2,418
Total comprehensive income for the period	-	-	2,418	2,418
<b>Balance at 31 December 2015</b>	<b>598</b>	<b>46</b>	<b>8,058</b>	<b>8,702</b>

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	598	46	8,058	8,702
<b>Total comprehensive income for the period</b>				
Profit	-	-	1,705	1,705
Total comprehensive income for the period	-	-	1,705	1,705
<b>Balance at 31 December 2016</b>	<b>598</b>	<b>46</b>	<b>9,763</b>	<b>10,407</b>

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

Cytec Industrial Materials (Manchester) Limited (the "Company") is a company limited by shares incorporated and registered in the UK (England & Wales).

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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 the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have 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 Rue De Ransbeek, 310, 1120 Bruxelles, 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;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- 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:

- 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.

### Adoption of new and revised Standards

#### Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 <i>Disclosure Initiative</i>	<p>The Company has adopted the amendments to IAS 1 <i>Disclosure Initiative</i> for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.</p> <p>The adoption of these amendments has not resulted in any impact on the financial performance or financial position of the Company.</p>
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#### 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 Strategic 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 currency 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 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.

#### 1.6. Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

#### 1.7. Tangible fixed assets

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

Certain items of tangible fixed assets that had been revalued to fair value on or prior to 1 January 2014, the date of transition to FRS 101, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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:

Freehold buildings	2%
Plant and machinery	6.6% to 15%
Fixtures and fittings and office equipment	10% to 20%
Computer equipment	33%

Assets under construction are included within the relevant asset class to which they belong, however no depreciation is charged until they are fully commissioned.

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8. Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average 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.

#### 1.9. Impairment excluding stocks

##### *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, 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"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGUs"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

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.

## **Notes** *(continued)*

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

#### **1.10. 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.

#### **1.11. Turnover**

Turnover is recognised when goods or services are supplied or made available to customers against orders received, 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. No turnover is recognised where the recovery of the consideration is not probable. Turnover is stated after the deduction of discounts and allowances for estimated future rebates and returns. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted in the light of contractual and legal obligations, historical trends, past experience and projected market conditions.

#### **1.12. 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.

#### **1.13. 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.

The board considered the necessity to provide for deferred taxation on the revaluation reserve but felt that this would not reflect any possible timing difference.



## Notes (continued)

### 2. Turnover

The turnover is attributable to one activity, the manufacture and supply of impregnated composite materials used for the manufacture of composite tooling and components.

*Geographical split of turnover is as follows:*

	2016 £000	2015 £000
United Kingdom	3,397	3,489
Rest of Europe	3,477	3,176
North America	3,841	3,151
Rest of World	2,389	1,761
	<u>13,104</u>	<u>11,577</u>

### 3. Expenses and auditor's remuneration

*Included in profit are the following:*

	2016 £000	2015 £000
Reversal of impairment loss on inventories	-	(48)
Depreciation	503	166
	<u>503</u>	<u>118</u>

*Auditor's remuneration:*

	2016 £000	2015 £000
Audit of these financial statements	6	12
	<u>6</u>	<u>12</u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Solvay S.A.

### 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 2016	2015
Production	42	38
Non-production and administration	-	1
	<u>42</u>	<u>39</u>

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	1,388	1,572
Social security costs	131	125
Contributions to defined contribution plans	65	58
	<u>1,584</u>	<u>1,755</u>

## Notes (continued)

### 5. Directors' remuneration

Directors' emoluments have been borne by another group company. The directors of the company are also directors or officers of a number of the companies within the group. The directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 December 2016 or 31 December 2015.

### 6. Taxation

#### Recognised in the profit and loss account

	2016		2015
	£000	£000	£000
<i>UK corporation tax</i>			
Current tax on income for the period	450		489
Adjustments in respect of prior periods	(54)		-
	<hr/>		<hr/>
Total current tax		396	489
<i>Deferred tax (see note 12)</i>			
Origination and reversal of temporary differences	6		130
Reduction in tax rate	-		(15)
Adjustments in respect of prior periods	421		-
	<hr/>		<hr/>
Total deferred tax		427	115
		<hr/>	<hr/>
Tax on profit on ordinary activities		823	604
		<hr/>	<hr/>

Corporation tax is calculated at 20% (2015: 20.25%) of the estimated taxable profit for the year.

The charge/(credit) for the year can be reconciled to the statement of profit and loss account and other comprehensive income as follows:

	2016	2015
	£000	£000
Profit for the year	2,528	3,022
Profit for the year multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	450	612
Effects of:		
Non-deductible expenses	6	7
Under provided in prior years	367	-
Reduction in tax rate on deferred tax	-	(15)
	<hr/>	<hr/>
Total tax expense	823	604
	<hr/>	<hr/>

A reduction to the UK corporation tax rate from 21% to 20% took effect from 1 April 2015. Finance Act 2015 (No.2), which was substantively enacted in October 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. At Budget 2017 the government announced a further reduction to the corporation tax rate to 17% from 1 April 2020.

