Registered number: 00605214

CYTEC INDUSTRIAL MATERIALS (MANCHESTER) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

CYTEC INDUSTRIAL MATERIALS (MANCHESTER) LIMITED

CONTENTS

COMPANY INFORMATION

Directors	M S J Dain B Moore J D Norris
Company secretary	S Rad
Registered number	00605214
Registered office	Composites House Sinclair Close Heanor Gate Industrial Estate Heanor Derbyshire DE75 7SP
Independent auditor	Deloitte LLP Statutory Auditors Hanover Building Corporation Street Manchester M4 4AH

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and the audited financial statements of Cytec Industrial Materials (Manchester) Limited (the "Company") for the year ended 31 December 2021.

Principal activities

The Company ceased trading during 2020 and is now preparing to dispose its land and buildings. The Company's intention is to liquidate the entity once the disposal of land and building process is completed.

Results and dividends

The loss for the financial year amounted to £538,000 (2020: £577,000).

During the year and up to the date of approval of this report, no dividends (2020: £nil) were proposed or paid.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

M S J Dain (appointed 12 April 2021)
B Moore (appointed 17 May 2021)
J D Norris
D S Clears (resigned 28 February 2021)

Going concern

The principal activities of the Company comprised the manufacture and supply of impregnated composite materials used for the manufacture of composite components and tooling until July 2020. Following the Composite group's decision to close the business in July 2020, the business briefly rented out manufacturing space until July 2021. Following the cessation of trade, the Company intends to liquidate the entity once a purchaser has been secured. The financial statements have therefore been prepared on the basis other than that of a going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Future developments

The Company's long-term objectives are to dispose of any remaining assets and to dissolve the legal entity. In pursuing this objective, the Company intends to maintain sound financial management and avoid excessive risks.

Financial risk management and objectives

Principal risks and uncertainties

The key risk areas of the Company are:

- volatility in commodity prices;
- foreign exchange risk;
- the effect of the UK leaving the EU;
- COVID-19; and
- Russian invasion of Ukraine.

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

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's activities expose it to credit risk on the Company's principal financial assets, which are trade and other receivables mainly due from other Group entities. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with no historical issues with recoverability.

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 mitigated this through the Solvay group where possible.

On 24 February 2022, the Government of Russia launched a large-scale military operation in Ukraine. As a result, the international community imposed sanctions on Russia, which in turn prompted the Russian government to impose sanctions against some countries, including those in the European Union creating turmoil in the energy markets, raw materials sourcing, financing and banking systems. Our company is implementing a strict compliance policy, which also covers export control and application of all the sanctions defined against Russia.

The anticipated impact of the conflict is a surge in inflationary pressure, which is already intense and is expected to be mitigated in 2022 through additional pricing and sourcing initiatives. As the Company is looking to liquidate its assets and dissolve the Company there is no expected risk.

Post balance sheet events

On March 15, 2022, the Group announced its plans to separate into two independent publicly traded companies: EssentialCo would comprise leading mono-technology businesses including Soda Ash, Peroxides, Silica and Coatis, which are reported as the Company's Chemicals segment, as well as the Special Chem business. SpecialtyCo would comprise the Company's currently reported Materials segment, including its high- growth, high-margin Specialty Polymers, its high-performance Composites business, as well as the majority of its Solutions segment, including Novecare, Technology Solutions, Aroma Performance, and Oil & Gas. The transaction is subject to general market conditions and customary closing conditions, including final approval by Solvay's Board of Directors, consent of certain financing providers and shareholder approval at an extraordinary general meeting, and is expected to be completed in the second half of 2023. The Board of Directors of Solvac, Solvay's long-standing reference shareholder, has confirmed its support of Solvay's transaction.

