

**Registered number: 02834414**

**CYTEC UK HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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# **CYTEC UK HOLDINGS LIMITED**

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**CYTEC UK HOLDINGS LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	M J Dawes B Moore J D Norris
<b>Company secretary</b>	S Rad
<b>Registered number</b>	02834414
<b>Registered office</b>	Aberbury Way Wrexham Industrial Estate Wrexham Clwyd LL13 9UZ
<b>Independent auditor</b>	Deloitte LLP Statutory Auditors Hanover Building Corporation Street Manchester M4 4AH

## **CYTEC UK HOLDINGS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their Strategic Report of Cytec UK Holdings Limited (the "Company") for the year ended 31 December 2021.

#### **Principal activities**

The principal activity of the Company is that of an intermediate holding company.

#### **Business review**

The Company's operations are managed under the supervision of the ultimate overseas parent company and are limited to investments in subsidiary companies and financing transactions with fellow subsidiaries.

Profit for the financial year was £125,782,000 (2020: £30,128,000).

The Company's Balance Sheet shows net assets of £322,281,000 (2020: £196,499,000).

Investment in subsidiaries as at 31 December 2021 was £nil (2020: £114,368,000). As part of a local entity restructuring scheme in the UK, Cytec UK Holdings Limited sold its investment in Cytec Engineered Materials GmbH, Cytec Industries BV, Solvay (Thailand) Ltd and Penso Holdings Ltd to its subsidiary company Cytec Engineered Materials Ltd, in May 2021. The consideration received amounted to £240,542,000 which represented the sale value of the investment. The valuation was arrived at through the considered evaluation of the market value for some entities that are being divested in the future and discounted valuation of others.

The investment balance has been considered for impairment by the directors, with an impairment of £9,400,000 recognised in the year (2020: impairment reversal £20,100,000). An impairment review was performed and based on this assessment the carrying value of Cytec Engineered Materials Limited exceeded the value in use. Therefore the carrying amount of the investment in Cytec Engineered Materials Limited was decreased from £9,400,000 to £nil so recognising an impairment of £9,400,000. See note 10 for explanation by investment. The Company remains a wholly owned subsidiary within the Solvay Group of companies.

The impairment was the result of the decrease in the value in use of Cytec Engineered Materials Limited (CEM) following the directors' assessment as at 31 December 2021 following the transfer of the Cytec Industrial Materials (Derby) Limited trade, assets and liabilities to CEM on 1st July 2021.

#### **Principal risks and uncertainties**

The Company's financial position is driven by the performance of the companies in which it holds investments.

The Company does not foresee any specific risks or uncertainties following the Brexit decision which would have a material effect on the financial performance of the Company or of its subsidiaries.

On 24 February 2022, the Government of Russia launched a large-scale military operation in Ukraine. As a result, the international community imposed sanctions on Russia, which in turn prompted the Russian government to impose sanctions against some countries, including those in the European Union creating turmoil in the energy markets, raw materials sourcing, financing and banking systems. Our company is implementing a strict compliance policy, which also covers export control and application of all the sanctions defined against Russia.

The anticipated impact of the conflict is a surge in inflationary pressure, which is already intense and is expected to be mitigated in 2022 through additional pricing and sourcing initiatives. The Company will continue to closely monitor the situation and the evolution of the conflict. There is no direct impact on this company given the nature of its operations.

The UK companies in the Group have made plans and taken actions wherever possible to minimise these risks.

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.

## **CYTEC UK HOLDINGS LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **Principal risks and uncertainties (continued)**

If any such indication exists, the asset's recoverable amount is estimated by reviewing the carrying amounts of the investments against the greater of their net realisable value and value in use.

The Company is not materially exposed to price risk, credit risk or cash flow risk. Any liquidity risk is managed through the Solvay S.A. Group.

#### **Post balance sheet events**

On the 18th January 2022, Cytec Engineered Materials Ltd (CEM), the wholly owned subsidiary of Cytec UK Holdings Ltd increased its share capital by £322,229,084. This was in the form of ordinary shares of £1 each.

