

**Aerovac Keighley Ltd**

(Previously Cytec Process Materials (Keighley)  
Limited)

Annual report and financial statements

Registered number 01472714

For the year ended 31 December 2019

TUESDAY



\*AA587SIR\*

A13

25/05/2021

#229

COMPANIES HOUSE

**Contents**

|   |    |
|---|----|
| Directors’ report   | 1  |
| Directors’ responsibilities statement   | 4  |
| Independent auditor’s report to the members of Aerovac Keighley Ltd (previously Cytec Process Materials (Keighley) Limited) | 5  |
| Profit and loss account   | 8  |
| Balance sheet   | 9  |
| Statement of changes in equity  | 10 |
| Notes to the financial statements   | 11 |

## Directors' report

The directors present their Directors' report and the audited financial statements for the year ended 31 December 2019.

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

The Company has taken advantage of the exemption from preparing a Strategic Report allowed by section 414B of the Companies Act 2006. The company has also taken exemptions allowable for small companies within this Directors' Report.

On 3 March 2021 the name of the company was changed to Aerovac Keighley Ltd from Cytec Process Materials (Keighley) Limited. This is discussed further below.

### Principal activities

The principal activity of the company is the distribution of a range of consumable products used within the composite materials industry.

### Going Concern

The financial statements have been prepared on a going concern basis. The directors have prepared going concern projections which show that the company is expected to turn a profit in the twelve months from the balance sheet date and will have a positive net cash position following the acquisition by GLS Composites Distribution LLC on 1 March 2021. The company was acquired as part of plans to expand the Composite One's operations outside of the US market.

During the financial year, four members of staff were furloughed in early 2020 and one was subsequently made redundant as a result of COVID 19 on the business. The remaining members of staff returned to work in 2020 coinciding with an upturn in sales.

Following the post year end sale to GLS Composites Distribution LLC, a cash injection of £100,000 was made in to the company on 1 March 2021. The company is supported by the group, and a letter of support has been issued by the parent company, GLS Composites Distribution LLC, to state that it will support this company to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. The directors have considered the potential cash needs of the company in the foreseeable future under a worst case scenario and the potential of the ultimate parent company to provide the financial support. The parent company has access to an \$85m finance facility, from which \$80m remains undrawn as of the date of approval of these financial statements, a position which is not expected to materially change in the foreseeable future based on group level forecasts. As such, the directors have no concerns regarding the group's ability to provide financial support should it be required, and feel it is appropriate to prepare these financial statements on a going concern basis.

### Results and key performance indicators

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

|                | 31 December 2019 | 31 December 2018 |
|----------------|------------------|------------------|
|                | £000             | £000             |
| Turnover       | 5,940            | 6,156            |
| Gross profit   | 1,417            | 1,560            |
| Gross profit % | 23.9%            | 25.3%            |
| Operating loss | (358)            | (706)            |

Turnover in the year decreased by £216k compared to the prior year. Gross profit percentage was also 1.4% lower than the previous year. Trading has again been difficult this year, operating in tight and competitive markets. 2020 has been a challenge due to COVID19 with sales dropping below 2019 levels and expected to be considerably less than in 2019.

## **Directors' report (Continued)**

COVID19 has impacted the markets in which we operate but we have managed to maintain our margin percentages and expect to do so going forward.

Operating loss dropped by £348k to a loss of £358k. The reduction of £348k is driven by lower management recharges in 2019 compared to 2018 as well as no redundancy costs incurred in the year.

Working capital calculation excludes intercompany and deferred tax balances. Working capital levels are monitored regularly. At 31 December 2019 working capital was £127k lower than in 2018 as a result of a concerted effort to reduce inventory levels.

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

During the year, performance was satisfactory.

### **Principal risks and uncertainties and financial risk management**

The key risk areas of the company are:

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

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

The company is exposed to risks associated with the markets in which it operates and attributable to the wider social and economic environment. The company is expected to be able to perform according to its budget. The company also faces specific risk to its trading activities, such as the potential loss of major customers or suppliers. The company continues to maximise service levels and conduct business with integrity in order to minimise such risks. We also plan to expand product ranges as well as delivering improved technology and products.