## Notes (continued)

### 7. Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures, Fittings, office and computer equipment £000	Total £000
<b>Cost</b>				
Balance at 1 January 2016	3,244	7,289	395	10,928
Additions	435	(144)	156	447
Disposals	-	(23)	-	(23)
Balance at 31 December 2016	<u>3,679</u>	<u>7,122</u>	<u>551</u>	<u>11,352</u>
<b>Depreciation and impairment</b>				
Balance at 1 January 2016	451	2,246	375	3,072
Depreciation charge for the year	56	344	103	503
Disposals	-	(22)	-	(22)
Balance at 31 December 2016	<u>507</u>	<u>2,568</u>	<u>478</u>	<u>3,553</u>
<b>Net book value</b>				
At 1 January 2016	<u>2,793</u>	<u>5,043</u>	<u>20</u>	<u>7,856</u>
At 31 December 2016	<u>3,172</u>	<u>4,554</u>	<u>73</u>	<u>7,799</u>

Assets under construction are included within their relevant asset class.

The directors have considered the valuation of plant and machinery on an annual basis and are not aware of any material change in value and therefore the valuations set out above have not been updated.

#### *Tangible fixed assets under construction*

Included in the cost of tangible fixed assets is £nil (2015: £nil) in respect of capitalised finance costs.

## Notes (continued)

### 8. Stocks

	2016 £000	2015 £000
Raw materials and consumables	521	740
Finished goods	754	1,110
	<u>1,275</u>	<u>1,850</u>

Raw materials and changes in finished goods recognised as cost of sales in the year amounted to £6,519,000 (2015: £4,895,000). The reversal of write-downs of stocks to net realisable value amounted to £nil (2015: £48,000). The reversal of write-downs are included in cost of sales.

### 9. Debtors

	2016 £000	2015 £000
Trade debtors	2,008	2,411
Amounts owed by parent company	431	388
Amounts owed by fellow group undertakings	1,868	19
Other debtors	254	680
Prepayments and accrued income	64	17
	<u>4,625</u>	<u>3,515</u>
Due within one year	<u>4,625</u>	<u>3,515</u>

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

### 10. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Bank overdraft	-	1,086
Trade creditors	1,681	1,422
Amounts owed to parent company	24	16
Amounts owed to fellow group undertakings	493	401
Taxation and social security	450	163
Deferred tax	16	-
Accruals and deferred income	98	1,312
	<u>2,762</u>	<u>4,400</u>

## Notes (continued)

### 11. Deferred tax assets and liabilities

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

Deferred tax assets and liabilities are attributable to the following:

	Assets 2016 £000	Assets 2015 £000	Liabilities 2016 £000	Liabilities 2015 £000	Net 2016 £000	Net 2015 £000
Accelerated capital allowances	(546)	(119)	-	-	(546)	(119)
Tax (assets) / liabilities	(546)	(119)	-	-	(546)	(119)
Net tax (assets) / liabilities	(546)	(119)	-	-	(546)	(119)

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

	1 January 2016 £000	Recognised in income £000	31 December 2016 £000
Accelerated capital allowances	(119)	(427)	(546)
	(119)	(427)	(546)

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

	1 January 2015 £000	Recognised in income £000	31 December 2015 £000
Accelerated capital allowances	(4)	(115)	(119)
	(4)	(115)	(119)

### 12. 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 £65,000 (2015: £58,000).

## Notes (continued)

### 13 Capital and reserves

#### Share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	598	598

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.

### 14 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016 £000	2015 £000
Less than one year	18	18
Between one and five years	32	50
<b>Total</b>	<b>50</b>	<b>68</b>

During the year £18,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £25,000).

#### *Description of significant lease arrangements*

The Company currently has lease arrangements in place for hire equipment as well as the land on which its premises are located.

### 15 Commitments

#### *Capital commitments*

During the year ended 31 December 2016, the Company entered into a contract to purchase property, plant and equipment for £33,000 (2015: £1,100,000).

### 16 Contingencies

A guarantee for £10,000 (2015: £10,000) has been provided to HM Revenue & Customs with recourse to the company for twice the nominal amount.

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

The Company is a subsidiary undertaking of Cytec Industrial Materials (Derby) Limited which is incorporated in Great Britain. The ultimate controlling party is Solvay S.A.

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 this group is available to the public and may be obtained from the registered office at Rue De Ransbeek, 310, 1120 Bruxelles, Belgium.

## **Notes** *(continued)*

### **18 Accounting estimates and judgements**

#### ***Key sources of estimation uncertainty***

The preparation of the revised financial statements requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

#### ***Stock valuation***

The determination of the valuation of inventory involves the estimation of the net realisable value of individual product lines. The Company has a formal policy for making appropriate reserves to ensure inventories 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.

#### ***Critical accounting judgements in applying the Company's accounting policies***

The directors do not consider that there are any critical accounting judgements in applying the Company's accounting policies.