The board of directors approved and signed the application by the Company to apply for shares in the capital of CEM.

The board approved the entry by the Company into a deed of capitalisation (the Deed of Capitalisation) in relation to the proposed allotment of shares by Cytec Engineered Materials Limited to the Company ("the Proposed Allotment") which will allow the Company to use the Deed of Capitalisation as consideration for the Proposed Allotment by discharging and releasing, in full, of £240,542,002, the total amount owing to the Company by Cytec Engineered Materials Limited under a loan agreement dated 26 May 2021 (the Intercompany Loan Agreement) and the outstanding unsecured debt of £81,687,082 (the Unsecured Debt).

The directors anticipate that the investment will be impaired during the year ended 31 December 2022.

#### **Future developments**

The Company will continue to operate as an intermediate holding company for the foreseeable future.

#### **Directors' statement of compliance with duty to promote the success of the Company**

##### **Our stakeholders**

The directors consider that the Company's main stakeholders are its shareholders and the Company has no direct customers. The Company has no direct employees.

The Board seeks to understand the respective interest of this stakeholder group so that these may be properly considered in the Board's decisions. We do this through various means including direct engagement by Board members, and by receiving reports and updates from members of senior management of group companies.

##### **Having regard to the likely consequences of any decision in the long term**

The Board is mindful that its strategic decisions can have long term implications for the business and its stakeholders, and these implications are carefully assessed.

The most significant recent example of this is the decision, to restructure the Group's operations to increase efficiency and simplicity.

##### **Having regard to the impact of the Company's operations on the community and the environment**

The Board supports the Groups goals and initiatives with regard to reducing adverse impacts on the environment and supporting the communities that it touches. Compliance with all legislation intended to protect people, property and the environment is a fundamental priority of the Solvay group and the Board fully supports this. Management lead by example and allocate the required resources to achieve excellence in HSE performance.

The Group always seeks to be a good neighbour to the communities in which it operates, and engages positively with community representatives when called upon to do so.

**CYTEC UK HOLDINGS LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Directors' statement of compliance with duty to promote the success of the Company (continued)**

**Having regard to the desirability of the Company maintaining a reputation for high standards of business conduct**

The Board recognises the importance of operating a robust corporate governance framework. Part of the Board's remit is to monitor the Company's compliance to high standards of business conduct.

**Having regard to the need to act fairly as between members of the Company**

After weighing up all relevant factors, the directors consider which course of action best enables delivery of the Company's strategy through the long term, taking into consideration the impact on stakeholders and the need to ensure the long term sustainability of the Company. The directors, in doing so, act as fairly as possible between the Company's members.

This report was approved by the board and signed on its behalf by:



**M J Dawes**  
Director

Date: 16<sup>th</sup> January 2023

## **CYTEC UK HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their annual report and the audited financial statements of Cytec UK Holdings Limited (the "Company") for the year ended 31 December 2021.

#### **Principal activity**

The principal activity of the Company is that of an intermediate holding company.

#### **Results and dividends**

The profit for the financial year amounted to £125,782,000 (2020: £30,128,000).

During the year dividends of £nil (2020: £nil) were paid. The directors do not propose any dividends (2020: £nil).

Dividends received during the year was £nil (2020: from Cytec Industries BV £10,666,200 and from Solvay Thailand £22).

#### **Directors**

The directors who served during the year and up to the date of signing of the financial statements, unless otherwise stated, were:

M J Dawes  
B Moore  
J D Norris  
A M Brouhns (resigned 25 June 2021)  
F L DeMiranda Costa (resigned 17 May 2021)  
A Schiebroek (resigned 1 May 2021)

#### **Qualifying third party indemnity provisions**

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the period and remain in force at the date of this report.

#### **Financial risk management and future developments**

Details of result, subsequent events, financial risk management and future developments are discussed in the Strategic Report on pages 2-4 and form part of this report by cross reference.

