

Cytec UK Holdings Limited

**Directors' report and financial
statements**

Registered number 02834414

31 December 2010

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Cytec UK Holdings Limited

Directors' report

The directors submit their report and financial statements of Cytec UK Holdings Limited for the year ended 31 December 2010

Principal activities

The principal activities of the company is that of a holding company for subsidiaries involved in the manufacture and supply of anionic, nonionic and cationic polyacrylamides, for use in the mining, paper, water treatment and oilfield industries, for the manufacture and distribution of composites and adhesives for use, primarily, in the aerospace and leisure industries and for distribution of Coating, Bonding and Printing Chemicals to the Automotive and General Construction Industry

Results and dividends

The directors do not recommend the payment of a dividend (2009 £nil) which leaves a profit of £5,603k to be retained (2009 Loss £(2,246k))

Directors

The following directors have held office since 1 January 2010

DM Drillock (Chairman)

RD Smith

M Hulligan

A Schiebroek

Disclosure of information to auditors.

The Directors who held office at the date of approval of the financial statements confirm that, in so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all steps that they ought to have taken as Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

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

A handwritten signature in black ink, appearing to read "A Schiebroek".

A Schiebroek

Director

Abenbury Way
Wrexham Industrial Estate
Wrexham
LL13 9UZ

15th June

2011



Cytec UK Holdings Limited

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 judgments 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.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Cyttec UK Holdings Limited

We have audited the financial statements of Cyttec UK Holdings Limited for the year ended 31 December 2010 set out on pages 5 to 13. 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 in an auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 web-site 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 December 2010 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 auditors' report to the members of Cyttec UK Holdings 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



Hywel Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James Square
Manchester
M2 6DS

30 June 2011

Profit and loss account
for the year ended 31 December 2010

	<i>Note</i>	2010 £000	2009 £000
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		(62)	(41)
		<hr/>	<hr/>
Operating loss		(62)	(41)
Other interest receivable and similar income	2	6	7
Interest payable and similar charges	3	(4,025)	(4,144)
Income from shares in group undertakings		8,200	1,000
		<hr/>	<hr/>
Profit / (loss) on ordinary activities before taxation	2-4	4,119	(3,178)
Taxation	6	1,484	932
		<hr/>	<hr/>
Retained profit / (loss) for the year		5,603	(2,246)
		<hr/>	<hr/>

The company has no recognised gains or losses other than the profit for the year reported above. All activities relate to continuing operations.

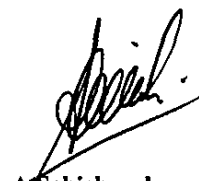
Balance sheet
at 31 December 2010

	<i>Note</i>	2010 £000	2010 £000	2009 £000	2009 £000
Fixed assets					
Investments	7		121,977		121,977
Current Assets					
Debtors	8	2,071		1,879	
Cash at bank and in hand		139		154	
		<u>2,210</u>		<u>2,033</u>	
Creditors Amounts falling due within one year	9	<u>(16,458)</u>		<u>(84,884)</u>	
Net current assets / liabilities			<u>14,248</u>		<u>(82,851)</u>
Total assets less current liabilities			<u>107,729</u>		<u>39,126</u>
Creditors Amounts falling due in more than one year	10		<u>(63,000)</u>		<u>-</u>
Net Assets			<u>44,729</u>		<u>39,126</u>
Capital and Reserves					
Called up share capital	12		10,000		10,000
Profit and loss account	13		34,729		29,126
Shareholder's Funds			<u>44,729</u>		<u>39,126</u>

The notes on pages 8 to 13 form part of these financial statements

These financial statements were approved by the board of directors on
on its behalf by

15 June 2011 and were signed



A Schiebroek
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2010

	2010 £000	2009 £000
Profit / (Loss) for the financial year	5,603	(2,246)
Total recognised gains and losses recognised since the last annual report.	5,603	(2,246)
Opening shareholder's funds	39,126	41,372
Closing shareholder's funds	44,729	39,126

Notes

(forming part of the financial statements)

1 Accounting policies

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

The company is exempt from the requirements of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Cytec Industries Inc, and its cash flows are included within the consolidated cash flow statement of that company

As the company is a wholly owned subsidiary of Cytec Industries Inc, the company has taken advantage of the exemptions contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the Group

Going Concern

As detailed in the Directors report the company operates as a holding company within Europe for Group subsidiaries. The financing of these investments is made through a long term loan with another Group company which was renewed at the end of the financial year

After making enquiries of and assessing the responses from, Cytec Industries Inc, its ultimate parent, the Directors have no reason to believe a material uncertainty exists that may cast doubt over the ability of the company to continue to adopt the going concern basis of accounting in preparing the financial statements

Exemption from consolidation

These financial statements present information about the Company as an individual undertaking and not about its group. The company is an intermediate UK Parent Company owned by a parent undertaking incorporated outside the European Union and its results are included in the consolidated accounts of that Non EU parent. Management have considered the conditions set out in UITF Abstract 43 and the Companies Act 2006 and have concluded these conditions are met. Therefore for the year ended 31 December 2010 the company has taken advantage of the exemption from preparing consolidated financial statements afforded by s401 of Companies Act 2006 because it is a wholly owned subsidiary of Cytec Industries Inc which prepares consolidated financial statements that are publicly available, see note 16

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

Investments

Fixed asset investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Assets, liabilities and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Notes (continued)

