

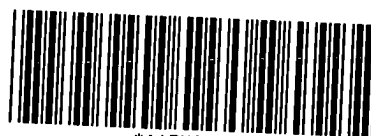
**Cytec Industrial Materials (Manchester)  
Limited**

Annual report and financial statements

Registered number: 00605214

For the year ended 31 December 2020

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## **Strategic report**

### **Business review**

#### ***Objectives***

The principal activities of the company comprise the manufacture and supply of impregnated composite materials used for the manufacture of composite components and tooling. Although the business returned to profitability in 2019, the Composite group took the decision to consolidate a number of its sites, resulting in the closure of this business in July 2020. The company's short term objective is to maintain profitability until closure and meet the objectives of Solvay SA, the company's ultimate parent undertaking. 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.

#### ***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.

Over the first half of the 2020 we maintained profitability. In July 2020 we ceased to manufacture and commenced a program of closing the site down and evaluating its asset base.

#### ***Principal risks and uncertainties***

The key risk areas of the company when it was trading were:

- customer pricing affecting sales and gross margin;
- loss of key customer accounts;
- volatility in commodity prices;
- liquidity and credit risk;
- foreign exchange risk;
- effect of the UK leaving the EU and
- Covid-19.

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 will mitigate this through the Solvay group where possible. Following the decision to cease to trade and eventually dissolve the company, the effect of Brexit on the business is expected to be nil.

In 2020, the spread of COVID-19 has continued to severely impact many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The businesses trade was not affected by COVID-19 as it had already prepared for the cessation of trade from early in 2020. It took advantage of the HMRC furlough scheme during the year.

### Strategic report *(continued)*

Accordingly, the financial position and results of operations as of and for the year ended 31 December 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

### Key performance indicators and Business Review

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

	2020 £000	2019 £000
Turnover	5,253	10,157
Gross profit	880	3,011
Gross profit % (profit/turnover)	16.8%	29.6%
Operating loss	(347)	(6,802)
Working capital	81	1,574

Turnover decreased by 48.3% (2019: increased by 53.9 %) in the year through the termination of manufacturing.

The decrease in gross profit percentage is due to the recognition of stock write offs and fixed costs still being incurred despite manufacturing ceasing.

Operating losses in 2020 decreased as all intercompany recharges stopped being incurred and unnecessary overheads were terminated.

Working capital levels are monitored regularly. Year on year working capital has decreased as very little working capital remained following the cessation of manufacturing.

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.

### Future prospects/Post Balance Sheet events

Trading levels were maintained in the first quarter of 2020, prior to the downturn in the second quarter following the effects of the COVID19 pandemic. In 2020 the trading group to which the company is a member of, took the decision to streamline the number of manufacturing companies around the world and consequently agreed to cease trading at Cytec Industrial Materials (Manchester) Limited. The company ceased to manufacture and trade in July 2020 and the asset and liabilities were to be satisfied accordingly. It is expected that the closure and redundancy costs will amount to around £1.5m, having realised £473k to 31 December 2020 and a further £700k is to be provided during 2021. The funding of this action will be provided by support from the group, and it will look to dissolve the company as soon as all assets and liabilities are satisfied.

Under the local entity reduction scheme, Cytec Industrial Materials (Manchester) Ltd's parent company, Cytec Industrial Materials (Derby) Ltd sold its investment to Cytec Engineered Materials Ltd for £1,500,000 in May 2021.

The company rented the premises to a current customer to enable continuity of production in a specific market. Any equipment that can be utilised elsewhere has been transferred to sister companies in the UK, with any remaining being disposed of through decommissioning. The property will undergo an environmental assessment in order to determine how best to dispose of the site. The remaining current manufacturing was transferred to other companies in the Solvay Composite group where possible and where economically viable.

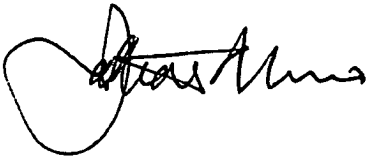
**Strategic report** *(continued)*

**Environmental policy and climate change**

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.

Approved by the board of directors and signed on its behalf by



**J D Norris**

*Director*

29 November 2021

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 2020.

### **Principal activities**

The principal activities of the company comprise the manufacture and supply of impregnated composite materials used for the manufacture of composite components and tooling. Although the business returned to profitability in 2019, before writing off of fixed assets, the Composite group took the decision to consolidate a number of its sites, resulting in the closure of this business. The company's short term objective is to maintain profitability until closure and meet the objectives of Solvay SA, the company's ultimate parent undertaking. The company's long term objective is to dissolve the company in the most efficient and at the lowest cost. In pursuing this objective the company intends to maintain sound financial management and avoid excessive risks.