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

The company also faces risks specific to its trading activities, such as the potential loss of major customers or suppliers. The company continues to maximise service levels and conduct business with integrity in order to minimise such risks.

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

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

### **Dividend**

During the year dividends of £nil (2018: £31,000,000) were proposed and paid.

### **Directors**

The Directors who held office during the period and up to the date of this report were as follows:

LC Edenbrow  
 DS Clears

There are no directors' indemnities.

## **Directors' report (Continued)**

### **Post balance sheet events**

In early 2019 the COVID19 pandemic occurred, but this is a non-adjusting post balance sheet event as is Brexit. This alongside Brexit are considered non-adjusting post balance sheet events and are disclosed above.

On 1 March 2021, Composites One acquired the Process Materials business from Solvay, and Cytec Process Materials (Keighley) Limited was sold to Composites One as part of this deal. Our name has now changed to Aerovac Keighley Ltd, and our parent company is now GLS Composites Distribution LLC.

Furthermore, there has been a change in our registered office to 500 Bradford Road, Sandbeds, Keighley, BD20 5NG from 3 March 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.

### **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 its behalf by



**LC Edenbrow**  
*Director*

500 Bradford Road  
Sandbeds, Keighley, BD20 5NG

21 May 2021

## **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 Aerovac Keighley Ltd (previously Cytec Process Materials (Keighley) Limited)**

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

#### **Opinion**

In our opinion the financial statements of Aerovac Keighley Ltd (previously Cytec Process Materials (Keighley) Limited) (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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:

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

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

#### **Basis for opinion**

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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.

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

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

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

We have nothing to report in respect of these matters.

#### **Other information**

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

## **Independent auditor's report to the members of Aerovac Keighley Ltd (previously Cytex Process Materials (Keighley) Limited) (Continued)**

### **Other information (continued)**

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

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

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

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

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

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

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

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

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

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

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

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

#### **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



*Aerovac Keighley Ltd  
(Previously Cytec Process Materials (Keighley) Limited)  
Annual report and financial statements  
For the year ended 31 December 2019*

## **Independent auditor's report to the members of Aerovac Keighley Ltd (previously Cytec Process Materials (Keighley) Limited) (Continued)**

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

- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

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 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.

**Emre Saka (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

*Statutory Auditor*

*Birmingham,*

*United Kingdom*

21 May 2021

**Aerovac Keighley Ltd**  
*(Previously Cytec Process Materials (Keighley) Limited)*  
 Annual report and financial statements  
 For the year ended 31 December 2019

**Profit and loss account**  
*for the year ended 31 December 2019*

|  |             | 2019                  | 2018                  |
|--|-------------|-----------------------|-----------------------|
|  | <i>Note</i> | <b>Total<br/>£000</b> | <b>Total<br/>£000</b> |
| <b>Turnover</b>                        | 2           | 5,940                 | 6,156                 |
| Cost of sales                          |             | (4,523)               | (4,596)               |
| <b>Gross profit</b>                    |             | <b>1,417</b>          | <b>1,560</b>          |
| Administrative expenses                |             | (1,775)               | (2,266)               |
| <b>Operating loss</b>                  |             | <b>(358)</b>          | <b>(706)</b>          |
| Interest receivable and similar income | 6           | 10                    | 112                   |
| <b>Loss before taxation</b>            |             | <b>(348)</b>          | <b>(594)</b>          |
| Tax on loss                            | 7           | (63)                  | 102                   |
| <b>Loss for the financial year</b>     |             | <b>(411)</b>          | <b>(492)</b>          |

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

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

The notes on pages 11 to 22 form an integral part of these financial statements.