#### **Going concern**

The Company utilises treasury facilities provided to it by financing entities which are subsidiaries of Solvay S.A. Solvay S.A. has indicated in writing that for at least 13 months from the date of signing of these financial statements, it will continue to make available such funds as are needed by the Company and its subsidiary companies in order to enable them to meet their financial obligations as they fall due. On the basis of the directors' assessment of the Company's financial position and expected cash flows over the next 12 months, together with Solvay S.A.'s indication of ongoing available funding described above, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The directors consider that this should enable the Company to continue on a going concern basis for the foreseeable future by meeting its liabilities as they fall due.

#### **Streamlined Energy and Carbon Reporting (SECR)**

No disclosure relating to energy and carbon reporting has been made as the Company has not consumed more than 40,000 kwh of energy during the year.

## **CYTEC UK HOLDINGS LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

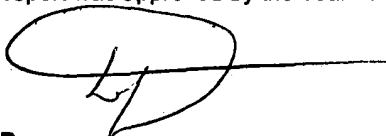
#### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



**M J Dawes**  
Director

Date: 16<sup>th</sup> January 2023



## **CYTEC UK HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CYTEC UK HOLDINGS LIMITED**

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

##### **Opinion**

In our opinion the financial statements of Cytec UK Holdings Limited (the "Company"):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of total comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

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

##### **Basis for opinion**

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

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **CYTEC UK HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CYTEC UK HOLDINGS LIMITED (CONTINUED)**

#### **Other information**

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of directors**

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

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

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

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

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

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

## **CYTEC UK HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CYTEC UK HOLDINGS LIMITED (CONTINUED)**

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Financial Reporting Standards, UK Companies Act, pension legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included anti bribery and data protection regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

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

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report 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 Report or the Directors' Report.

## **CYTEC UK HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CYTEC UK HOLDINGS LIMITED (CONTINUED)**

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

**We have nothing to report in respect of these matters.**

#### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

*Simon Hearne*

Simon Hearne FCA (Senior Statutory Auditor)  
For and on behalf of **Deloitte LLP**  
Statutory Auditors  
Manchester  
United Kingdom  
Date: 16 January 2023

**CYTEC UK HOLDINGS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Note</b>	<b>2021 £000</b>	<b>2020 £000</b>
Administrative (expenses)/income		(40)	38
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(40)</b>	<b>38</b>
Interest payable and similar expenses	<b>8</b>	<b>(254)</b>	<b>(826)</b>
Reversal of impairment losses on investment in subsidiaries		-	20,100
Income from shares in group undertakings		-	10,666
Profit on disposal of investments		135,574	-
Impairment loss		(9,400)	-
<b>Profit before taxation</b>		<b>125,880</b>	<b>29,978</b>
Tax on profit	<b>9</b>	<b>(98)</b>	<b>150</b>
<b>Profit for the financial year</b>		<b>125,782</b>	<b>30,128</b>
<b>Total comprehensive income for the financial year</b>		<b>125,782</b>	<b>30,128</b>

All the results are derived from continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

**CYTEC UK HOLDINGS LIMITED**  
**REGISTERED NUMBER: 02834414**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Investments	10	-	114,368
<b>Current assets</b>			
Debtors	11	322,281	113,385
Creditors: amounts falling due within one year	12	-	(31,254)
<b>Net current assets</b>		<u>322,281</u>	<u>82,131</u>
<b>Total assets less current liabilities</b>		<u><u>322,281</u></u>	<u><u>196,499</u></u>
<b>Capital and reserves</b>			
Called up share capital	13	73,000	73,000
Share premium account	14	98,955	98,955
Profit and loss account	14	150,326	24,544
<b>Total shareholder's funds</b>		<u><u>322,281</u></u>	<u><u>196,499</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
**M J Dawes**  
 Director

Date: 16th January 2023

The notes on pages 14 to 26 form part of these financial statements.