The company ceased to manufacture and trade in July 2020. Subsequently, the company's activities relate to the winding down transactions relating to the company's previous trading activity and will eventually become dormant. As a result, the directors have prepared the financial statements on the basis other than that of a going concern.

### **Going concern**

The directors have agreed that company will be wound up and eventually dissolved following it ceasing to trade. The accounts 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.

### **Results and dividend**

Loss for the year amounted to £577,000 (2019: (£6,878,000)). During the year and up to the date of approval of this report, no dividends (2019: £nil) were proposed or paid.

### **Financial Risk management and objectives**

Details of risk management are discussed in the Strategic Report on page two 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:

D S Clears (resigned 28<sup>th</sup> February 2021)

S M Glennon (resigned 30<sup>th</sup> June 2020)

J D Norris

M S Dain (appointed 12<sup>th</sup> April 2021)

B Moore (appointed 17<sup>th</sup> May 2021)

### **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.

### **Directors Indemnities**

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**

Future developments have been set out within the strategic report and form part of this report by cross reference.

### **Subsequent Events**

The subsequent events have been set out within the strategic report and form part of this report by cross reference.

## **Directors' report** *(continued)*

### **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,

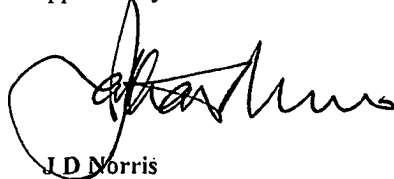
- there is no relevant audit information of which the company's auditor is unaware;
- and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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 auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the board of directors and signed on their behalf by



**J.D. Norris**

*Director*

29 November 2021

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

## **Directors' responsibilities statement**

The directors are responsible for preparing the Annual 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 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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 auditor's report to the members of Cytec Industrial Materials (Manchester) Limited**

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

#### **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 2020 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 19.

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 1 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 auditor's 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 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.

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

### **Responsibilities of directors**

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's 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 framework 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 UK Companies Act, pensions legislation 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.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue recognition policy on sales where there is a risk that the cut-off the revenue is recognised is incorrectly for the non-recurring and non-standard revenue transactions. In response to this, we evaluated the design and implementation of controls associated with the review of a contribution margin analysis, investigated whether there are any contracts with complex terms, performed manual entry testing on any non-recurring and non-standard revenue transactions, obtained and reviewed copies of dispatches notes and invoices and confirmed if the relating revenue transactions were recorded in the correct period.

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

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.

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 in-house 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 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 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 or 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:

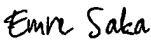
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law 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

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

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Emre Saka (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom

29 November 2021

**Cytec Industrial Materials (Manchester) Limited**  
*Annual report and financial statements*  
*For the year ended 31 December 2020*

**Profit and loss account**  
*for the year ended 31 December 2020*

	<i>Note</i>	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>5,253</b>	<b>10,157</b>
<b>Cost of sales</b>		<b>(4,373)</b>	<b>(7,146)</b>
<b>Gross profit</b>		<b>880</b>	<b>3,011</b>
Administrative expenses		(101)	(2,935)
Restructuring expenses	<b>3</b>	(1,099)	-
Impairment of fixed assets	<b>3</b>	(27)	(6,878)
<b>Operating loss before taxation</b>	<b>3</b>	<b>(347)</b>	<b>(6,802)</b>
<b>Tax charge on loss</b>	<b>6</b>	<b>(230)</b>	<b>(76)</b>
<b>Charge for the financial year</b>		<b>(577)</b>	<b>(6,878)</b>

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. The above operations arise from discontinued activities.

*Cytec Industrial Materials (Manchester) Limited*  
*Annual report and financial statements*  
*For the year ended 31 December 2020*

**Balance sheet**  
*as at 31 December 2020*

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	7	900	900
<b>Current assets</b>			
Stocks	8	-	1,201
Debtors	9	1,676	1,466
Deferred tax asset	11	-	230
		<u>1,676</u>	<u>2,897</u>
Creditors: amounts falling due within one year	10	(556)	(1,200)
<b>Net current assets</b>		<u>1,120</u>	<u>1,697</u>
<b>Total assets less current liabilities</b>		<u>2,020</u>	<u>2,597</u>
<b>Net assets</b>		<u>2,020</u>	<u>2,597</u>
<b>Capital and reserves</b>			
Called up share capital	13	598	598
Share premium account		46	46
Profit and loss account		<u>1,376</u>	<u>1,953</u>
<b>Shareholders' funds</b>		<u>2,020</u>	<u>2,597</u>

The notes on pages 13 to 23 form part of these financial statements.