**Aerovac Keighley Ltd**  
*(Previously Cytec Process Materials (Keighley) Limited)*  
 Annual report and financial statements  
 For the year ended 31 December 2019

**Balance sheet**  
*as at 31 December 2019*

|   | <i>Note</i> | <b>2019</b>  | <b>2018</b>  |
|---|-------------|--------------|--------------|
|   |             | <b>£000</b>  | <b>£000</b>  |
| <b>Fixed assets</b>                                   |             |              |              |
| Tangible assets                                       | 9           | 1,306        | 1,328        |
|   |             | <u>1,306</u> | <u>1,328</u> |
| <b>Current assets</b>                                 |             |              |              |
| Stocks  | 10          | 1,183        | 1,195        |
| Debtors   | 11          | 2,824        | 3,307        |
| Cash at bank and in hand                              |             | -            | -            |
|   |             | <u>4,007</u> | <u>4,502</u> |
| <b>Creditors: amounts falling due within one year</b> | 12          | <u>(876)</u> | <u>(982)</u> |
| <b>Net current assets</b>                             |             | 3,131        | 3,520        |
| <b>Total assets less current liabilities</b>          |             | <u>4,437</u> | <u>4,848</u> |
| <b>Net assets</b>                                     |             | <u>4,437</u> | <u>4,848</u> |
| <b>Capital and reserves</b>                           |             |              |              |
| Called up share capital                               | 14          | 1            | 1            |
| Profit and loss account                               |             | <u>4,436</u> | <u>4,847</u> |
| <b>Shareholders' funds</b>                            |             | <u>4,437</u> | <u>4,848</u> |

The notes on pages 11 to 22 form an integral part of these financial statements. These financial statements were approved by the board of directors on 21 May 2021 and were signed on its behalf by:



**LC Edenbrow**  
*Director*

Company registered number: 01472714

**Aerovac Keighley Ltd**  
*(Previously Cytec Process Materials (Keighley) Limited)*  
 Annual report and financial statements  
 For the year ended 31 December 2019

## Statement of changes in equity

|   | Called up<br>share capital<br>£000 | Profit and<br>loss account<br>£000 | Total equity<br>£000 |
|---|------------------------------------|------------------------------------|----------------------|
| Balance at 1 January 2018                                   | 1                                  | 36,339                             | 36,340               |
| Loss and total comprehensive expense for the financial year | -                                  | (492)                              | (492)                |
| Dividends paid in the financial year <i>(see note 14)</i>   | -                                  | (31,000)                           | (31,000)             |
|   | <hr/>                              | <hr/>                              | <hr/>                |
| <b>Balance at 31 December 2018</b>                          | <b>1</b>                           | <b>4,847</b>                       | <b>4,848</b>         |
|   | <hr/> <hr/>                        | <hr/> <hr/>                        | <hr/> <hr/>          |

|   | Called up<br>share capital<br>£000 | Profit and<br>loss account<br>£000 | Total equity<br>£000 |
|---|------------------------------------|------------------------------------|----------------------|
| Balance at 1 January 2019                                   | 1                                  | 4,847                              | 4,848                |
| Loss and total comprehensive expense for the financial year | -                                  | (411)                              | (411)                |
| Dividends paid in the financial year                        | -                                  | -                                  | -                    |
|   | <hr/>                              | <hr/>                              | <hr/>                |
| <b>Balance at 31 December 2019</b>                          | <b>1</b>                           | <b>4,436</b>                       | <b>4,437</b>         |
|   | <hr/> <hr/>                        | <hr/> <hr/>                        | <hr/> <hr/>          |

## **Notes to the financial statements**

For the year ended 31 December 2019

### **1 Accounting policies**

Aerovac Keighley Ltd (previously Cytec Process Materials (Keighley) Limited) (the “Company”) is a private company, limited by shares, incorporated and registered in the UK (England and Wales) under the Companies Act 2006. The company’s registered address information is included within the Directors’ Report.

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s ultimate parent undertaking, at the time of these accounts, Solvay S.A., includes the Company in its consolidated financial statements. The consolidated financial statements of Solvay S.A. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Solvay S.A., rue de Ransbeek, B – 1120, Brussels, Belgium.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- 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
- Comparative period reconciliations for tangible fixed assets.

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 16.

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

The financial statements are prepared on the historical cost basis.

## **Notes to the financial statements**

For the year ended 31 December 2019 *(continued)*

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

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

The financial statements have been prepared on a going concern basis. The directors have prepared going concern projections which show that the company is expected to turn a profit in the twelve months from the balance sheet date and will have a positive net cash position following the acquisition by GLS Composites Distribution LLC on 1 March 2021. The company was acquired as part of plans to expand the Composite One's operations outside of the US market.

