

Umeco Composites Limited

**Annual report and financial
statements**

Registered number 2567091

31 December 2016

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Strategic report

Principal activities

The principal activities of the company are that of an intermediate holding company. The company will continue to operate as an intermediate holding company for the foreseeable future.

Business Review

Losses for the financial year were £2,402,512 (2015: loss of £606,002).

During the year dividends of £nil (2015: £nil) were proposed and paid.

The company remains a wholly owned subsidiary within the Solvay Group of companies. Given that the principal activity of the company is as an intermediate holding company for an overseas group the directors do not consider that key performance indicators are applicable.

Risks and uncertainties

The investment balance as at 31 December 2016 is £11,467,000 (2015: £13,132,240). The investment balance has been considered for impairment by the Directors, with an impairment loss of £1,665,240 recognised in the year (2015: nil).

The carrying amounts of the investments are reviewed for impairment by the Directors at each reporting date or when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable.

If any such indication exists, the asset's recoverable amount is estimated by the following method: the carrying amounts of the investments were reviewed against their recoverable amounts, being the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment.

The company is not materially exposed to price risk, credit risk, liquidity risk or cash flow risk.

By order of the board



A Schiebroek
Director

Composites House
Sinclair Close
Heanor
Derbyshire
DE75 7SP

Date: 28 September 2017

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

Dividends

During the year dividends of £nil (2015: £nil) were proposed and paid.

Risk management

Details of risk management are discussed in the Strategic Report on page 1 and form part of this report by cross reference.

Directors

The directors who held office during the year are as follows:

A Schiebroek	(appointed 21 January 2016)
D Darazsdi	(resigned 21 January 2016)
A Steels	(resigned 14 January 2016)
RD Smith	(resigned 21 January 2016)

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.

By order of the board



A Schiebroek
Director

Composites House
Sinclair Close
Heanor
Derbyshire
DE75 7SP

Date: 28 September 2017

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK 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 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.

Independent auditor's report to the members of Umeco Composites Limited

We have audited the financial statements of Umeco Composites Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statements of Changes in Equity and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 'FRS 101 Reduced Disclosure Framework'.

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, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

Independent auditor's report to the members of Umeco Composites 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.



Peter Gallimore FCA (*Senior Statutory Auditor*)

for and on behalf of Deloitte LLP

Statutory Auditor

Birmingham

United Kingdom

29 September 2017

Profit and loss account
for the year ended 31 December 2016

	<i>Note</i>	2016 £	2015 £
Administrative expenses		(151,805)	16,134
Operating (loss) / profit		(151,805)	16,134
Interest payable and similar expenses	4	(731,667)	(775,956)
Amounts written off investments		(1,665,240)	-
Loss before taxation		(2,548,712)	(759,822)
Tax on loss	5	146,200	153,820
Loss for the financial year		(2,402,512)	(606,002)

There was no comprehensive income other than that disclosed in the profit and loss account, in either the current or preceding year.

All the activities of the company are classed as continuing.

Balance sheet
as at 31 December 2016

	Note	2016	2015
		£	£
Fixed assets			
Investments	6	11,467,000	13,132,240
Current assets			
Debtors	7	161,549	77,318
Creditors: amounts falling due within one year	8	(31,572,687)	(30,751,184)
Net current liabilities		(31,411,138)	(30,673,866)
Total assets less current liabilities		(19,944,138)	(17,541,626)
Net liabilities		(19,944,138)	(17,541,626)
Capital and reserves			
Called up share capital	9	10,100	10,100
Profit and loss account		(19,954,238)	(17,551,726)
		(19,944,138)	(17,541,626)

These financial statements were approved by the board of directors on September 2017 and were signed on its behalf by:



A Schiebroek
Director

Company registered number: 2567091

Statement of changes in equity

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2016	10,100	(17,551,726)	(17,541,626)
Total comprehensive loss for the year			
Loss for the year		(2,402,512)	(2,402,512)
Balance at 31 December 2016	10,100	(19,954,238)	(19,944,138)
	Called up share capital £	Profit and loss account £	Total Equity £
Balance at 1 January 2015	10,100	(16,945,724)	(16,935,624)
Total comprehensive loss for the year			
Loss for the year	-	(606,002)	(606,002)
Balance at 31 December 2015	10,100	(17,551,726)	(17,541,626)

Notes

(forming part of the financial statements)

1 Accounting policies

Umeco Composites Limited (the "Company") is a private company limited by shares, incorporated and registered in the UK (England and Wales) under the Companies Act 2006. Its registered address is Composites House, Sinclair Close, Heanor, Derbyshire, DE75 7SP.

The principal activities of the company are that of an intermediate holding company.

The financial statements are presented in pounds sterling because that is the functional currency of the primary economic environment, in which the Company operates.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, Solvay S.A. includes the Company in its consolidated financial statements. The consolidated financial statements of Solvay S.A. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Rue De Ransbeek 310, 1120 Brussels, Belgium.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to :

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- 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.

