

**Cytec Industrial Materials (Derby) Limited**  
*(formerly Umeco Structural Materials (Derby) Limited)*

**Directors' report and financial  
statements**

Registered number 02264869

31 December 2013

SATURDAY



\*A3J8Y5IJ\*

A22

25/10/2014

#78

COMPANIES HOUSE

## **Contents**

Strategic report	1
Directors' report	4
Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements	5
Independent auditor's report to the members of Cytec Industrial Materials (Derby) Limited (formerly Umeco Structural Materials (Derby) Limited)	6
Profit and loss account	7
Balance sheet	8
Notes	9

## **Strategic report**

### **Business review**

#### ***Objectives***

The company's long term objective is to increase profitability and meet the objectives of Cytec Industries Inc. In pursuing this objective the company intends to maintain sound financial management and avoid excessive risks.

#### ***Key business strategies***

In pursuit of its objectives the company has a number of key business strategies which have been successfully implemented over recent years.

We aim to increase sales by increasing product ranges with existing customers, increasing market share within our key markets and by delivering technology and products beyond our customers' imagination. We plan to improve our gross margin by fully leveraging the benefits of cross-business collaboration with Cytec Industries.

#### ***Risks and uncertainties***

The key risk areas of the company are:

- Customer pricing affecting sales and gross margin.
- Loss of key customer accounts.
- Volatility in commodity prices.
- Foreign exchange risk.

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

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

The customer base has expanded in recent years, reducing the financial risks faced by the loss of a customer account.

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

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

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

### **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 company 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 period £192,000 (2012: £202,000) was expended on research and development programmes by the company.

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

## Strategic report (continued)

### Key performance indicators

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

	Year to 31 December 2013 £000	9 months to 31 December 2012 £000
Turnover	52,524	32,633
Gross profit	24,144	12,777
Gross profit %	46.0%	39.2%
Operating profit / (loss)	2,341	(3,877)
Working capital	2,566	2,223

Turnover, on an annualised basis, increased by 20.7% due to the commencement of a significant high performance automotive contract in the year. The improvement in gross profit percentage is due to improved pricing and better margins on continuing contracts. Operating profits in 2013 reflected a more realistic performance from that achieved in 2012. Working capital levels are monitored regularly and are comparable with the prior period end.

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

During the year, performance was good and as far as the board is aware, this is likely to be the case in the forthcoming year.

### Future prospects

Trading levels have remained good for the first half of 2014 with sales up on the corresponding half in 2013. Potential new business opportunities have also been identified and these will continue to be evaluated and pursued. In addition further benefits are anticipated due to synergies that can be achieved as a member of the Cytec group of companies.

### Employees

The company seeks to ensure that all employees, job applicants and prospective job applicants, are afforded equality of job opportunity in all areas of employment.

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

The company places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees, and on various matters affecting the performance of the company and Cytec group.

## **Strategic report** *(continued)*

### **Environmental policy**

The company is committed to adopting a responsible approach to environmental matters.

The management of the company seeks to minimise any adverse impact on the environment from all aspects of the company's operations by means of environmentally sound disciplines, which take practical steps to control effectively or eliminate any known pollution risks, without entailing excessive cost. Specifically, methods of minimising the environmental costs of disposal of waste, the recycling of wood, the re-use of cardboard and paper products, and the reduction of energy consumption.

By order of the board



**Stephen Glennon**  
*Director*

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

23 October 2014

## **Directors' report**

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

### **Principal activities**

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.

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

On 31 December 2013, the trade, assets and liabilities of a subsidiary company, Advanced Composites Limited, were transferred to the Company, see note 8.

### **Results and dividend**

Profit for the year to 31 December 2013 was £2,019,000 (2012: loss of £3,747,000). During the year no dividends (2012: £nil) were paid.