During the financial year, four members of staff were furloughed in early 2020 and one was subsequently made redundant as a result of COVID 19 on the business. The remaining members of staff returned to work in 2020 coinciding with an upturn in sales.

Following the post year end sale to GLS Composites Distribution LLC, a cash injection of £100,000 was made in to the company on 1 March 2021. The company is supported by the group, and a letter of support has been issued by the parent company, GLS Composites Distribution LLC, to state that it will support this company to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. The directors have considered the potential cash needs of the company in the foreseeable future under a worst case scenario and the potential of the ultimate parent company to provide the financial support. The parent company has access to an \$85m finance facility, from which \$80m remains undrawn as of the date of approval of these financial statements, a position which is not expected to materially change in the foreseeable future based on group level forecasts. As such, the directors have no concerns regarding the group's ability to provide financial support should it be required, and feel it is appropriate to prepare these financial statements on a going concern basis.

#### **1.3. Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency of 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 2019.

#### **1.4. 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.

##### *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.

## **Notes to the financial statements**

For the year ended 31 December 2019 *(continued)*

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

#### **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.

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 annual depreciation rates applied are as follows:

|                     |            |
|---------------------|------------|
| Freehold buildings  | 2%         |
| Plant and machinery | 15% to 25% |

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

#### **1.7. Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Net realisable value is calculated based on the most current selling price of the items in question.

#### **1.8. Impairment excluding stocks and deferred tax assets**

##### *Financial assets (including trade and other debtors)*

Financial Assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

## Notes to the financial statements

For the year ended 31 December 2019 (*continued*)

### 1 Accounting policies (*continued*)

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").

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.9. Employee benefits

##### *Defined contribution plans*

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

#### 1.10. Turnover

Turnover is recognised in the profit and loss account when goods or services are supplied or made available to customers against orders received, 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 returns. The methodology and assumptions used to estimate returns are monitored and adjusted in the light of contractual and legal obligations, historical trends, past experience and projected market conditions.

#### 1.11. Interest Receivable

Interest income is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### 1.12. IFRS 16 lease payments

In the current year, the Company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The date of initial application of IFRS 16 for the Company is 1 January 2019. The Company has applied IFRS 16 using the cumulative catch-up approach.



## Notes to the financial statements

For the year ended 31 December 2019 *(continued)*

### 1 Accounting policies *(continued)*

#### 1.13. Taxation

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

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

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

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

#### 1.14. IFRS 9, IFRS 15 and IFRS 16

There is no financial impact to disclose in relation to the adoption of IFRS 9 and IFRS 15. The company applies IFRS16 in relation to lease cars.

### 2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period. The turnover is attributable to the company's principal activity.

*Analysis of turnover by geographical market*

|                | 2019<br>£000 | 2018<br>£000 |
|----------------|--------------|--------------|
| United Kingdom | 3,058        | 3,186        |
| Rest of Europe | 1,952        | 2,378        |
| Rest of World  | 930          | 592          |
|                | <u>5,940</u> | <u>6,156</u> |

### 3 Auditor's remuneration

|                                     | 2019<br>£000 | 2018<br>£000 |
|-------------------------------------|--------------|--------------|
| Audit of these financial statements | <u>13</u>    | <u>13</u>    |

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

**Aerovac Keighley Ltd**  
**(Previously Cytec Process Materials (Keighley) Limited)**  
*Annual report and financial statements*  
*For the year ended 31 December 2019*

## Notes to the financial statements

For the year ended 31 December 2019 *(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 |           |
|----------------|---------------------|-----------|
|                | 2019                | 2018      |
| Production     | 1                   | 4         |
| Administration | 10                  | 11        |
|                | <u>11</u>           | <u>15</u> |

The aggregate payroll costs of these persons were as follows:

|   | 2019       | 2018       |
|---|------------|------------|
|   | £000       | £000       |
| Wages and salaries                          | 423        | 517        |
| Severance Payments                          | -          | 83         |
| Health Insurance Premiums                   | 21         | -          |
| Social security costs                       | 48         | 4          |
| Contributions to defined contribution plans | 32         | 39         |
|   | <u>524</u> | <u>643</u> |

There are £4,005 outstanding creditors in respect of the defined contribution pension scheme at 31 December 2019 (2018: £nil). In 2019 the company spent £12,311 on temporary labour (2018: £10,665).