These financial statements were approved by the board of directors on 29 November 2021 and were signed on its behalf by:



**M S Dain**  
*Director*

Company registered number: 00605214

*Cytec Industrial Materials (Manchester) Limited*  
*Annual report and financial statements*  
*For the year ended 31 December 2020*

**Statement of changes in equity**

for the year ended 31<sup>st</sup> December 2020

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2019	598	46	8,831	9,475
Loss for the financial year	-	-	(6,878)	(6,878)
Total comprehensive expense for the year	-	-	(6,878)	(6,878)
Balance at 31 December 2019	598	46	1,953	2,597

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020	598	46	1,953	2,597
Loss for the financial year	-	-	(577)	(577)
Total comprehensive expense for the year	-	-	(577)	(577)
Balance at 31 December 2020	598	46	1,376	2,020

## **Notes (forming part of the financial statements)**

### **1. Accounting policies**

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 3. The principal activities of the company comprise the manufacture and supply of impregnated composite materials used for the manufacture of composite components and tooling.

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.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework*.

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.
- Certain revenue requirements of IFRS 15.

As the consolidated financial statements of Solvay S.A. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.2

### **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



## **Notes (forming part of the financial statements) (continued)**

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

January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

#### **1.1. Measurement convention**

The financial statements are prepared on the historical cost basis.

#### **1.2. Going concern**

The directors have agreed that company will be wound up and eventually dissolved following it ceasing to trade. The accounts 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.

#### **1.3. 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 profit and loss account.

#### **1.4. 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, in accordance with IFRS9.

##### *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 IFRS9.

#### **1.5. 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.

#### **1.6. 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 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%

## **Notes (forming part of the financial statements) (continued)**

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

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.

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 in accordance with an independent valuation.

### **1.7. 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.

### **1.8. 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.

## **Notes (forming part of the financial statements) (continued)**

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

#### **1.9. Employee benefits**

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### **1.10. 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.

#### **1.11. Expenses**

##### *Operating lease payments*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense. As the operating leases are deemed immaterial, costs of leases and associated liabilities were not capitalised and IFRS 16 was not implemented.

#### **1.12. Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

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 (forming part of the financial statements) (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:*

	2020 £000	2019 £000
United Kingdom	1,389	2,177
Rest of Europe	1,520	2,418
North America	882	1,524
Rest of World	1,462	4,038
	<u>5,253</u>	<u>10,157</u>

### 3. Operating loss before taxation

*Included in operating loss are the following:*

	2020 £000	2019 £000
Depreciation	-	599
Impairment of fixed assets	27	6,878
Operating lease rentals	2	7
Foreign exchange gain	(23)	(5)
Cost of stock recognised as an expense	2,625	4,661
Impairment of stock recognised as an expense	60	152
Loss/(Profit) on disposal of fixed assets	24	(30)
<b>Exceptional Expenses</b>		
Impairment of fixed assets	27	6,878
Restructuring expense	1,099	-
	<u>1,099</u>	<u>-</u>

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

*Auditor's remuneration:*

	2020 £000	2019 £000
Audit of these financial statements	<u>6</u>	<u>6</u>

No non-audit services were provided in the current or prior year.

## **Notes (forming part of the financial statements) (continued)**

### **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	
	2020	2019
Production	24	33
	<u>24</u>	<u>33</u>

The aggregate payroll costs of these persons were as follows:

	2020 £000	2019 £000
Wages and salaries	817	1,223
Social security costs	85	123
Contributions to defined contribution plans	52	78
	<u>954</u>	<u>1,424</u>

### **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 2020 or 31 December 2019.

## Notes (forming part of the financial statements) (continued)

### 6. Taxation

#### Recognised in the profit and loss account

	2020	2019
	£000	£000
<i>UK corporation tax</i>		
Current tax charge on loss for the year	-	187
Adjustments in respect of prior periods	-	302
Total current tax	-	491
<i>Deferred tax (see note 11)</i>		
Origination and reversal of temporary differences	230	(415)
Adjustments in respect of prior periods	-	-
Total deferred tax	230	(415)
Tax on loss	230	76

Corporation tax is calculated at 19% (2019: 19%) of the estimated taxable profit for the year.

The credit for the year can be reconciled to the statement of profit and loss account as follows:

	2020	2019
	£000	£000
Loss for the year before tax	(347)	(6,802)
Loss for the year multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(66)	(1,292)
Effects of:		
Non-deductible expenses	66	1,366
Tax effect of prior year corporation tax adjustments	-	302
Origination and reversal of temporary differences	230	(300)
Total tax charge / (credit)	230	76

As the company plans to be dissolved, the deferred tax provisions have been reversed as they are not expected to crystallise.