**CYTEC UK HOLDINGS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Called up share capital £000</b>	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>	<b>Total shareholder's funds £000</b>
<b>At 1 January 2020</b>	<b>73,000</b>	<b>98,955</b>	<b>(5,584)</b>	<b>166,371</b>
<b>Comprehensive income for the financial year</b>				
Profit for the financial year	-	-	30,128	30,128
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>30,128</b>	<b>30,128</b>
<b>At 31 December 2020</b>	<b>73,000</b>	<b>98,955</b>	<b>24,544</b>	<b>196,499</b>
<b>Comprehensive income for the financial year</b>				
Profit for the financial year	-	-	125,782	125,782
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>125,782</b>	<b>125,782</b>
<b>At 31 December 2021</b>	<b>73,000</b>	<b>98,955</b>	<b>150,326</b>	<b>322,281</b>

The notes on pages 14 to 26 form part of these financial statements.

## **CYTEC UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **1. General information**

Cytec UK Holdings Limited (the "Company") is a private company limited by shares, incorporated and registered in the United Kingdom (England and Wales) under the Companies Act 2006. Its registered address is Abenbury Way, Wrexham Industrial Estate, Wrexham, Clywd, LL13 9UZ.

The principal activity of the Company is that of an intermediate holding company for investments in the business of composites, mining chemicals and additive technology chemicals, for use primarily in the automotive, aerospace and leisure industries, and for use in the mining industry and agriculture.

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 financial statements contain information about Cytec UK Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group as a whole. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Solvay SA, a company incorporated in Belgium.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. Accounting policies (continued)**

**2.2 Financial Reporting Standard 101 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Solvay S.A. as at 31 December 2021 and these financial statements may be obtained from Rue De Ransbeek 310, 1120 Brussels, Belgium.

*New standards, amendments, IFRIC interpretations and new relevant disclosure requirements*

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the Company's financial statements.

**2.3 Going concern**

The Company utilises treasury facilities provided to it by financing entities which are subsidiaries of Solvay S.A. Solvay S.A. has indicated in writing that for at least 13 months from the date of signing of these financial statements, it will continue to make available such funds as are needed by the Company and its subsidiary companies in order to enable them to meet their financial obligations as they fall due. On the basis of the directors' assessment of the Company's financial position and expected cash flows over the next 12 months, together with Solvay S.A.'s indication of ongoing available funding described above, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The directors consider that this should enable the Company to continue on a going concern basis for the foreseeable future by meeting its liabilities as they fall due.

**2.4 Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency 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 Statement of Comprehensive Income. 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.

**2.5 Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and

## **CYTEC UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **2. Accounting policies (continued)**

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*

Investments 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2. Accounting policies (continued)**

**2.6 Impairment**

*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 the Statement of Comprehensive Income.

*Non-financial assets*

The carrying amounts of the Company's non-financial 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 the Statement of Comprehensive Income.

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.

**2.7 Expenses**

*Interest payable and similar charges*

Interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

## **CYTEC UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **2. Accounting policies (continued)**

##### **2.8 Revenue**

###### *Dividend income from share in subsidiary companies*

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

###### *Interest receivable and similar income*

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### **2.9 Current and deferred taxation**

Tax on the profit or loss for the year comprises current and deferred tax.

Tax is recognised in the Statement of Comprehensive Income, 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.

## CYTEC UK HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

##### *Key sources of estimation uncertainty*

The preparation of the financial statements requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

##### *Investment Valuation*

Investments in subsidiaries are carried at cost less impairment. They are assessed at each reporting date to determine whether there is objective evidence that the asset is impaired. In determining the recoverable amounts, management review the level of net assets of the companies. Impairment changes are recognised where the calculated recoverable amount is lower than the investment carrying value. The investment carrying value after impairments at 31 December 2021 was £nil (2020: £114,368,000).

##### *Critical accounting judgements in applying the Company's accounting policies*

The directors do not consider that there are any critical accounting judgements in applying the Company's accounting policies.

#### 4. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2021 £000	2020 £000
Profit on disposal of investments	(135,574)	-
Impairment of investments (see note 10)	9,400	-
	<u>          </u>	<u>          </u>

#### 5. Auditor's remuneration

Auditor's remuneration payable to the Company's auditor for the audit of the financial statements was £10,000 (2020: £11,000). No non-audit services were provided in the current or prior year.

#### 6. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2020: £nil).

**CYTEC UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**7. Directors' remuneration**

No directors received emoluments in 2021 (2020: same) for their qualifying services to the Company.

