

Cytec Industrial Materials (Derby) Limited
(formerly Advanced Composites Group Limited)

Directors' report and financial
statements

Registered number 02264869

31 March 2012



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2012

Principal activities and business review

The principal activities of the company comprise the manufacture and supply of impregnated composite materials, the manufacture of composite tooling and components and the supply of tooling block and ancillary materials

The directors consider the state of the company's affairs to be robust. 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's performance could be adversely affected if conditions in the marketplace deteriorate and we anticipate a year of more modest growth in revenue reflecting the macroeconomic climate in which we operate. The company also faces risks specific to its trading activities, such as the potential loss of major customers or suppliers or raw material shortages. The company continues to maximise service levels and conduct business with integrity in order to minimise such risks.

On 2 April 2012 the company changed its name from "Advanced Composites Group Limited" to "Umeco Structural Materials (Derby) Limited". At 31 March 2012, Umeco Structural Materials (Derby) Limited was a wholly owned subsidiary of Umeco plc (now Umeco Limited), and the detailed business review can be found from page 10 of Umeco plc's annual report.

On 20 July 2012 Umeco plc was acquired by Cytec UK Holdings Limited, a wholly owned subsidiary of Cytec Industries Inc. On 2 January 2013, the company changed its name from "Umeco Structural Materials (Derby) Limited" to "Cytec Industrial Materials (Derby) Limited".

Results and dividend

Profits for the financial year were £4,204,000 (2011 Profits £6,876,000). During the year dividends of £2,165,000 (2011 £9,516,000) were paid.

Research and development

The directors consider that the future of the company depends upon the technical superiority of its products and service and they are committed to enhancing this superiority by continuing programmes of research and development.

It is group policy to take a prudent view of expenditure incurred on research and development programmes, all of which is written off in the year in which it is incurred, except to the extent that expenditure is recoverable from grant funding.

During the year £nil (2011 £1,000) was expended on research and development programmes by the company.

Research and development expenditure was incurred by the company's wholly owned subsidiary, Advanced Composites Limited.

Directors' report *(continued)*

Directors

The directors who held office during the year are as follows

C J Snowdon	(Resigned 9 August 2011)
NA Blatherwick	
J Mabbitt	(Resigned 6 November 2012)
M Malitskie	(Resigned 28 February 2012)
AB Moss	(Resigned 24 July 2012)
D J Bernard	
DG Robertson	(Resigned 9 August 2011)
E Ghavam-Shahidi	
JA Stowell	(Resigned 6 November 2012)
SJ Bowers	(Appointed 9 August 2011, resigned 24 July 2012)
SM Glennon	(Appointed 28 February 2012)
JD Norris	(Appointed 20 March 2012)
DM Drillock	(Appointed 24 July 2012)
RD Smith	(Appointed 24 July 2012)

Employees

Employee participation and involvement in matters which affect their interests continues to be developed. Equal consideration is given to applications for employment from disabled people, having regard to their particular aptitudes and abilities.

Health, safety and the environment

The company has a continuing commitment to health and safety issues. A positive stance is maintained towards environmental issues and the company is committed to compliance with all applicable laws and regulations.

Quality systems

The company has certification to ISO 9001:2008, AS 9100 (REV B) and ISO TS 16949. The company also operates an active Total Quality Management System.

Disclosure of information to auditor

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the board



Stephen Glennon
Director
22 February 2013

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

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

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Cytec Industrial Materials (Derby) Limited (formerly Advanced Composites Group Limited)

We have audited the financial statements of Cytec Industrial Materials (Derby) Limited (formerly Advanced Composites Group Limited) for the year ended 31 March 2012 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

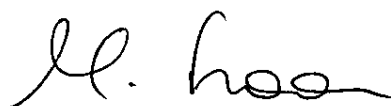
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Cytec Industrial Materials (Derby) Limited (formerly Advanced Composites Group Limited) (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Michael Froom (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

26 February 2013

Profit and loss account
for the year to 31 March 2012

	<i>Note</i>	2012 £000	2011 £000
Turnover	2	48,209	43,445
Cost of sales		(33,966)	(29,514)
Gross profit		14,243	13,931
Administrative expenses		(8,774)	(5,158)
Operating profit		5,469	8,773
Interest payable	3	(5)	(1)
Interest receivable	4	-	18
Investment income	6	542	631
Write off of investment in subsidiary	12	(560)	(146)
Profit on ordinary activities before taxation	5	5,446	9,275
Tax on profit on ordinary activities	9	(1,242)	(2,399)
Profit for the financial year	18	4,204	6,876