In November 2019, the Prime Minister announced the intention to cancel the previously enacted reduction in corporate tax rates. This change to the UK corporation tax rate was substantively enacted on 17 March 2020 and the rate applicable from 1 April 2020 remains at 19 percent rather than the previously enacted reduction to 17 percent. Deferred taxes at the balance sheet date have been measured using the enacted rate of 19% (2019: 17%).

An increase to the main UK corporation tax rate to 25% from 1 April 2023 was announced in the Budget on 11 March 2021 and substantively enacted on 24 May 2021. As these changes had not been substantively enacted at the balance sheet date they are not recognised in these financial statements.

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## Notes (forming part of the financial statements) (continued)

### 7. Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings, office & computer equipment £000	Asset under Construction £000	Total £000
<b>Cost</b>					
Balance at 1 January 2020	4,505	5,887	360	324	11,076
Additions	-	375	38	-	413
Disposals	(4)	(89)	-	(324)	(417)
Transfers	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>4,501</b>	<b>6,173</b>	<b>398</b>	<b>-</b>	<b>11,072</b>
<b>Depreciation and impairment</b>					
Balance at 1 January 2020	3,605	5,887	360	324	10,176
Depreciation charge for the year	-	-	-	-	-
Disposals	(2)	(29)	-	-	(31)
Impairment	(2)	315	38	(324)	27
<b>Balance at 31 December 2020</b>	<b>3,601</b>	<b>6,173</b>	<b>398</b>	<b>-</b>	<b>10,172</b>
<b>Net book value</b>					
At 31 December 2019	900	-	-	-	900
<b>At 31 December 2020</b>	<b>900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>900</b>

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 in accordance with an independent valuation.

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**Notes (forming part of the financial statements) (continued)**

**8. Stocks**

	2020 £000	2019 £000
Raw materials and consumables	-	606
Finished goods	-	595
	<u>-</u>	<u>1,201</u>

**9. Debtors**

	2020 £000	2019 £000
Trade debtors	113	1,152
Amounts owed by parent company	-	80
Amounts owed by fellow group undertakings	1,515	25
Taxation and social security	18	-
Other debtors	-	26
Prepayments and accrued income	30	183
	<u>1,676</u>	<u>1,466</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.

No debtors fell due after more than one year.

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

	2020 £000	2019 £000
Trade creditors	32	779
Amounts owed to fellow group undertakings	-	98
Taxation and social security	7	29
Corporation tax	187	187
Other Creditors	3	68
Restructuring provision	301	-
Accruals and deferred income	26	39
	<u>556</u>	<u>1,200</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.



## Notes (forming part of the financial statements) (continued)

### 11. Deferred tax assets and liabilities

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

Deferred tax assets and liabilities are attributable to the following:

	Assets 2020 £000	Assets 2019 £000	Liabilities 2020 £000	Liabilities 2019 £000	Net 2020 £000	Net 2019 £000
Accelerated capital allowances	-	230	-	-	-	230
Tax liabilities	-	230	-	-	-	230
Net tax liabilities	-	230	-	-	-	230

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

	1 January 2020 £000	Recognised in income £000	31 December 2020 £000
Accelerated capital allowances	230	(230)	-
	230	(230)	-

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

	1 January 2019 £000	Recognised in income £000	31 December 2019 £000
Accelerated capital allowances	(185)	415	230
	(185)	415	230

### 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 £52,000 (2019: £78,000).

£3,000 (2019: £12,000) remained outstanding in creditors at the year end.

### 13. Capital and reserves

#### **Share capital**

	2020 £000	2019 £000
<i>Authorised and Allotted, called up and fully paid</i>		
597,560 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. The shares carry the right to share in any surplus on a winding up.

## Notes (forming part of the financial statements) (continued)

### 14. Operating leases

Future minimum lease payments are as follows:

	2020 £000	2019 £000
Due within :		
Not later than one year	-	2
Later than one year and not later than five years	-	-
<b>Total</b>	<b>-</b>	<b>2</b>

During the year £2,000 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £7,000).

#### *Description of significant lease arrangements*

The Company currently has lease arrangements in place for hire equipment.

### 15. Commitments

#### *Capital commitments*

During the year ended 31 December 2020, the Company has not entered into a contract to purchase property, plant and equipment. (2019: £105,000).

### 16. Contingencies

A guarantee for £197,500 (2019: £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.

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

### 18. Accounting estimates and judgements

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

#### *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.

### 19. Post balance sheet events

Under the local entity reduction scheme, Cytec Industrial Materials (Manchester) Limited's parent company, Cytec Industrial Materials (Derby) Ltd sold its investment to Cytec Engineered Materials Ltd for £1,500,000 in May 2021. This had no effect on the planned wind up of the company and eventual plans to dissolve the business.