

Dynea Aycliffe Limited
Annual report and accounts
for the year ended 31 December 2007

Registered number 3762574

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Dynea Aycliffe Limited

Annual report and accounts

for the year ended 31 December 2007

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Dynea Aycliffe Limited

Directors and advisors for the year ended 31 December 2007

Directors

J Machin

I Koivisto

Company secretary

D Green

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

89 Sandyford Road

Newcastle upon Tyne

NE1 8HW

Bankers

Skandinaviska Enskilda Banken

2 Cannon Street

London

EC4M 6XX

Solicitors

Latimer Hinks

5 - 8 Priestgate

Darlington

County Durham

DL1 1NL

Registered Office

Aycliffe Industrial Park

Newton Aycliffe

County Durham

DL5 6UE

Dynea Aycliffe Limited

Directors' report for the year ended 31 December 2007

The directors present their report and audited financial statements of the company for the year ended 31 December 2007

Principal activity and review of the business

The company ceased trading on 29 December 2006. The financial position at the end of the year is shown in the attached financial statements

Results and dividends

An interim dividend of £9,200 per £1 ordinary share (2006 £nil) totalling £9,200,000 (2006 £nil) was paid during the period. No final dividend is proposed (2006 £nil)

Directors

The directors who served during the period and up to the date of signing the financial statements were as follows

J Machin

I Koivisto

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 1985. They 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

Dynea Aycliffe Limited

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that

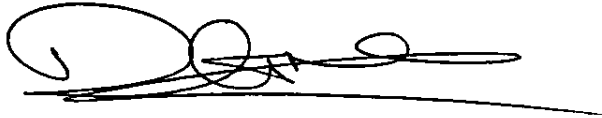
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting

By order of the board

A handwritten signature in black ink, appearing to be 'D Green', with a long horizontal line extending to the right.

D Green
Company secretary

2 September 2008

Dynea Aycliffe Limited

Independent auditors' report to the members of Dynea Aycliffe Limited

We have audited the financial statements of Dynea Aycliffe Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Dynea Aycliffe Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne

16 September 2008

Dynea Aycliffe Limited

Profit and loss account for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover	1	-	20,352
Cost of sales		-	(17,543)
Gross profit		-	2,809
Administrative expenses		-	(1,481)
Other operating income		-	185
Operating profit	2	-	1,513
Profit on disposal of operations	3	-	8,691
Interest payable and similar charges	4	-	(293)
Profit on ordinary activities before taxation		-	9,911
Tax on loss on ordinary activities	7	-	(376)
Profit for the financial year	11	-	9,535

All activities of the company are discontinued

Recognised gains and losses

There are no other recognised gains and losses in either year other than those included in the results above

Historical cost profits and losses

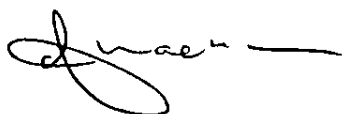
There is no difference between the reported profits and the historical cost profits in either year

Dynea Aycliffe Limited

Balance sheet as at 31 December 2007

	Note	2007 £'000	2006 £'000
Current assets			
Debtors	9	88	11,287
Net current assets		88	11,287
Capital and reserves			
Called up share capital	10	1	2,000
Profit and loss account	11	87	9,287
Total shareholders' funds	12	88	11,287

The financial statements on pages 6 to 14 were approved by the board of directors on 2 September 2008 and were signed on its behalf by



J Machin
Director

Dynea Aycliffe Limited

Statement of accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Cash flow statement

In accordance with Financial Reporting Standard 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that the company is included in the consolidated accounts of its ultimate parent company as at the year end, Dynea Oy, which are publicly available.

Turnover

Turnover represents the invoiced value of goods supplied, net of value added tax. Turnover is recognised when goods are despatched.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Research and development costs

Research and development costs are charged to the profit and loss account in the financial period in which they are incurred.