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

All of the activities of the company are classed as continuing

Balance sheet
as at 31 March 2012

	<i>Note</i>	£000	2012 £000	£000	2011 £000
Fixed assets					
Tangible assets	<i>11</i>		6,334		5,685
Investments	<i>12</i>		3,249		3,809
			<hr/>		<hr/>
			9,583		9,494
Current assets					
Stocks	<i>13</i>	5,559		3,079	
Debtors	<i>14</i>	19,441		19,972	
Cash at bank and in hand		5,876		2,680	
		<hr/>		<hr/>	
		30,876		25,731	
Creditors amounts falling due within one year	<i>15</i>	(15,570)		(12,370)	
		<hr/>		<hr/>	
Net current assets		15,306		13,361	
		<hr/>		<hr/>	
Total assets less current liabilities			24,889		22,855
Creditors amounts falling due after one year	<i>15</i>		(198)		(358)
Provision for liabilities and charges	<i>16</i>		(165)		(10)
			<hr/>		<hr/>
Net assets			24,526		22,487
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	<i>17</i>		1,209		1,209
Profit and loss account	<i>18</i>		23,317		21,278
			<hr/>		<hr/>
Shareholders' funds	<i>19</i>		24,526		22,487
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 22 February 2013 and were signed on its behalf by



Stephen Glennon
Director

Registered number 02264869

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention

Under the provisions of Section 400 of the Companies Act 2006, the company is not required to present consolidated financial statements incorporating its subsidiary companies. The accounts as presented represent the information of the company as an individual undertaking only

As the company was a wholly owned subsidiary of Umeco plc at 31 March 2012, it has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Principal activities and business review section of the Directors' report on page 1

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

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

Cash flow statement

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

Turnover

Turnover is recognised in the profit and loss account when goods or services are supplied to customers against orders received and 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 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

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Fixed assets other than freehold land are depreciated over their anticipated useful lives at the following annual rates

Freehold buildings	2%
Improvements to leasehold property	Over the period of the lease
Plant and machinery	6 6% to 15%
Fixtures and fittings and office equipment	10% to 20%
Motor vehicles	25%
Computer equipment	20% to 33%

No depreciation is provided on freehold land

Foreign currencies

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

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

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

Investments

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

Stocks and work in progress

Stocks and work in progress are valued at the lower of net realisable value and cost. Cost includes attributable overheads where appropriate. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Provision is made for obsolete, slow-moving or defective items as appropriate.

Pension scheme

The company is a member of the Advanced Composites Group Pension Scheme, which is a defined benefit arrangement. The assets of the scheme are held separately from those of the company in an independently administered fund. Since the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, the scheme is accounted for by the company as if it were a defined contribution scheme. An actuarial valuation of the Advanced Composites Group Pension Scheme was carried out at 1 June 2008. An updated actuarial valuation was performed at 1 June 2011 and completed in September 2012.

The company also operates a defined contribution scheme. Pension cost charges in the financial statements represent contributions payable in the accounting period.

Deferred taxation

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

Notes (continued)

1 Accounting policies (continued)

Research and development

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

Patents and trade marks

Registration and agents' fees in respect of patents and trade marks are written off as incurred

Classification of financial instruments issued by the company

Financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Dividends on shares presented within shareholders' funds

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

2 Turnover

	2012 £000	2011 £000
<i>Geographical split of turnover is as follows</i>		
United Kingdom	21,421	18,722
Rest of Europe	21,774	20,915
North America	263	215
Rest of the world	4,751	3,593
	<hr/> 48,209 <hr/>	<hr/> 43,445 <hr/>

3 Interest payable

	2012 £000	2011 £000
Interest payable	5	1
	<hr/>	<hr/>

Notes (continued)

4 Interest receivable

	2012 £000	2011 £000
Other	-	18
	<u>-</u>	<u>18</u>

5 Operating profit

	2012 £000	2011 £000
<i>Operating profit is stated after charging/(crediting)</i>		
Depreciation - owned assets	761	634
Auditor's remuneration - fees payable to the company's auditor for the audit of these financial statements	25	25
Operating lease rentals - other	110	139
Exchange gain	(61)	(80)
Research & development	-	1
	<u>-</u>	<u>1</u>