### 5 Directors' remuneration

|   | 2019     | 2018      |
|---|----------|-----------|
|   | £000     | £000      |
| Directors' remuneration                               | -        | 67        |
| Company contributions to money purchase pension plans | -        | 5         |
|   | <u>-</u> | <u>72</u> |

The remuneration for both directors was borne by another group company. These directors are also directors of a number of other companies within the group and their services to the company do not occupy a significant amount of their time, therefore they do not consider that they received any remuneration for the qualifying services to the entity.

|  | Number of directors |          |
|--|---------------------|----------|
|  | 2019                | 2018     |
| Retirement benefits are accruing to the following number of directors under: |                     |          |
| Defined contribution schemes   | -                   | 1        |
|  | <u>-</u>            | <u>1</u> |

### 6 Interest receivable and similar income

|                                      | 2019      | 2018       |
|--------------------------------------|-----------|------------|
|                                      | £000      | £000       |
| Interest income from group companies | 10        | 112        |
|                                      | <u>10</u> | <u>112</u> |

## Notes to the financial statements

For the year ended 31 December 2019 *(continued)*

### 7 Taxation

#### Recognised in the profit and loss account

|   | 2019  |       | 2018  |       |
|---|-------|-------|-------|-------|
|   | £000  | £000  | £000  | £000  |
| <i>UK corporation tax</i>                         |       |       |       |       |
| Current tax on income for the period              | (54)  |       | (81)  |       |
| Adjustments in respect of prior periods           | 31    |       | -     |       |
|   | <hr/> |       | <hr/> |       |
| Total current tax                                 |       | (23)  |       | (81)  |
| <i>Deferred tax (see note 13)</i>                 |       |       |       |       |
| Origination and reversal of temporary differences | (5)   |       | (23)  |       |
| Reduction in tax rate                             | (5)   |       | 2     |       |
| Prior Year Adjustment                             | 96    |       | -     |       |
|   | <hr/> |       | <hr/> |       |
| Total deferred tax                                |       | 86    |       | (21)  |
|   |       | <hr/> |       | <hr/> |
| Tax on loss                                       |       | 63    |       | (102) |
|   |       | <hr/> |       | <hr/> |

The (credit) for the year can be reconciled to the profit and loss account as follows

|   | 2019  | 2018  |
|---|-------|-------|
|   | £000  | £000  |
| Loss for the year   | (348) | (594) |
|   | <hr/> | <hr/> |
| Loss multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19%) | (66)  | (113) |
| Effects of:   |       |       |
| Non-deductible expenses   | 7     | 9     |
| Non-taxable income  | -     | -     |
| Under provided in prior years   | 127   | -     |
| Difference in tax rates   | (5)   | 2     |
|   | <hr/> | <hr/> |
| Total tax charge/(credit)   | 63    | (102) |
|   | <hr/> | <hr/> |

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements. In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporate tax rates from 19% to 17%. On 3 March 2021, the UK government announced that the rate of corporation tax would increase from 19% to 23% from April 2023. Management has not undertaken a full analysis of the impact of this change at this stage. These announcements do not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%.

**Aerovac Keighley Ltd**  
*(Previously Cytec Process Materials (Keighley) Limited)*  
 Annual report and financial statements  
 For the year ended 31 December 2019

## Notes to the financial statements

For the year ended 31 December 2019 *(continued)*

### 8 Loss for the year

Loss for the year has been arrived at after charging/(crediting):

|   | 2019<br>£000      | 2018<br>£000      |
|---|-------------------|-------------------|
| Net foreign exchange losses/(gains)               | (12)              | 8                 |
| Depreciation of property, plant and equipment     | 60                | 63                |
| Loss on disposal of property, plant and equipment | -                 | 69                |
| Cost of inventories recognised as expense         | 4,162             | 3,978             |
| Staff costs (see note 4)                          | 524               | 643               |
|   | <u>          </u> | <u>          </u> |