### **Directors**

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

NA Blatherwick (resigned 31 July 2014)  
DJ Bernard  
SM Glennon  
JD Norris  
DM Drillock  
RD Smith  
EG Shahidi (resigned 31 August 2013)

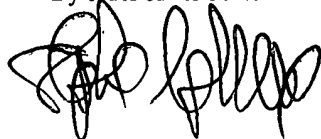
### **Disclosure of information to auditor**

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

### **Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**Stephen Glennon**  
Director

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

23 October 2014

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

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

Company law requires the directors to prepare financial statements for each financial 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 Umeco Structural Materials (Derby) Limited)**

We have audited the financial statements of Cytec Industrial Materials (Derby) Limited (formerly Umeco Structural Materials (Derby) Limited) for the year ended 31 December 2013 set out on pages 7 to 22. 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 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

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

**Michael Froom** (*Senior Statutory Auditor*)

23 October 2014

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

*One Snowhill*

*Snow Hill Queensway*

*Birmingham*

*B4 6GH*



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

	<i>Note</i>	<b>Year to 31 Dec 2013 £000</b>	<b>9 months to 31 Dec 2012 £000</b>
<b>Turnover</b>	2	<b>52,524</b>	32,633
Cost of sales		<b>(28,380)</b>	(19,856)
<b>Gross profit</b>		<b>24,144</b>	12,777
Administrative expenses		<b>(21,803)</b>	(16,654)
<b>Operating profit/(loss)</b>	4	<b>2,341</b>	(3,877)
Interest payable	3	<b>(1)</b>	(1)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>2,340</b>	(3,878)
Tax on profit/(loss) on ordinary activities	7	<b>(321)</b>	131
<b>Profit/(loss) for the financial year</b>	17	<b>2,019</b>	(3,747)

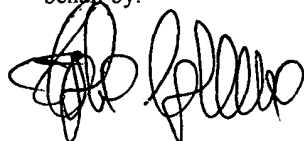
There were no recognised gains or losses in either the current year or preceding period other than those disclosed in the profit and loss account.

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

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

	Note	2013 £000	2012 £000
<b>Fixed assets</b>			
Tangible assets	9	10,916	7,567
Investments	10	3,249	3,249
		<u>14,165</u>	<u>10,816</u>
<b>Current assets</b>			
Stocks	11	7,650	7,235
Debtors	12	14,397	12,186
Cash at bank and in hand		-	5
		<u>22,047</u>	<u>19,426</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(12,615)</u>	<u>(9,419)</u>
<b>Net current assets</b>		<u>9,432</u>	<u>10,007</u>
<b>Total assets less current liabilities</b>		<u>23,597</u>	<u>20,823</u>
<b>Creditors: amounts falling due after one year</b>	14	(10)	(15)
<b>Provision for liabilities and charges</b>	15	(106)	(29)
<b>Net pension scheme deficit</b>	22	(683)	-
<b>Net assets</b>		<u>22,798</u>	<u>20,779</u>
<b>Capital and reserves</b>			
Called up share capital	16	1,209	1,209
Profit and loss account	17	21,589	19,570
<b>Shareholder's funds</b>	18	<u>22,798</u>	<u>20,779</u>

These financial statements were approved by the board of directors on 23 October 2014 and were signed on its behalf by:



**Stephen Glennon**  
Director

Registered number: 02264869

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

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

#### ***Basis of preparation***

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

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.

#### ***Going concern***

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

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

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

#### ***Cash flow statement***

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

#### ***Related party transactions***

As the company was a wholly owned subsidiary of Cytec Industries Inc. at 31 December 2013, it has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group.

#### ***Turnover***

Turnover is recognised in the profit and loss account when goods or services are supplied 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 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%
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 year 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. The company was unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis up to 31 December 2013. Consequently the scheme was accounted for by the company as if it were a defined contribution scheme up to that date. An actuarial valuation of the Advanced Composites Group Pension Scheme was carried out at 1 June 2011.

As at 31 December 2013, the trade, assets and liabilities of a subsidiary company, Advanced Composites Limited were transferred to the Company, which is the only other member of the scheme. As at this date, the defined benefit scheme has been recognised in these financial statements, resulting in a charge to the profit and loss account in accordance with FRS17.

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, unless recoverable through grant funding.