2 Other interest receivable and similar income

	2010 £000	2009 £000
Bank interest receivable	6	7
	<u>6</u>	<u>7</u>

3 Interest payable and similar charges

	2010 £000	2009 £000
Inter-company interest payable	4,025	4,144
	<u>4,025</u>	<u>4,144</u>

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2010 £000	2009 £000
Auditors' remuneration		
Audit of these financial statements	3	5
Other services	15	15
	<u>18</u>	<u>20</u>

5 Employees

During the year the company had no employees (2009 none) and therefore incurred staff costs of £nil (2009 £nil)

	2010 £000	2009 £000
Directors' emoluments		
As directors	-	-
	<u>-</u>	<u>-</u>

No current directors are accruing benefits under a defined benefit pension scheme (2009 none)

The emoluments of the highest paid director were £nil (2009 £nil)

Notes (continued)

6 Taxation

	2010	2010	2009	2009
	£000	£000	£000	£000
Deferred tax				
Origination and reversal of timing differences	(1,142)		(846)	
Adjustments in respect of prior periods	(342)		(86)	
	<hr/>		<hr/>	
Total deferred tax		(1,484)		(932)
		<hr/>		<hr/>
Tax on profit on ordinary activities		(1,484)		(932)
		<hr/>		<hr/>

Factors affecting tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (28%) The differences are explained below

	2010 £000	2009 £000
Profit / (loss) on ordinary activities before tax	4,119	(3,178)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2009 28%)	1,153	(890)
Effects of		
Non taxable income	(2,295)	(280)
Creation of tax Losses	1,142	846
Non deductible expense	-	324
	<hr/>	<hr/>
Current tax charge for the year	-	-
	<hr/>	<hr/>

In the Budget of 23rd March 2011 it was announced that UK Corporation Tax will reduce from 28% to 23% over a period of 4 years from 2011 The first reduction in the UK Corporation Tax rate from 28% to 26% will be effective on 1st April 2011 This will reduce the company's future current tax charge accordingly The tax disclosures for the period reflect the deferred tax at the 27% substantively enacted rate It has not yet been possible to quantify the full anticipated effect of the further 4% reduction although this will further reduce the Company's future tax charge [and reduce the Company's deferred tax liability]

Notes (continued)

7 Fixed asset investments

	Shares in subsidiary undertakings £000
<i>Cost</i>	
At beginning and end of year	128,577
<i>Impairment</i>	
At beginning and end of year	(6,600)
<i>Net book value</i>	
At 31 December 2010	121,977
At 31 December 2009	121,977

The company holds more than 20% of the equity (and no other share or loan capital) of the following undertakings

Company	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Direct subsidiary undertakings</i>			
Cytec Industries UK Limited	England	Sales Agency in Resale and distribution of polyacrylics	100% ordinary shares
Cytec Engineered Materials Limited	England	Manufacture and distribution of composites and adhesives	100% ordinary shares
Cytec Industries BV	Netherlands	Distributor and reseller of polyacrylics, composites and adhesives	100% ordinary shares
Cytec Surface Specialties UK Ltd	UK	Distributor and reseller of Coatings, Bonding and Printing Chemicals	100% ordinary shares
Cytec Engineered Materials GmbH	Germany	Manufacture and distribution of composites and adhesives	90% ordinary shares
<i>Indirect subsidiary undertakings</i>			
Cytec Industries France S a r l	France	Sales Agency for Cytec polyacrylics, composites and adhesives	100% ordinary shares
Cytec France SAS (Acquired 01 October 2010)	France	Distributor and reseller of Coatings, Bonding and Printing Chemicals	100% ordinary shares
Cytec Italy SRL	Italy	Manufacture & distributor of Coatings, Bonding and Printing Chemicals	100% ordinary shares
Cytec Russia LLC	Russia	Distributor and reseller of Composites	100% Ordinary Shares

Notes (continued)

8 Debtors

	2010 £000	2009 £000
<i>Due within one year</i>		
Amounts owed by group undertakings	82	82
Deferred tax (see note 11)	1,989	1,797
	<u>2,071</u>	<u>1,879</u>

9 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Amounts owed to group undertakings	16,395	84,828
Accruals and deferred income	63	56
	<u>16,458</u>	<u>84,884</u>

10 Creditors: amounts falling due in more than one year

	2010 £000	2009 £000
Amounts owed to group undertakings	63,000	-
	<u>63,000</u>	<u>-</u>

11 Provision for liabilities and charges

Deferred taxation

	Deferred Taxation £000
At beginning of year	1,797
Provision for year	1,142
Adjustment to Prior year	342
Losses Surrendered	(1,292)
	<u>1,989</u>
At end of year (see note 8)	<u>1,989</u>

Notes (continued)

11 Provision for liabilities and charges (continued)

Provision for deferred tax has been made as follows

	2010 £000	2009 £000
Other, Tax Losses	1,989	1,797
	<u>1,989</u>	<u>1,797</u>

12 Share capital

	2010 £000	2009 £000
Authorised Equity 20,000,000 ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted, issued and fully paid Equity 10,000,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

13 Profit and loss account

	£000
At beginning of year	29,126
Profit for the year	5,603
At end of year	<u>34,729</u>

14 Capital commitments

	2010 £000	2009 £000
Capital expenditure contracted for but not provided in the financial statements	<u>-</u>	<u>-</u>

15 Contingent liabilities

The company has given unsecured guarantees to third parties amounting to £nil (2009 £nil)

16 Ultimate parent company

The immediate parent company is CII Luxembourg Sarl in which the results of the company are incorporated. The largest group in which the results of the company and sub group are consolidated is that headed by 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.