Details of non-audit fees paid by the Umeco plc Group of companies as at 31 March 2012 to the company's auditor are disclosed in the consolidated financial statements of Umeco plc

6 Investment income

	2012 £000	2011 £000
Dividend received from group undertaking	542	631
	<u>542</u>	<u>631</u>

7 Remuneration of directors

	2012 £000	2011 £000
Directors' emoluments	1,058	1,207
	<u>1,058</u>	<u>1,207</u>

The emoluments of the highest paid director were £249,582 (2011 £308,650) and the company made pension contributions of £20,190 (2011 £19,405) to the defined benefit scheme on his behalf. During the current and preceding year, no options over shares in the ultimate parent undertaking as at 31 March 2012, Umeco plc, were exercised by the directors.

	Number of directors 2012	2011
<i>Retirement benefits are accruing to the following number of directors under:</i>		
Defined benefit schemes	4	4
	<u>4</u>	<u>4</u>

Notes (continued)

8 Staff numbers and costs

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

	2012 Number	2011 Number
Production	137	119
Non-production and administration	40	79
	<hr/> 177	<hr/> 198
	<hr/> <hr/>	<hr/> <hr/>
	£000	£000
<i>The aggregate payroll costs of these persons were</i>		
Wages and salaries	5,665	6,207
Social security costs	535	826
Other pension costs	206	591
Share based payment costs	52	67
	<hr/> 6,458	<hr/> 7,691
	<hr/> <hr/>	<hr/> <hr/>

9 Tax on profit on ordinary activities

	2012 £000	2011 £000
UK taxation charge at 26% (2011 28%)		
- current year	1,426	2,451
- prior year	(339)	-
	<hr/> 1,087	<hr/> 2,451
Deferred tax		
- current year	(4)	(33)
- prior year	159	(19)
	<hr/> 1,242	<hr/> 2,399
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current period

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	5,446	9,275
	<hr/>	<hr/>
Current tax at 26% (2011 28%)	1,416	2,597
<i>Effects of</i>		
Expenses not deductible for tax purposes	146	21
Capital allowances less than depreciation	9	10
Non-taxable dividend income	(141)	(177)
Other timing differences	(4)	-
Prior year tax effect	(339)	-
	<hr/>	<hr/>
Total current tax charge	1,087	2,451
	<hr/>	<hr/>

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014, and the December 2012 Autumn Statement announced a planned further reduction to 21% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 March 2012 has been calculated based on the rate of 24% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

10 Dividends

	2012 £000	2011 £000
Dividends paid on ordinary shares	2,165	9,516
	<hr/>	<hr/>

The dividend paid per ordinary share was £10 (2011 £45)

Notes (continued)

11 Tangible fixed assets

	Freehold land and buildings £000	Leasehold improvements £000	Motor vehicles, plant and machinery £000	Fixtures, fittings, office and Computer Equipment £000	Total £000
Cost					
At beginning of year	2,681	95	8,516	733	12,025
Additions	-	-	1,373	37	1,410
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	2,681	95	9,889	770	13,435
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation					
At beginning of year	413	88	5,262	577	6,340
Charge for the year	53	2	645	61	761
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	466	90	5,907	638	7,101
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value	2,215	5	3,982	132	6,334
At 31 March 2012					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2011	2,268	7	3,254	156	5,685
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The cost of freehold land and buildings includes an amount of £75,000 (2011 £75,000) which relates to non-depreciable land

Notes (continued)

12 Fixed asset investments

	Advanced Composite	Advanced Composite	Advanced Composites Group	Cytec Industrial Materials (Manchester) Limited Great Britain England and Wales	Advanced Composites Master	Total
	Developments Limited Great Britain	Components Limited Great Britain	SA (Pty) Limited South Africa	100% £1 £000	Materials Limited Great Britain	
	England and Wales	England and Wales			England and Wales	
<i>Holding of ordinary shares</i>	100%	100%	100%	3,249	50%	
<i>Denomination of shares</i>	£1	£1	ZAR1		£1	
	£000	£000	£000		£000	£000
Cost						
At beginning and end of year	5	925	146	-	1	4,326
Provision for diminution in value						
At beginning of year	5	365	146		1	517
Charge	-	560	-	3,249	-	560
At end of year	5	925	146	3,249	1	1,077
Net book value						
At 31 March 2012	-	-	-		-	3,249
At 31 March 2011	-	560	-		-	3,809

