

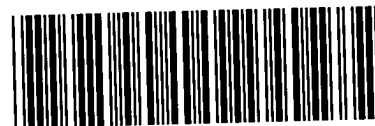
Cytec Industrial Materials (Manchester) Limited
(formerly Umeco Structural Materials (Manchester) Limited)

**Directors' report and financial
statements**

Registered number 00605214

31 December 2013

TUESDAY



A3HJ9OIP

A24

30/09/2014

#85

COMPANIES HOUSE

Contents

Strategic report	1
Directors' report	3
Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements	4
Independent auditor's report to the members of Cytec Industrial Materials (Manchester) Limited (formerly Umeco Structural Materials (Manchester) Limited)	5
Profit and loss account	6
Note of historical cost profits and losses	6
Balance sheet	7
Notes	8

Strategic report

Business review

Objectives

The company's long term objective is to increase profitability and meet the objectives of Cytec Industries Inc. 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 Cytec Industries.

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.

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 Cytec group will reduce the adverse impact of movements in commodity prices.

Foreign exchange risk is managed on a group basis by the group treasury function.

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:

	Year to 31 December 2013 £000	9 months to 31 December 2012 £000
Turnover	9,008	7,600
Gross profit	2,462	1,745
Gross profit %	27.3%	23.0%
Operating profit	654	507
Working capital	945	193

Turnover, on an annualised basis, decreased by 11.1% due to the end of a major defence contract in the year.

The improvement in gross profit percentage is due to the loss of contracts with lower margins.

Strategic report *(continued)*

Key performance indicators *(continued)*

Operating profits in 2013 were comparative to 2012 despite the reduction in headcount following the restructuring in 2012.

Working capital levels are monitored regularly. Year on year working capital has increased by 372% at the end of 2013. This is primarily due to a build up of long lead time inventory to service a key customer.

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 2014 with sales up on the corresponding period in 2013. 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 Cytec 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.

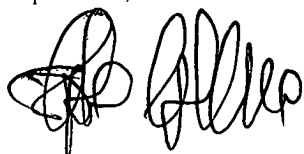
The Health & Safety Policy fully recognises the company's responsibility for the health and safety of employees and members of the community in which they work.

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 Cytec 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.



Stephen Glennon
Director

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

29 September 2014

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

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.

On 2 January 2013, the company changed its name from Umeco Structural Materials (Manchester) Limited to Cytec Industrial Materials (Manchester) Limited.

Results and dividend

Profit for the year ended 31 December 2013 was £454,000 (9 months to 2012: £379,000). During the year, dividends of £nil (2012: £nil) were paid.

Directors

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

DM Drillock
RD Smith
DJ Bernard
SM Glennon
JD Norris

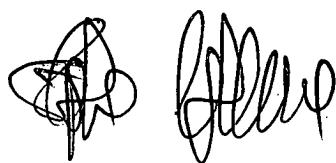
Disclosure of information to auditor

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 auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Stephen Glennon
Director

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

29 September 2014

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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 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 Cytec Industrial Materials (Manchester) Limited (formerly Umeco Structural Materials (Manchester) Limited)

We have audited the financial statements of Cytec Industrial Materials (Manchester) Limited (formerly Umeco Structural Materials (Manchester) Limited) for the year ended 31 December 2013 set out on pages 6 to 14. 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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). 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 2013 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 Strategic Report and the Directors' Report for the financial period 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.

Michael Froom (*Senior Statutory Auditor*)

29 September 2014

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Profit and loss account
for the year ended 31 December 2013

	<i>Note</i>	Year to 31 Dec 2013 £000	9 months to 31 Dec 2012 £000
Turnover	2	9,008	7,600
Cost of sales		(6,546)	(5,855)
Gross profit		2,462	1,745
Administrative expenses		(1,808)	(1,238)
Operating profit and profit on ordinary activities before taxation	3	654	507
Tax on profit on ordinary activities	5	(200)	(128)
Profit for the financial period	13	454	379

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

There were no recognised gains or losses in either the current year or preceding period other than those disclosed in the profit and loss account.