Following an environmental survey of site, the Company actively marketed the site for sale in April 2021. An offer was received in August 2021 for the purchase of the property and the deal is currently nearing completion. It is expected to sell for an amount of £600,000.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Reappointment of auditor

During the year it was decided to appoint Ernst & Young LLP as auditor going forward, replacing Deloitte LLP who did not seek reappointment.

Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006. In addition, the Company has taken advantage of the exemption available and has not presented a Strategic Report.

This report was approved by the board and signed on its behalf by:

J D Norris

Date: 21st October 2022

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CYTEC INDUSTRIAL MATERIALS (MANCHESTER) LIMITED

Opinion

In our opinion the financial statements of Cytec Industrial Materials (Manchester) Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss 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 which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 20.

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 Financial Reporting Council's (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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 2.4 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

We have nothing to report in this regard.

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.

Auditors' 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 Auditors' 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. This description forms part of our Auditors' Report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Financial Reporting Standards, UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included anti bribery and data protection regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CYTEC INDUSTRIAL MATERIALS (MANCHESTER) LIMITED (CONTINUED)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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 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 Directors' Report.

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.

We have nothing to report in respect of these matters.

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 Auditors' 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.

Simon Hearne

Simon Hearne FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditors
Manchester
United Kingdom

Date: 21 October 2022

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	**2021 £000**	2020 £000
Turnover	4	-	5,253
Cost of sales		-	(4,373)
Gross profit		-	880
Administrative expenses		**(342)**	(101)
Exceptional administrative expenses	5	**(248)**	(1,126)
Operating loss	6	**(590)**	(347)
Loss before taxation		**(590)**	(347)
Tax on loss	10	**52**	(230)
Loss for the financial year		**(538)**	(577)
Total comprehensive expense for the financial year		**(538)**	(577)

The above results arise from discontinued activities.

The notes on pages 12 to 24 form part of these financial statements.

CYTEC INDUSTRIAL MATERIALS (MANCHESTER) LIMITED
REGISTERED NUMBER: 00605214

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £000		2020 £000
Fixed assets					
Tangible assets	11		-		900
Current assets					
Fixed assets held for sale	11	**600**		-	
Debtors	12	**984**		1,676	
Creditors: amounts falling due within one year	13	**(40)**		(255)	
Net current assets			**1,544**		1,421
Provisions for liabilities					
Provisions	14		**(62)**		(301)
Total assets less current liabilities			**1,482**		2,020
Capital and reserves					
Called up share capital	15		**598**		598
Share premium account	16		**46**		46
Profit and loss account	16		**838**		1,376
Shareholders' funds			**1,482**		2,020

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M S J Dain
Director

Date: 21st October 2022

The notes on pages 12 to 24 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Profit and loss account	Shareholders' funds
	£000	£000	£000	£000
At 1 January 2020	**598**	**46**	**1,953**	**2,597**
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(577)	(577)
Total comprehensive expense for the financial year	-	-	(577)	(577)
At 31 December 2020 and 1 January 2021	**598**	**46**	**1,376**	**2,020**
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(538)	(538)
Total comprehensive expense for the financial year	-	-	(538)	(538)
At 31 December 2021	**598**	**46**	**838**	**1,482**

The notes on pages 12 to 24 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Cytec Industrial Materials (Manchester) Limited (the "Company") is a private company limited by shares incorporated and registered in the United Kingdom (England & Wales) under the Companies Act 2006. The address of the Company's registered office is shown on page 1.

The principal activities of the Company comprise the winding down relating to the Company's previous trading activity and preparation for the disposal of the land and buildings.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the Company's financial statements.

2. Accounting policies (continued)

2.4 Going concern

The principal activities of the Company comprised the manufacture and supply of impregnated composite materials used for the manufacture of composite components and tooling until July 2020. Following the Composite group's decision to close the business in July 2020, the business briefly rented out manufacturing space until July 2021. Following the cessation of trade, the Company intends to liquidate the entity once a purchaser has been secured. The financial statements have therefore been prepared on the basis other than that of a going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

2.5 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency (GBP) 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 Statement of Comprehensive Income.