#### *Patents and trade marks*

Registration and agents' fees in respect of patents and trademarks 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

	Year to 31 Dec 13 £000	9 months to 31 Dec 12 £000
<i>Geographical split of turnover is as follows:</i>		
United Kingdom	21,086	15,455
Rest of Europe	27,560	14,074
North America	1,308	308
Rest of the world	2,570	2,796
	<hr/> 52,524 <hr/>	<hr/> 32,633 <hr/>

### 3 Interest payable

	Year to 31 Dec 13 £000	9 months to 31 Dec 12 £000
Interest payable	<hr/> 1 <hr/>	<hr/> 1 <hr/>

## Notes (continued)

### 4 Operating profit/(loss)

	Year to 31 Dec 13 £000	9 months to 31 Dec 12 £000
<i>Operating profit/(loss) is stated after charging/(crediting)</i>		
Depreciation - owned assets	709	569
Auditor's remuneration - fees payable to the company's auditor for the audit of these financial statements	55	25
Operating lease rentals - other	102	95
Exchange loss/(gain)	79	(22)
Re-organisation costs	454	992
Costs recharged from group companies	5,862	9,819
Research and development	192	202
	<hr/>	<hr/>

Re-organisation costs relate to redundancy payments of £454,000 (2012: £992,000) paid or payable to employees during the year.

### 5 Remuneration of directors

	Year to 31 Dec 13 £000	9 months to 31 Dec 12 £000
Directors' emoluments	671	1,389
	<hr/>	<hr/>

The emoluments of the highest paid director were £173,000 (2012: £603,000), including a severance payment of £nil (2012: £453,000) and the company made pension contributions of £21,000 (2012: £11,000) to the defined benefit scheme on his behalf.

	Year to 31 Dec 13	9 months to 31 Dec 12
<i>Retirement benefits are accruing to the following number of directors under:</i>		
Defined benefit schemes	1	2
	<hr/>	<hr/>

## Notes (continued)

### 6 Staff numbers and costs

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

	Year to 31 Dec 13 Number	9 months to 31 Dec 12 Number
Production	125	135
Non-production and administration	54	53
	<hr/> 179	<hr/> 188
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were:

	Year to 31 Dec 13 £000	9 months to 31 Dec 12 £000
Wages and salaries	7,616	3,783
Social security costs	712	522
Other pension costs	284	238
	<hr/> 8,612	<hr/> 4,543
	<hr/> <hr/>	<hr/> <hr/>

### 7 Tax on profit/(loss) on ordinary activities

#### *Analysis of charge/(credit) in the year*

	Year to 31 Dec 13 £000	9 months to 31 Dec 12 £000
UK corporation tax		
Current year	671	26
Adjustments in respect of prior years	(243)	(21)
	<hr/> 428	<hr/> 5
<i>Deferred tax</i>		
Operating activities in respect of the current year	68	(129)
Effects of change in tax rates	(4)	(7)
	<hr/> 64	<hr/> (136)
Deferred tax on defined benefit pension scheme	(171)	-
	<hr/> 321	<hr/> (131)
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 7 Tax on profit/(loss) on ordinary activities (continued)

#### *Factors affecting the tax charge for the current period*

The current tax charge for the period is lower (2012: *higher*) than the standard rate of corporation tax in the UK of 23.25% (2012: 24%). The differences are explained below.

	Year to 31 Dec 13 £000	9 months to 31 Dec 12 £000
<i>Current tax reconciliation:</i>		
Profit/(loss) on ordinary activities before tax	2,340	(3,878)
	<hr/>	<hr/>
Current tax at 23.25% (2012: 24%)	544	(931)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	25	853
Capital allowances (in excess of)/less than depreciation	(95)	127
Other timing differences	217	(3)
Research and development expenditure	(20)	(20)
Prior year tax effect	(243)	(21)
	<hr/>	<hr/>
Total current tax charge	428	5
	<hr/>	<hr/>

#### *Factors that may affect future current and total tax charges*

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

### 8 Acquisition

On 31 December 2013, the trade, assets and liabilities of a subsidiary company, Advanced Composites Limited were acquired by the company. The trade and assets were transferred at net book value as the directors believe that there was no material difference between the book and fair value.

The consideration and net assets transferred on this date were as follows:

	£000
<i>Assets transferred:</i>	
Fixed assets	3,070
Creditors	(2,594)
Provisions for liabilities and charges	(13)
	<hr/>
Net assets transferred	463
Consideration	463
	<hr/>



## Notes (continued)

### 9 Tangible fixed assets

	Freehold land and buildings £000	Leasehold improvements £000	Motor vehicles, plant and machinery £000	Computer equipment £000	Total £000
<b>Cost</b>					
At beginning of period	2,711	95	11,633	798	15,237
Additions	31	16	754	187	988
Transfer on acquisition	2,276	2	672	120	3,070
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	5,018	113	13,059	1,105	19,295
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>					
At beginning of period	507	90	6,386	687	7,670
Charge for the period	103	1	561	44	709
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	610	91	6,947	731	8,379
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 December 2013	4,408	22	6,112	374	10,916
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	2,204	5	5,247	111	7,567
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The cost of freehold land and buildings includes an amount of £81,000 (2012: £75,000) which relates to non-depreciable land.