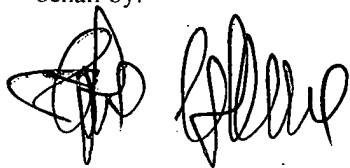
Note of historical cost profits and losses
for the year ended 31 December 2013

	Year to 31 Dec 2013 £000	9 months to 31 Dec 2012 £000
Reported profit on ordinary activities before taxation	654	507
Difference between historical cost depreciation and depreciation charge	50	50
Historical cost profit on ordinary activities before taxation	704	557
Historical cost profit on ordinary activities after taxation	504	429

Balance sheet
as at 31 December 2013

	<i>Note</i>	2013	2012
		£000	£000
Fixed assets			
Tangible assets	7	1,856	1,440
Current assets			
Stocks	8	953	533
Debtors	9	1,625	1,459
Cash at bank and in hand		1,964	2,616
		4,542	4,608
Creditors: amounts falling due within one year	10	(1,718)	(1,853)
Net current assets		2,824	2,755
Total assets less current liabilities		4,680	4,195
Provision for liabilities and charges	11	(31)	-
Net assets		4,649	4,195
Capital and reserves			
Called up share capital	12	598	598
Share premium account	13	46	46
Revaluation reserve	13	371	421
Profit and loss account	14	3,634	3,130
Shareholders' funds	14	4,649	4,195

These financial statements were approved by the board of directors on 29 September 2014 and were signed on its behalf by:



Stephen Glennon
Director

Registered number: 00605214

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 financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, modified to include the revaluation of certain freehold properties and plant and machinery. 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.

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 company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the company's parent Cytec Industries Inc. to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Cytec Industries Inc. group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Cytec Industries Inc., the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Cash flow statement

Under FRS1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own consolidated financial statements.

Related party transactions

As the company was a wholly owned subsidiary of Cytec Industries Inc. at 31 December 2013, it 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.

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.

Tangible fixed assets and depreciation

As permitted by FRS15 'Tangible Fixed Assets', freehold land and buildings which have been revalued prior to its implementation are recorded at that valuation. Fixed assets other than freehold land are depreciated over their anticipated useful lives at the following annual rates:

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

Plant and machinery is revalued in accordance with FRS15. No depreciation is provided on freehold land.

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Exchange differences are dealt with in the profit and loss account. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction and balances held at the year end are translated at the closing rate at the year end.

Leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis.

Investments

Fixed asset investments are valued at cost except where there is evidence of a permanent diminution in value.

Stocks and work in progress

Stocks and work in progress are valued at the lower of net realisable value and cost. Cost includes attributable overheads where appropriate. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items as appropriate.

Research and development

Expenditure on research and development is written off against profits as incurred.

Pension scheme

The company operates two defined contribution schemes. Pension cost charges in the financial statements represent contributions payable in the accounting period.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

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:

	Year to 31 Dec 13 £000	9 months to 31 Dec 12 £000
United Kingdom	4,988	5,304
Rest of Europe	1,238	1,116
North America	1,460	823
Rest of World	1,322	357
	<u>9,008</u>	<u>7,600</u>

Notes (continued)

3 Operating profit and profit on ordinary activities before taxation

	Year to 31 Dec 13 £000	9 months to 31 Dec 12 £000
<i>Operating profit is stated after charging:</i>		
Depreciation - owned assets	119	171
Operating lease rentals - plant, machinery and vehicles	16	-
Loss on foreign exchange	61	47
<i>Auditor's remuneration</i>		
- fees payable to the company's auditor for the audit of the annual accounts	9	7
	<u> </u>	<u> </u>

4 Remuneration of directors and employee costs

The average number of persons employed by the company, including directors, during the period was as follows:

	Year to 31 Dec 13 Number	9 months to 31 Dec 12 Number
Production	27	25
Non-production and administration	11	17
	<u> </u>	<u> </u>
	38	42
	<u> </u>	<u> </u>
	£000	£000
<i>The aggregate payroll costs of these persons was as follows:</i>		
Wages and salaries	1,055	784
Social security costs	92	73
Other pension costs	14	11
	<u> </u>	<u> </u>
	1,161	868
	<u> </u>	<u> </u>

Directors' remuneration for services as a director of the company is borne by another group company. None of the directors accrued any entitlement to pension benefits by virtue of their office with the company. (2012: £nil).

Notes (continued)

5 Tax on profit on ordinary activities

	Year to 31 Dec 13 £000	9 months to 31 Dec 12 £000
UK taxation charge at 23.25% (2012: 24%)		
- current period	141	149
- prior period	(7)	-
Deferred tax		
- current period	25	(21)
- prior period	36	-
- rate change	5	-
	<u>200</u>	<u>128</u>

The current tax charge for the period is lower (2012: *higher*) than the standard rate of UK corporation tax. The reasons for this are as follows:

	Year to 31 Dec 13 £000	9 months to 31 Dec 12 £000
Profit on ordinary activities before tax	654	507
Profit on ordinary activities before taxation multiplied by the standard rate of UK tax at 23.25% (2012: 24%)	152	122
Effects of:		
Depreciation in excess of capital allowances	(26)	27
Expenses not deductible for tax purposes	15	-
Prior year tax effect	(7)	-
Total current tax charge	<u>134</u>	<u>149</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 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 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

6 Investments

The company holds the following investment which has a carrying value of £nil (2012: £nil).