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 and their 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 2021 or 31 December 2020.

**8. Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Interest expense on financial liabilities measured at amortised cost	<b>254</b>	<b>826</b>

Interest payable and similar expenses includes interest payable to group undertakings £254,000 (2020: £826,000).

**9. Tax on profit**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the financial year	<b>(52)</b>	<b>(150)</b>
Adjustments in respect of prior years	<b>150</b>	<b>-</b>
<b>Total current tax</b>	<b>98</b>	<b>(150)</b>

**CYTEC UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**9. Tax on profit (continued)**

**Factors affecting tax charge/(credit) for the year**

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Profit before taxation	125,880	29,978
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	23,917	5,696
<b>Effects of:</b>		
Non-deductible income/(expenses)	4	(3,819)
Adjustments in respect of prior years	150	-
Non-taxable income	(23,973)	(2,027)
<b>Total tax charge/(credit) for the financial year</b>	<b>98</b>	<b>(150)</b>

**Factors that may affect future tax charges**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (published on 24 May 2021, with royal assent received on 10 June 2021). This confirmed an increase to the corporation tax rate to 25% with effect from 1 April 2023.

# **CYTEC UK HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

### **10. Investments**

	Shares in group undertakings £000
<b>Cost</b>	
At 1 January 2021	122,249
Disposals	(112,849)
At 31 December 2021	<u>9,400</u>
<b>Accumulated impairment</b>	
At 1 January 2021	7,881
Charge for the year	9,400
Disposals	(7,881)
At 31 December 2021	<u>9,400</u>
<b>Net book value</b>	
At 31 December 2021	<u><u>-</u></u>
At 31 December 2020	<u><u>114,368</u></u>

As part of a local restructuring in the UK, Cytec UK Holdings Limited sold its investment in Cytec Engineered Materials GmbH, Cytec Industries BV, Solvay (Thailand) Ltd and Penso Holdings Ltd to its subsidiary company Cytec Engineered Materials Ltd, in May 2021. The consideration received amounted to £240,542,002 which was in excess of their carrying value. The valuation was arrived at through the considered evaluation of the market value for some entities that are being divested in the future and discounted valuation of others.

An impairment review was performed and based on this assessment the carrying value of Cytec Engineered Materials Limited exceeded the value in use. Therefore the carrying amount of the investment in Cytec Engineered Materials Limited was decreased from £9,400,000 to £nil so recognising an impairment of £9,400,000.



**CYTEC UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**10. Investments (continued)**

**Subsidiary/associated undertakings**

The following are direct/indirect subsidiary and associated company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Cytec Engineered Materials Ltd	Abenbury Way, Wrexham Industrial Estate, Wrexham, Clywd, LL13 9UZ, U.K	Sale and or manufacturer of impregnated composite materials, resins or composite material consumables	Ordinary	100%
Cytec Industries BV*	Burgemeester van Lierplein 75, 3134 ZB Vlaardingen, The Netherlands	Sale and or manufacturer of chemicals and allied products	Ordinary	100%
Cytec Engineered Materials GmbH*	Industriestrasse 3,76684 Ostringen, Germany	Sale and or manufacturer of impregnated composite materials, resins or composite material consumables	Ordinary	90%
Umeco Ltd*	Composites House, Sinclair Close, Heanor, Derbyshire, DE75 7SP, U.K	Intermediate holding company	Ordinary	100%
Penso Holdings Ltd*	2 Woodhams Road, Coventry, Warwickshire, CV3 4FX, U.K	Sale of design and engineering services	Ordinary	8.9%
Solvay (Thailand) Ltd*	11th & 16th Floor Wave Place, 55 Wireless Road, 10330 Bangkok, Thailand	Sale and or manufacturer of chemicals and allied products	Ordinary	100%
Cytec Industrial Materials (Derby) Ltd*	Composites House, Sinclair Close, Heanor, Derbyshire, DE75 7SP, U.K	Sale and or manufacturer of impregnated composite materials, resins or composite material consumables	Ordinary	100%
Cytec Industrial Materials (Manchester) Ltd*	Composites House, Sinclair Close, Heanor, Derbyshire, DE75 7SP, U.K	Sale and or manufacturer of impregnated composite materials, resins or composite material consumables	Ordinary	100%
Umeco Composites Ltd*	Composites House, Sinclair Close, Heanor, Derbyshire, DE75 7SP, U.K	Intermediate holding company	Ordinary	100%