### 10 Fixed asset investments

	Advanced Composite Developments Limited	Advanced Composite Components Limited	Advanced Composites Group SA Pty	Cytec Industrial Materials (Manchester) Limited	Advanced Composites Master Materials Limited	Total
<b>Country of registration</b>	England and Wales	England and Wales	South Africa	England and Wales	England and Wales	
<b>Holding of ordinary shares</b>	100%	100%	100%	100%	50%	
<b>Denomination of shares</b>	£1	£1	ZAR1	£1	£1	
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At beginning and end of year	5	925	146	3,249	1	4,326
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Provision for diminution in value</b>						
At beginning and end of year	5	925	146	-	1	1,077
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>						
At 31 December 2013 and 31 December 2012	-	-	-	3,249	-	3,249
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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.

## Notes (continued)

### 10 Fixed asset investments (continued)

Name	Country of registration	Principal activity	Shareholding
Advanced Composites Limited	England and Wales	Administrative and technical support including research and development to other group companies.	100%
Advanced Composite Technology Transfers Limited	England and Wales	Dormant	100%
Cytec Industrial Materials (Manchester) Limited	England and Wales	Manufacture of impregnated materials used for the manufacture of composite tooling and components.	100%
Advanced Composite Materials Limited	England and Wales	Dormant	100%
Advanced Composite Technology Limited *	England and Wales	Dormant	100%
Advanced Composite Mouldings Limited *	England and Wales	Dormant	100%
Advanced Composite Panels Limited *	England and Wales	Dormant	100%
Advanced Composites LTM Limited *	England and Wales	Dormant	100%
Advanced Composite Engineering Limited *	England and Wales	Dormant	100%
Advanced Composites Group (Primco) Limited *	England and Wales	Dormant	100%
Advanced Composite Components Limited *	England and Wales	Dormant	100%
Advanced Composite Developments Limited *	England and Wales	Dormant	100%
Advanced Composite Master Materials Limited *	England and Wales	Dormant	100%

\* Indirect subsidiary

### 11 Stocks

	2013 £000	2012 £000
Raw materials	4,345	3,674
Work in progress	268	833
Finished goods	3,037	2,728
	<u>7,650</u>	<u>7,235</u>

### 12 Debtors

	2013 £000	2012 £000
<i>Amounts due within one year</i>		
Trade debtors	10,399	6,962
Amounts owed by group undertakings	2,240	4,029
Corporation tax	341	661
Other debtors	1,168	271
Prepayments	249	263
	<u>14,397</u>	<u>12,186</u>

## Notes (continued)

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

	2013 £000	2012 £000
Bank overdraft	1,123	117
Trade creditors	6,479	6,142
Amounts owed to group undertakings	2,747	1,788
Other creditors	349	153
Accruals and deferred income	1,917	1,219
	<u>12,615</u>	<u>9,419</u>

### 14 Creditors: amounts falling due after more than one year

	2013 £000	2012 £000
Obligations under finance lease	10	15
	<u>10</u>	<u>15</u>

### 15 Provision for liabilities and charges

	Deferred taxation £000
At beginning of year	29
Charge for the year	64
Transferred from subsidiary (note 8)	13
At end of year	<u>106</u>

The deferred tax asset/(liability) is comprised as follows:

	2013 £000	2012 £000
Accelerated capital allowances	(165)	(38)
Other timing differences	59	9
Deferred tax	<u>(106)</u>	<u>(29)</u>

	2013 £000	2012 £000
<i>Deferred tax asset relating to pension scheme deficit:</i>		
At beginning of year	-	-
Credit to the profit and loss account (see note 7)	171	-
At end of year (see note 22)	<u>171</u>	<u>-</u>

## Notes (continued)

### 16 Called up share capital

	2013 £000	2012 £000
<i>Issued and fully paid</i>		
209,212 Ordinary shares of £1 each	209	209
1,000,000 8% cumulative convertible redeemable preference shares of £1 each	1,000	1,000
	<hr/> 1,209	<hr/> 1,209
	<hr/> <hr/>	<hr/> <hr/>

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 December 2013. 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.