### 9 Tangible fixed assets

|                                    | Freehold land<br>and buildings<br>£000 | IFRS16 Lease<br>Cars<br>£000 | Plant and<br>Machinery<br>£000 | Total<br>£000     |
|------------------------------------|--|------------------------------|--------------------------------|-------------------|
| <b>Cost</b>                        |  |                              |                                |                   |
| Balance at 1 January 2019          | 1,602                                  | -                            | 514                            | 2,116             |
| Additions                          | 30                                     | 17                           | -                              | 47                |
| Disposals                          | (10)                                   | -                            | -                              | (10)              |
|                                    | <u>          </u>                      | <u>          </u>            | <u>          </u>              | <u>          </u> |
| Balance at 31 December 2019        | 1,622                                  | 17                           | 514                            | 2,153             |
|                                    | <u>          </u>                      | <u>          </u>            | <u>          </u>              | <u>          </u> |
| <b>Depreciation and impairment</b> |  |                              |                                |                   |
| Balance at 1 January 2019          | 367                                    | -                            | 421                            | 788               |
| Depreciation charge for the year   | 41                                     | 3                            | 16                             | 60                |
| Disposals                          | (1)                                    | -                            | -                              | (1)               |
|                                    | <u>          </u>                      | <u>          </u>            | <u>          </u>              | <u>          </u> |
| Balance at 31 December 2019        | 407                                    | 3                            | 437                            | 847               |
|                                    | <u>          </u>                      | <u>          </u>            | <u>          </u>              | <u>          </u> |
| <b>Net book value</b>              |  |                              |                                |                   |
| At 31 December 2018                | 1,235                                  | -                            | 93                             | 1,328             |
|                                    | <u>          </u>                      | <u>          </u>            | <u>          </u>              | <u>          </u> |
| At 31 December 2019                | 1,215                                  | 14                           | 77                             | 1,306             |
|                                    | <u>          </u>                      | <u>          </u>            | <u>          </u>              | <u>          </u> |

**Aerovac Keighley Ltd**  
*(Previously Cytec Process Materials (Keighley) Limited)*  
 Annual report and financial statements  
 For the year ended 31 December 2019

## Notes to the financial statements

For the year ended 31 December 2019 *(continued)*

### 10 Stocks

|                           | 2019<br>£000 | 2018<br>£000 |
|---------------------------|--------------|--------------|
| Raw materials             | 707          | 683          |
| Finished Goods            | 660          | 683          |
| Slow moving stock reserve | (184)        | (171)        |
|                           | <u>1,183</u> | <u>1,195</u> |

As highlighted in note 9, £4,162,000 was the cost of inventory recognised as in expense in 2019 (2018: £3,978,000).

### 11 Debtors

|                                   | 2019<br>£000 | 2018<br>£000 |
|-----------------------------------|--------------|--------------|
| Trade debtors                     | 618          | 854          |
| Intercompany debtors:             |              |              |
| - Parent                          | 41           | 206          |
| - Fellow group companies          | 2,016        | 1,839        |
| Other debtors                     | 63           | 247          |
| Deferred tax assets (see note 13) | 47           | 133          |
| Prepayments and accrued income    | 39           | 28           |
|                                   | <u>2,824</u> | <u>3,307</u> |

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

### 12 Creditors: amounts falling due within one year

|                                    | 2019<br>£000 | 2018<br>£000 |
|------------------------------------|--------------|--------------|
| Trade creditors                    | 379          | 635          |
| Intercompany creditors:            |              |              |
| - Parent                           | 81           | 34           |
| - Fellow group companies           | 143          | 47           |
| Bank Overdraft                     | -            | 2            |
| Other taxation and social security | 23           | 15           |
| IFRS 16 Lease Creditor             | 15           | -            |
| Accruals                           | 235          | 249          |
|                                    | <u>876</u>   | <u>982</u>   |

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

## Notes to the financial statements

For the year ended 31 December 2019 (continued)