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 have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the exception of deferred tax assets. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

Pensions

The company participated in the Dynea Aycliffe UK Personal Pension Plan (formerly the Perstorp Chemitec UK Personal Pension Plan), funded on the defined contribution principle. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Dynea Aycliffe Limited

Notes to the financial statements for the year ended 31 December 2007

1 Turnover and segmental analysis

Turnover represents the amounts derived from the provision of goods and services which fall within the company's principal activities, stated net of value added tax

An analysis of turnover by geographical market is given below

	2007 £'000	2006 £'000
United Kingdom	-	11,394
Europe	-	8,054
United States of America	-	61
Rest of the World	-	843
	-	20,352

2 Operating profit

Operating profit is stated after charging/ (crediting)

	2007 £'000	2006 £'000
Depreciation - owned assets	-	329
Auditors' remuneration - audit services	-	18
- other services relating to taxation	-	4
Operating lease rentals	-	58
Research and development	-	376
Government grants released	-	(25)

Auditors' remuneration is borne by Dynea UK Limited

Dynea Aycliffe Limited

3 Disposal of operations

	2007	2006
	£'000	£'000
Profit on disposal of operations	-	8,691

On the 29 December 2006 the trade and assets of Dynea Aycliffe Limited were purchased by Dynea UK Limited (formally Dyno Industries (UK) Limited), a group company, for a consideration of £13,300,000

4 Interest payable and similar charges

	2007	2006
	£'000	£'000
Interest payable on other loans	-	293

5 Directors' emoluments

	2007	2006
	£'000	£'000
Aggregate emoluments	-	118
Company contributions paid in respect of money purchase benefits	-	37
	-	155

Retirement benefits are accruing to nil (2006 2) directors under a money purchase scheme

The total amount of emoluments paid to the highest director was £nil (2006 £84,000) inclusive of benefits in kind Pension contributions in respect of the highest paid director were £nil (2006 £11,000)

Dynea Aycliffe Limited

6 Staff costs

	2007 £'000	2006 £'000
Wages and salaries	-	1,613
Social security costs	-	186
Other pension costs	-	190
	-	1,989

The average monthly number of employees during the year by activity and excluding directors, were as follows

	2007 Number	2006 Number
Production	-	22
Sales and administration	-	29
	-	51

7 Tax on profit on ordinary activities

a) Analysis of charge in the year

	2007 £'000	2006 £'000
Current tax		
UK corporation tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	376
Tax on profit on ordinary activities	-	376

Dynea Aycliffe Limited

b) Factors affecting tax charge for the year

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	-	9,911
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	-	2,973
Effects of		
Short term timing differences	-	(8)
Income not chargeable for tax purposes	-	(2,597)
Capital allowances in excess of depreciation	-	(165)
Utilisation of tax losses	-	(203)
Current tax charge for the year	-	-

c) Factors that may affect future tax charges

There are no factors which are expected to have a material impact on future tax charges

8 Dividends

	2007 £'000	2006 £'000
Interim dividend of £9,200 (2006 £nil) per £1 ordinary share	9,200	-

9 Debtors

	2007 £'000	2006 £'000
Amounts owed by group undertakings	88	11,287

Amounts owed by group undertakings relates to an unsecured loan which is interest free and repayable upon demand

Dynea Aycliffe Limited

10 Total share capital

	Authorised		Allotted, called up and fully paid	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Ordinary shares of £1 each	1	2,000	1	2,000

The company applied to the court to approve a reduction in capital of £1,999,000. Court approval was granted, with effect from 2 February 2007.

11 Reserves

	Profit and loss account
	£'000
At 1 January 2007	9,287
Dividend	(9,200)
Profit for the financial year	-
At 31 December 2007	87

12 Reconciliation of shareholders' funds

	2007	2006
	£'000	£'000
Profit for the financial year	-	9,535
Dividends	(9,200)	-
Reduction of capital	(1,999)	-
Opening shareholders' funds	11,287	1,752
Total shareholders' funds	88	11,287

Dynea Aycliffe Limited

13 Contingent liabilities

The company had a £nil (2006 £50,000) guarantee in existence with HM Customs and Excise at 31 December 2007

14 Pension commitments

The Dynea Aycliffe UK Personal Pension Plan is funded on the defined contribution principle

The cost of contributions to the group scheme amount to £nil (2006 £190,000), being 6% - 16% of the individual members pensionable salary

15 Parent undertaking and controlling party

The company was a wholly owned subsidiary of Dynea UK Limited (formally Dyno Industries (UK) Limited), a company incorporated in England and Wales

In the directors' opinion, the company's ultimate parent undertaking and controlling party at 31 December 2007 is Dynea Oy, which is incorporated in Finland Dynea Oy is the smallest and largest group to consolidate these financial statements Copies of its group accounts, which include Dynea Aycliffe Limited, are available from the company's registered office, Aycliffe Industrial Park, Newton Aycliffe, County Durham, DL5 6UE

As permitted by FRS8 "Related Party Disclosures" the financial statements do not disclose transactions with the parent company and fellow subsidiaries as over 90% of the voting rights are controlled within the group