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.

### 17 Reserves

	Profit and loss account £000
At beginning of year	19,570
Profit for the financial year	2,019
	<hr/> 21,589
At end of year	<hr/> <hr/>

## Notes (continued)

### 18 Reconciliation of movements in shareholder's funds

	2013 £000	2012 £000
Profit/(loss) for the financial year	2,019	(3,747)
Net movement in shareholder's funds	2,019	(3,747)
Opening shareholder's funds	20,779	24,526
Closing shareholder's funds	22,798	20,779

### 19 Contingent liabilities

There is a cross-guarantee between all Cytec group companies at 31 December 2013 in relation to the bank borrowings of each company. At 31 December 2013, the outstanding liability under this guarantee was £13,185,000 (2012: £4,281,000).

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

### 20 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:

	2013		2012	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Within one year	36	60	67	29
Between two and five years	98	43	72	84
	134	103	139	113

### 21 Capital commitments

Capital expenditure contracted for at the period end amounted to £175,000 (2012: £323,000).

## Notes (continued)

### 22 Pension schemes

The company participates in the Advanced Composites Group defined contribution stakeholder scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £123,000 (2012: £70,000).

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 (formerly Umeco Structural Materials (Derby) Limited) and Advanced Composites Limited.

Up to 31 December 2013, as the scheme was run for Advanced Composites Limited and Cytec Industrial Materials (Derby) Limited (formerly Umeco Structural Materials (Derby) Limited) as a whole, the Company was 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.

The company's regular ongoing contributions to the scheme were £161,000 (2013: £168,000). A contribution rate of 15.7% of pensionable earnings has been agreed for members of the scheme in future years.

As at 31 December 2013, the trade, assets and liabilities of the subsidiary, Advanced Composites Limited, were transferred to the company. From this date, the exemption per FRS 17 did not apply and as such the defined benefit pension scheme liability has been recognised in these financial statements, resulting in a charge to the profit and loss account.

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2013 £000
Present value of funded defined benefit obligations	15,966
Fair value of plan assets	(15,112)
	<hr/>
Deficit	854
Related deferred tax asset	(171)
	<hr/>
Net liability	683
	<hr/>

#### *Movements in present value of defined benefit obligation*

	2013 £000
On 1 January	-
On transfer of trade, assets and liabilities of subsidiary	15,966
	<hr/>
At 31 December	15,966
	<hr/>

#### *Movements in fair value of plan assets*

	2013 £000
On 1 January	-
On transfer of trade, assets and liabilities of subsidiary	15,112
	<hr/>
At 31 December	15,112
	<hr/>

## Notes (continued)

### 22 Pension schemes (continued)

*Expense recognised in the profit and loss account*

**2013  
£000**

On transfer of trade, assets and liabilities of subsidiary

**854**

Total

**854**

The expense is recognised in the following line items in the profit and loss account:

**2013  
£000**

Administrative expenses

**854**

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is £nil.

The fair value of the plan assets and the return on those assets were as follows:

**2013  
Fair value  
£000**

Equities

**12,585**

Government debt

**2,196**

Other

**331**

**15,112**

The expected rates of return on plan assets are determined by reference to the historical returns, without adjustment, of the portfolio as a whole and not on the sum of the returns on individual asset categories. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

**2013  
%**

Discount rate

**4.5**

Expected rate of return on plan assets

**6.0**

Future salary increases

**3.4**

Inflation assumption

**3.4**

## **Notes (continued)**

### **22 Pension schemes (continued)**

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.3 years (male), 24.1 years (female).
- Future retiree upon reaching 65: 23.2 years (male), 26.0 years (female).

#### ***History of plans***

The history of the plans for the current and prior periods is as follows:

#### ***Balance sheet***

	<b>2013 £000</b>
Present value of scheme liabilities	<b>15,966</b>
Fair value of scheme assets	<b>(15,112)</b>
	<hr/>
Deficit	<b>854</b>
	<hr/>

The Company expects to contribute approximately £525,000 to its defined benefit plans in the next financial year

### **23 Ultimate holding company and ultimate controlling party**

The company's ultimate holding company and ultimate controlling company is Cytec Industries Inc. incorporated in the United States of America. The consolidated accounts of this group are available to the public and may be obtained from Five Garret Mountain Plaza, West Paterson, NJ 07424, USA.