	Principal activity	Shareholding of ordinary share capital	Country of incorporation and registration
<i>Shares in subsidiary undertakings</i>			
Advanced Composites Group (Primco) Limited	Dormant	100%	England and Wales

Notes (continued)

7 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures fittings office and computer equipment £000	Total £000
Cost or valuation				
At beginning of period	1,119	2,655	506	4,280
Additions	-	247	288	535
At end of period	1,119	2,902	794	4,815
Depreciation				
At beginning of period	379	2,086	375	2,840
Charge	16	67	36	119
At end of period	395	2,153	411	2,959
Net book value				
At 31 December 2013	724	749	383	1,856
At 31 December 2012	740	569	131	1,440

The freehold land and buildings were revalued on an open market basis on 11 May 1993 by external property valuers Roger Hannah & Co, Chartered Surveyors. The company has followed the transitional arrangements of FRS15 and as such the policy of revaluation on adoption of that standard has not been followed. These assets are included in the accounts at that valuation plus the subsequent cost of additions. If stated at historical cost freehold land and buildings would have had a net book value of £487,000 (2012: £497,000).

The plant and machinery was revalued on 1 November 2005 with an increase in value of £560,000. These assets are included at that valuation plus any subsequent additions less any subsequent disposals which in the directors opinion is not materially different from their replacement cost. If stated at historical cost plant and machinery would have a net book value of £569,000 (2012: £345,000).

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.

8 Stocks

	2013 £000	2012 £000
Raw materials	780	431
Finished goods	173	102
	<u>953</u>	<u>533</u>

Notes (continued)

9 Debtors

	2013 £000	2012 £000
<i>Amounts due within one year</i>		
Trade debtors	1,488	1,315
Amounts due from group undertakings	40	60
Other debtors	71	-
Prepayments	26	49
Deferred taxation (see note 11)	-	35
	<u>1,625</u>	<u>1,459</u>

10 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	1,478	1,594
Amounts owed to group undertakings	46	60
Corporation tax	85	89
Other taxes and social security	-	56
Accruals and deferred income	109	54
	<u>1,718</u>	<u>1,853</u>

11 Provision for liabilities and charges

	Deferred tax £000
At the beginning of year	35
Charge for the year in the profit and loss account	(66)
	<u>(31)</u>
At the end of year	<u>(31)</u>
	2013 £000
<i>The deferred tax asset comprises:</i>	
Accelerated capital allowances	(31)
	<u>35</u>

The liability is based upon a rate of 20% (2012: 23%).

12 Called up share capital

	2013 £000	2012 £000
<i>Allotted, called up and fully paid</i>		
597,560 (31 Mar 12: 597,560) Ordinary shares of £1 each	598	598
	<u>598</u>	<u>598</u>

Notes (continued)

13 Reserves

	Share premium £000	Revaluation reserve £000	Profit and loss account £000
At beginning of year	46	421	3,130
Retained profit for year	-	-	454
Transfer of depreciation in respect of revalued assets	-	(50)	50
At end of year	<u>46</u>	<u>371</u>	<u>3,634</u>

14 Reconciliation of movements in shareholder's funds

	2013 £000	2012 £000
Profit for the year	454	379
Net movement in shareholder's funds	454	379
Opening shareholder's funds	4,195	3,816
Closing shareholder's funds	<u>4,649</u>	<u>4,195</u>

15 Commitments

A contingent liability for bank guarantees given in the normal course of business at 31 December 2013 amounted to £13,185,122 (2012: £4,281,053).

The company had no commitments (2012: £nil) under operating leases at 31 December 2013.

16 Pension scheme

The company operates two defined contribution pension schemes. The assets of those schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £14,000 (2012: £11,000). There were outstanding contributions payable to the funds at the year end of £1,900 (2012: £1,000).

17 Ultimate holding company and ultimate controlling party

On 20 July 2012 the whole of the issued share capital of the company's ultimate parent company Umeco Limited (formerly Umeco plc), was purchased by Cytec UK Holdings Limited a wholly owned subsidiary of Cytec Industries Inc. The company's ultimate holding company and ultimate controlling company is Cytec Industries Inc. incorporated in the United States of America. The consolidated accounts of this group are available to the public and may be obtained from Five Garret Mountain Plaza, West Paterson, NJ 07424, USA.