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

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company.
- The disclosures required by IFRS 7 *Financial Instrument Disclosures*

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

Notes (continued)

1 Accounting policies (continued)

Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 <i>Disclosure Initiative</i>	<p>The Company has adopted the amendments to IAS 1 <i>Disclosure Initiative</i> for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.</p> <p>The adoption of these amendments has not resulted in any impact on the financial performance or financial position of the Company.</p>
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1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

1.2. Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The directors, having assessed the responses of the directors of the company's ultimate controlling party Solvay S.A. to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Solvay group to continue as a going concern.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Solvay S.A., 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.

1.3. Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies 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. Foreign exchange differences arising on translation are recognised in the income statement. 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Notes (continued)

1 Accounting policies (continued)

1.4. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

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.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

1 Accounting policies (continued)

1.5. Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. 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 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.

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" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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.

1.6. Expenses

Interest payable and similar expenses

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Notes (continued)

1 Accounting policies (continued)

1.7. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement 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.

1.8. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

Management do not consider to have any critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies.

Key source of estimation uncertainty

Management do not consider to have any key sources of estimation uncertainty which the directors have made in the process of applying the Company's accounting policies.

2 Auditor's remuneration

Auditor's remuneration payable to the company's auditors for the audit of the accounts was £4000 (2015: £8,800). This remuneration is borne by Umeco Limited

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Solvay S.A.

3 Directors' remuneration

Directors' emoluments have been borne by another group company. The directors of the company are also directors or officers of a number of the companies within the group. The directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 December 2016 or 31 December 2015.

Notes (continued)

4 Interest payable and similar expenses

	2016 £	2015 £
Total interest expense on financial liabilities measured at amortised cost	731,667	775,956
Total other interest payable and similar charges	731,667	775,956

Interest payable and similar expenses include interest payable and similar on bank loans and overdrafts of £80,998 (2015: £144,080).

5 Taxation

Recognised in the income statement

	2016 £	2015 £
<i>UK corporation tax</i>		
Current tax on loss for the year	146,200	153,864
Adjustments in respect of prior years	-	(44)
	<u>146,200</u>	<u>153,820</u>
Tax on loss	<u>146,200</u>	<u>153,820</u>

Corporation tax is calculated at 20% (2015: 20.25%) of the estimated taxable loss for the year.

The (charge) credit for the year can be reconciled to the profit and loss account and other comprehensive income as follows;

Notes (continued)

5 Taxation (continued)

	2016 £	2015 £
Loss before taxation	(2,548,712)	(759,822)
Loss before taxation multiplied by standard rate of corporation tax 20% (2015 20.25%)	509,742	153,864
Effects of		
Non- deductible expenses	(363,542)	-
Underprovided in previous years		(44)
Total tax credit for the year	146,200	153,820

A reduction to the UK corporation tax rate from 21% to 20% took effect from 1 April 2015. Finance Act 2015 (No.2), which was substantively enacted in October 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. At Budget 2016 the government announced a further reduction to the corporation tax rate to 17% from 1 April 2020

Notes (continued)

6 Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 January 2016	28,927,630
Additions	-
Disposals	-
	<hr/>
At 31 December 2016	28,927,630
	<hr/>
Provisions	
At 1 January 2016	15,795,390
Provided in year	1,665,240
	<hr/>
At 31 December 2016	17,406,630
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Net book value	
At 31 December 2016	11,467,000
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At 31 December 2015	13,132,240
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The Company has the following investments in subsidiaries:

	Registered Address-Note	Class of shares held	Ownership 2016	2015
Cytec Industrial Materials (Berlin) GmbH	i	Ordinary	100%	100%
Cytec Process Materials (Keighley) Limited	ii	Ordinary	60%	60%
Cytec Process Materials (Mondovi) Srl	iii	Ordinary	100%	100%

Cytec Industrial Materials (Berlin) GmbH is no longer active. The principal activities of the other undertakings are the manufacture of vacuum tools and the distribution of a range of consumable materials used within the composite bonding industry.

Registered Address

- i) Hans-Bockler Allee, 30173 Hannover, Germany.
- ii) Composites House, Sinclair Close, Heanor, Derbyshire, DE75 7SP, U.K.
- iii) Via Vigevano 1, 12084 Mondovi CN, Italy.

Notes (continued)

7 Debtors

	2016 £	2015 £
Amounts owed by fellow group undertakings	15,349	-
Corporation tax	146,200	77,318
	<hr/>	<hr/>
Due within one year	161,549	77,318
	<hr/>	<hr/>

8 Creditors: amounts falling due within one year

	2016 £	2015 £
Bank overdraft	-	2,211,802
Amounts owed to parent undertakings	-	26,859,383
Amounts owed to fellow group undertakings	31,419,725	-
Amounts owed to subsidiary undertakings	152,962	1,680,000
	<hr/>	<hr/>
	31,572,687	30,751,185
	<hr/>	<hr/>

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

9 Capital and reserves

Share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	10,100	10,100
	<hr/>	<hr/>

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.

Notes *(continued)*

10 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Umeco Ltd. The ultimate controlling party is Solvay S.A. Belgium.

The largest group in which the results of the Company are consolidated is that headed by Solvay S.A., incorporated in Belgium. No other group financial statements include the results of the Company. The consolidated financial statements of this group is available to the public and may be obtained from its registered address Rue De Ransbeek 310, 1120 Brussels, Belgium.