Full provision has been made for any loss in the value of investments in subsidiary undertakings where the diminution in value is considered to be permanent

The company also owns 100% of the £1 Ordinary share capital of Advanced Composites Limited (incorporated in Great Britain and registered in England and Wales), the cost of investment in that company at the 31 March 2012 is £2 (2011 £2). In addition, the company owns 100% of the Ordinary share capital of Advanced Composite Technology Transfers Limited. In addition to the above shareholdings Advanced Composite Components Limited owns 100% Ordinary share capital of Advanced Composite Materials Limited, Advanced Composite Technology Limited, Advanced Composite Mouldings Limited, Advanced Composite Panels Limited, Advanced Composites LTM Limited and Advanced Composite Engineering Limited (all incorporated in Great Britain and registered in England and Wales).

The principal activities of the trading companies are

Advanced Composites Limited	Administrative and technical support including research and development to other group companies
Cytec Industrial Materials (Manchester) Limited	Manufacture of impregnated materials used for the manufacture of composite tooling and components
Advanced Composites Group South Africa (Pty) Limited	Dormant

All other subsidiaries were dormant during the year

Notes (continued)

13 Stocks

	2012 £000	2011 £000
Raw materials	2,929	324
Work in progress	175	287
Finished goods	2,455	2,468
	<hr/> 5,559	<hr/> 3,079
	<hr/>	<hr/>

14 Debtors

	2012 £000	2011 £000
<i>Amounts due within one year</i>		
Trade debtors	9,546	11,305
Amounts owed by ultimate parent undertaking	2,990	6,949
Amounts owed by group undertakings	6,139	320
Other debtors	596	1,330
Prepayments	170	68
	<hr/> 19,441	<hr/> 19,972
	<hr/>	<hr/>

15 Creditors

Amounts falling due within one year	2012 £000	2011 £000
Trade creditors	10,525	9,300
Amounts owed to group undertakings	3,740	60
Other creditors	314	224
Corporation tax	509	1,669
Accruals and deferred income	482	1,117
	<hr/> 15,570	<hr/> 12,370
	<hr/>	<hr/>
Amounts falling due after one year	2012 £000	2011 £000
Obligations under finance lease	20	25
Amounts due to parent undertaking	178	333
	<hr/> 198	<hr/> 358
	<hr/>	<hr/>

Notes (continued)

16 Provision for liabilities and charges

	Deferred 2012 £000	taxation 2011 £000
At beginning of year	10	62
Charge/(credit) for the year	155	(52)
At 31 March 2012	165	10

The liability is comprised as follows

	2012 £000	2011 £000
Accelerated capital allowances	173	38
Other timing differences	(8)	(28)
	165	10

17 Called up share capital

	2012 £000	2011 £000
Issued and fully paid		
209,212 (2011 209,212) Ordinary shares of £1 each	209	209
1,000,000 (2011 1,000,000) 8% cumulative convertible redeemable preference shares of £1 each	1,000	1,000
	1,209	1,209

All of the issued shares in the company are held by Advanced Composites Group Holdings Limited. The parent company has waived its entitlement to preference dividends since 31 March 1999.

Share rights

8% cumulative convertible redeemable preference shares

The preference shares were due for redemption on 31 December 1995 at a premium calculated by reference to formulae set out in the company's Articles of Association. This redemption did not take place due to a lack of distributable reserves within the company at that time. No further redemption date is included in the terms of the shares. Since 31 December 1995, the shares have been convertible at any time at the option of the shareholder to ordinary shares and deferred shares, based on a formula set out in the Articles of Association. On that basis, the 1,000,000 preference shares would in total convert to 34,211 ordinary shares and 965,789 deferred shares, at 31 March 2012. This conversion is fixed.

The preference shares have a right to a cumulative dividend at 8% per annum, payable in preference to payments to the holders of any other class of shares. Interest is payable at 2% over the bank base rate on any arrears of dividend to be accounted for as an additional distribution to the shareholders.

On a return of assets, the shareholders have the right to receive the amount subscribed, being par value, plus any arrears of dividend in preference to the holders of any other class of shares.

Notes (continued)

17 Called up share capital (continued)

Due to failure of the company to redeem the shares on the date fixed for redemption the preference shareholders have the right to vote at any general meeting providing written notice is given to the company. The number of votes is such that the preference shareholders are entitled in total to one more vote than the number of votes exercisable by all the other members of the company.