2.6 Turnover

Turnover is recognised when goods 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.

2.7 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 Statement of Comprehensive Income in the periods during which services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 Current and deferred taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

2.9 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.10 Tangible assets

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

Certain items of tangible 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.

2. Accounting policies (continued)

2.10 Tangible assets (continued)

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of tangible assets. Land is not depreciated. The estimated annual depreciation rates as a percentage of cost 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.

Assets held for sale are valued at the lower of cost and net realisable value.

Due to the Company ceasing to trade in 2020, all the assets have been fully impaired with the exception of the Land and Buildings. Land and buildings have retained a value of £900,000 as of 31 December 2020 in accordance with an independent valuation. As of 31 December 2021, the land and building`s carrying value was decreased to £600,000 based on the offer dated August 2021 by a third party.

2.11 Non-derivative financial instruments

Non-derivative financial instruments comprise 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, in accordance with IFRS 9.

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, in accordance with IFRS 9.

2.12 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each Balance Sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each Balance Sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2. Accounting policies (continued)

2.13 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.

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. 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.

2. Accounting policies (continued)

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the 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.

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.

Key sources of estimation uncertainty

The directors do not consider that there are any key sources of estimation uncertainty in applying the Company's accounting policies.

4. 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.

Analysis of turnover by country of destination:

	2021	2020
	£000	£000
United Kingdom	-	1,389
Rest of Europe	-	1,520
North America	-	882
Rest of World	-	1,462
	-	5,253

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

5. Exceptional administrative expenses

	2021 £000	2020 £000
Impairment of tangible assets	**300**	27
Restructuring expenses	**164**	1,099
Gain on fixed asset sales	**(216)**	-
	248	1,126

Expenses are considered exceptional due to their value and its nature.

6. Operating loss

The operating loss is stated after charging/(crediting):

	2021 £000	2020 £000
Operating lease rentals	**-**	2
Foreign exchange gain	**(3)**	(23)
Cost of stock recognised as an expense	**-**	2,625
Impairment of stock recognised as an expense	**-**	60
(Profit)/loss on disposal of tangible assets	**(216)**	24

7. Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**13**	6

8. Employees

	2021 £000	2020 £000
Wages and salaries	**-**	817
Social security costs	**(20)**	85
Other pension costs	**-**	52
	(20)	954

Social security costs in the year ended 31 December 2021 reflects a refund received from HMRC in the year then ended in respect of an historical overpayment of PAYE.

8. Employees (continued)

The average monthly number of employees, including the directors, during the year was as follows:

	2021 Number	2020 Number
Production	**4**	24

9. 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 2021 or 31 December 2020.

10. Tax on loss

	2021 £000	2020 £000
Corporation tax		
Current tax on losses for the financial year	**-**	-
Adjustments in respect of prior years	**(52)**	-
Total current tax	**(52)**	-
Deferred tax		
Origination and reversal of timing differences	**-**	230
Total deferred tax	**-**	230
Total tax	**(52)**	230

10. Tax on loss (continued)

Factors affecting tax (credit)/charge for the financial year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£000	£000
Loss before taxation	**(590)**	(346)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	**(112)**	(66)
Effects of:		
Non-deductible expenses	**-**	66
Origination and reversal of temporary differences	**112**	230
Adjustments in respect of prior years	**(52)**	-
Total tax (credit)/charge for the financial year	**(52)**	230

Factors that may affect future tax charges

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% has been substantively enacted at the Balance Sheet date, its effects are included in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Tangible assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost				
At 1 January 2021	4,501	6,173	398	11,072
Disposals	-	(1,407)	-	(1,407)
Reclassified to held for sale	(600)	-	-	(600)
At 31 December 2021	3,901	4,766	398	9,065
Accumulated depreciation and impairment				
At 1 January 2021	3,601	6,173	398	10,172
Disposals	-	(1,407)	-	(1,407)
Impairment charge	300	-	-	300
At 31 December 2021	3,901	4,766	398	9,065
Net book value				
At 31 December 2021	-	-	-	-
At 31 December 2020	900	-	-	900

Due to the Company ceasing to trade in 2020, all the assets have been fully impaired with the exception of the Land and Buildings. Land and buildings have retained a value of £900,000 as of 31 December 2020 in accordance with an independent valuation. As of 31 December 2021, the land and building`s carrying value was decreased to £600,000 based on the offer dated August 2021 by a third party.