### 13 Deferred tax assets and liabilities

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

|                       | Assets<br>2019<br>£000 | Assets<br>2018<br>£000 | Liabilities<br>2019<br>£000 | Liabilities<br>2018<br>£000 | Net<br>2019<br>£000 | Net<br>2018<br>£000 |
|-----------------------|------------------------|------------------------|-----------------------------|-----------------------------|---------------------|---------------------|
| Tangible fixed assets | 47                     | 133                    | -                           | -                           | 47                  | 133                 |
| Net tax assets        | 47                     | 133                    | -                           | -                           | 47                  | 133                 |

#### Movement in deferred tax during the year

|                       | 1 January<br>2019<br>£000 | Recognised<br>in income<br>£000 | Recognised<br>in equity<br>£000 | 31 December<br>2019<br>£000 |
|-----------------------|---------------------------|---------------------------------|---------------------------------|-----------------------------|
| Tangible fixed assets | 133                       | (86)                            | -                               | 47                          |
|                       | 133                       | (86)                            | -                               | 47                          |

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

|                       | 1 January<br>2018<br>£000 | Recognised<br>in income<br>£000 | Recognised<br>in equity<br>£000 | 31 December<br>2018<br>£000 |
|-----------------------|---------------------------|---------------------------------|---------------------------------|-----------------------------|
| Tangible fixed assets | 112                       | 21                              | -                               | 133                         |
|                       | 112                       | 21                              | -                               | 133                         |

### 14 Capital and reserves

#### Share capital

|   | 2019<br>£000 | 2018<br>£000 |
|---|--------------|--------------|
| Authorised and allotted, called up and fully paid |              |              |
| 1,000 Ordinary shares of £1 each                  | 1            | 1            |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### Dividends

Dividends of £nil (2018: £31,000,000) were proposed and paid during the period. No further dividends have been proposed by the directors after the balance sheet date.

## Notes to the financial statements

For the year ended 31 December 2019 (continued)

### 15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

|                            | 2019<br>£000 | 2018<br>£000 |
|----------------------------|--------------|--------------|
| Less than one year         | 19           | 21           |
| Between one and five years | 2            | 21           |
| More than five years       | -            | -            |
|                            | <u>21</u>    | <u>42</u>    |

During the year £20,835 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £20,835). The operating leases included here related solely to forklift trucks used on site as well as photocopiers.

The company currently has a lease arrangement in place for a company car. Rental for this is paid monthly and the lease runs until February 2023. Normal restrictions apply for the lease car. In line with new IFRS 16 arrangements, this lease has been reclassified under fixed assets with associated depreciation in 2019.

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

In the application of the Company's accounting policies, which are disclosed in note 1, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily available from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period and future period if the revision affects both current and future periods.

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

### 17 Post balance sheet events

Since 31 December 2019, the spread of COVID-19 has severely impacted 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 Company has determined that COVID-19 is not an non-adjusting event. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 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.

On 1 March 2021, Composites One acquired the Process Materials business from Solvay, and Cytex Process Materials (Keighley) Limited was sold to Composites One as part of this deal. The name has now changed to Aerovac Keighley Ltd, and the parent company is now GLS Composites Distribution LLC. Furthermore, there has been a change in the registered office to 500 Bradford Road, Sandbeds, Keighley, BD20 5NG, from 3 March 2021.

## **Notes to the financial statements**

For the year ended 31 December 2019 *(continued)*

### **18 Ultimate parent company and parent company of larger group**

At the balance sheet date, the company's immediate parent undertaking was Umeco Limited and both companies are incorporated in the United Kingdom.

The Company is a subsidiary undertaking of Solvay S.A. which is the ultimate parent company incorporated in Belgium, the ultimate controlling party. Solvay S.A has its registered office at Rue de Ransbeek, B – 1120, Brussels, Belgium.

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 these groups are available to the public and may be obtained from Solvay S.A., Rue de Ransbeek, B – 1120, Brussels, Belgium.

Due to the 1 March 2021 change of ownership mentioned below, the ultimate parent company of the business is now GLS Composites Distribution LLC. They are located at 955-10 National Parkway, Schaumburg, IL 60713, USA.