Deferred shares

Deferred shares would have no right to participate in any dividend declared by the company and no right to receive notice of or attend or vote at any general meeting of the company.

On a return of assets, the shares have the right to receive only the amount paid up on the shares after the ordinary shareholders have received the sum of £1,000 per ordinary share.

18 Reserves

	2012 £000
At beginning of year	21,278
Profit for the financial year	4,204
Dividend	(2,165)
At end of year	23,317

19 Reconciliation of movements in shareholder's funds

	2012 £000	2011 £000
Profit for the financial year	4,204	6,876
Dividends	(2,165)	(9,516)
Net change to shareholders' funds	2,039	(2,640)
Opening shareholders' funds	22,487	25,127
Closing shareholders' funds	24,526	22,487

20 Contingent liabilities

There is a cross guarantee between all Umeco group companies at 31 March 2012 in relation to the bank borrowings of each company. At 31 March 2012, the outstanding liability under this guarantee was £14,626,616 (2011 £109,655,334).

A guarantee for £5,000 has been provided to HM Revenue & Customs with recourse to the company for twice the nominal amount.

Notes (continued)

21 Leasing commitments

The minimum annual lease payments to which the company was committed, all of which are non-cancellable operating leases, are analysed to expire as follows

	2012 Land and buildings £000	Other £000	2011 Land and Buildings £000	Other £000
Within one year	102	133	-	31
Between two and five years	265	130	139	130
More than five years			-	-
	<u>367</u>	<u>263</u>	<u>139</u>	<u>161</u>

22 Capital commitments

Capital expenditure contracted for at the year end amounted to £1,438,000 (2011 £nil)

23 Pension schemes

The Company is a member of the Advanced Composites Group pension scheme providing benefits based on final pensionable pay. The plan is for the benefit of all relevant employees of Cytec Industrial Materials (Derby) Limited and Advanced Composites Limited. Full disclosure of the scheme as at 31 March 2012 is contained in the Umeco plc consolidated financial statements.

As the scheme is run for Advanced Composites Limited and Cytec Industrial Materials (Derby) Limited as a whole, the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, and as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for, in these financial statements, as if the scheme was a defined contribution scheme.

An actuarial valuation was undertaken as at 1 June 2008 and was updated for FRS 17 purposes to 31 March 2012 (and 2011) by a qualified independent actuary. The market value of the scheme's assets at 1 June 2008 was £6.9 million, the value of which represented approximately 83.6% of the benefits that had accrued to members at that date on an ongoing basis, after allowing for assumed future increases in salaries. An actuarial valuation was undertaken at 1 June 2011 and completed in September 2012, which assessed the scheme deficit at this time. The market value of the scheme's assets at 1 June 2011 was £10.6 million and the scheme had an overall deficit of £1.1 million.

At 31 March 2012, the scheme had a deficit on an FRS 17 basis of £1.7 million (2011 £1.9 million) net of deferred taxation.

The company's regular ongoing contributions to the scheme were £205,576 (2011 £590,733). A contribution rate of 15.7% of pensionable earnings has been agreed for members of the scheme in future years.

24 Post balance sheet event

On 12 April 2012, the Boards of Umeco plc and Cytec Industries Inc ('Cytec') announced that they had reached agreement on the terms of a recommended cash offer by Cytec UK Holdings Limited, a wholly owned subsidiary of Cytec Inc, for the entire issued capital of Umeco plc. The acquisition was completed on 20 July 2012.

From 20 July 2012 the company was controlled by Cytec UK Holdings Limited, which is incorporated in England and Wales, and is a subsidiary undertaking of Cytec Industries Inc.

Notes *(continued)*

25 Ultimate holding company and ultimate controlling party

The ultimate parent undertaking and ultimate controlling undertaking, at 31 March 2012, into which the results of this company are consolidated was Umeco plc (now Umeco Limited), which is incorporated in Great Britain and registered in England and Wales

Copies of the financial statements of Umeco plc (now Umeco Limited) are available on Umeco's website www.umeco.com

Following Umeco plc's acquisition by the Cytec Group, the ultimate parent undertaking is now Cytec Industries Inc, a corporation organised under the laws of the State of Delaware USA, and copies of their financial statements are available on Cytec's website www.cytec.com