Following the decision to sell the land and buildings, tangible assets have been reclassified to be shown as fixed assets held for resale.

12. Debtors

	2021	2020
	£000	£000
Trade debtors	**-**	113
Amounts owed by group undertakings	**960**	1,515
Other debtors	**12**	18
Prepayments and accrued income	**12**	30
	984	1,676

Of the amounts owed by related parties £960,000 (2020: £1,515,000) are due from the ultimate parent company and are unsecured, repayable on demand and are charged interest at the inter company monthly rates. The intercompany rate during 2021 averaged 1.7%.

No debtors fell due after more than one year.

13. Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	**19**	32
Amounts owed to group undertakings	**4**	-
Corporation tax	**2**	187
Taxation and social security	**-**	7
Other creditors	**-**	3
Accruals and deferred income	**15**	26
	40	255

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Provisions

	Site closure provision £000
At 1 January 2021	301
Charged to profit or loss	200
Utilised in year	(403)
Reversal of provision	(36)
At 31 December 2021	**62**

During the year the Company recognised an decrease in provision for closure/restructuring costs. These costs will be incurred or released in 2022 dependent on the time to complete the sale of the land and building.

15. Called up share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
597,560 (2020: 597,560) Ordinary shares of £1 (2020: £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. The shares carry the right to share in any surplus on a winding up.

16. Reserves

Share premium account

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

17. Contingent liabilities

A guarantee for £nil (2020: £197,500) has been provided to HM Revenue & Customs with recourse to the Company for twice the nominal amount, with no uncertainties effecting the amount or timing.

18. Pension commitments

The Company operates a defined contribution plan for all employees of the Company. Contributions made into this plan are paid by the Company at rates specified in the rules of the schemes. The total amount recognise in Statement of Comprehensive Income during the year was £nil (2020: £52,000).

An amount of £nil (2020: £3,000) was included in accruals as at 31 December 2021.

19. Ultimate parent undertaking and controlling party

The Company is a subsidiary undertaking of Cytec Engineered Materials Limited, which is incorporated in the United Kingdom. The ultimate controlling party is Solvay S.A.

The largest and smallest 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 Solvay S.A. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the registered office at 310 Rue de Ransbeek, 1120 Brussels, Belgium.

20. Post balance sheet events

On March 15, 2022, the Group announced its plans to separate into two independent publicly traded companies: EssentialCo would comprise leading mono-technology businesses including Soda Ash, Peroxides, Silica and Coatis, which are reported as the Company's Chemicals segment, as well as the Special Chem business. SpecialtyCo would comprise the Company's currently reported Materials segment, including its high-growth, high-margin Specialty Polymers, its high-performance Composites business, as well as the majority of its Solutions segment, including Novecare, Technology Solutions, Aroma Performance, and Oil & Gas. The transaction is subject to general market conditions and customary closing conditions, including final approval by Solvay's Board of Directors, consent of certain financing providers and shareholder approval at an extraordinary general meeting, and is expected to be completed in the second half of 2023. The Board of Directors of Solvac, Solvay's long-standing reference shareholder, has confirmed its support of Solvay's transaction.

Following an environmental survey of site, the Company actively marketed the site for sale in April 2021. An offer was received in August 2021 for the purchase of the property and the deal is currently nearing completion. It is expected to sell for an amount of £600,000.