**CYTEC UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**10. Investments (continued)**

**Subsidiary/associated undertakings (continued)**

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Cytec Engineered Materials (Shanghai) Co Ltd*	1800 Ye Zhuang Road, Zhuang Hang Town, 201415 Fengxian, Shanghai, China	Sale and or manufacturer of impregnated composite materials, resins or composite material consumables	Ordinary	100%
Mandia Services SPRL*	5 Avenue de Lumbashi, Lumbashi, Democratic Republic of Congo	Sale of technical services	Ordinary	99%
Cytec India Specialty Chemicals & Materials Pvt Ltd*	G-54, M.I.D.C. Industrial Estate, Butibori Industrial Area, Nagpur, Maharashtra, 441 122, India	Sale and or manufacturer of chemicals and allied products	Ordinary	25.1%

\*held indirectly

**11. Debtors**

	<b>2021 £000</b>	<b>2020 £000</b>
<b>Amounts falling due within one year</b>		
Amounts owed by subsidiary undertaking	<b>322,229</b>	113,018
Tax recoverable	<b>52</b>	367
	<b><u>322,281</u></b>	<b><u>113,385</u></b>

Amounts owed by subsidiary undertaking are unsecured, repayable on demand and interest free.

**CYTEC UK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**12. Creditors: amounts falling due within one year**

	<b>2021 £000</b>	<b>2020 £000</b>
Accruals and deferred income	-	22
Amount owed to fellow subsidiary undertakings	-	35
Amount owed to fellow subsidiary undertakings bearing interest at intercompany rates	-	31,197
	<u>-</u>	<u>31,254</u>

Amounts owed to fellow subsidiary undertakings are unsecured and repayable on demand.

Intercompany interest rates vary throughout the year and are dependent on the Group's overall exposure. The monthly rate during 2021 averaged 0.91%.

**13. Called up share capital**

	<b>2021 £000</b>	<b>2020 £000</b>
<b>Authorised, allotted, called up and fully paid</b>		
73,000,003 (2020: 73,000,003) Ordinary shares of £1 (2020: £1) each	<u><b>73,000</b></u>	<u><b>73,000</b></u>

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.

**14. Reserves**

**Share premium account**

The balance classified as share premium relates to the aggregate net proceeds less nominal value of shares on issue of the Company's equity share capital.

**Profit and loss account**

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

## **CYTEC UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **15. Post balance sheet events**

On the 18th January 2022, Cytec Engineered Materials Ltd (CEM), the wholly owned subsidiary of Cytec UK Holdings Ltd increased its share capital by £322,229,084. This was in the form of ordinary shares of £1 each.

The board of directors approved and signed the application by the Company to apply for shares in the capital of CEM.

The board approved the entry by the Company into a deed of capitalisation (the Deed of Capitalisation) in relation to the proposed allotment of shares by Cytec Engineered Materials Limited to the Company ("the Proposed Allotment") which will allow the Company to use the Deed of Capitalisation as consideration for the Proposed Allotment by discharging and releasing, in full, of £240,542,002, the total amount owing to the Company by Cytec Engineered Materials Limited under a loan agreement dated 26 May 2021 (the Intercompany Loan Agreement) and the outstanding unsecured debt of £81,687,082 (the Unsecured Debt).

#### **16. Ultimate parent company and parent company of larger group**

The Company's immediate parent undertaking is Cytec Luxembourg International Holding sarl, a company incorporated in Luxembourg. The ultimate controlling party is Solvay S.A. (Belgium).

The largest and smallest 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 are available to the public and may be obtained from its registered address Rue De Ransbeek 310, 1120 Brussels, Belgium.