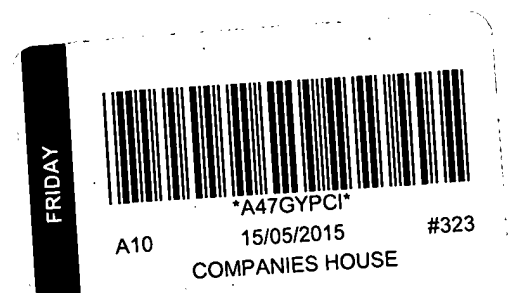


# **Arkema Coatings Resins Limited**

## **Report and Financial Statements**

31 December 2014



## **Directors**

J Beal

I Laffont (Resigned 08.04.15)

P Martinez-Merello

A Barr (Resigned 25.10.14)

P Gabbitas (Appointed 01.11.14)

A Taieb (Appointed 08.04.15)

## **Secretary**

L Fowler

## **Auditors**

Ernst & Young LLP

1 Bridgewater Place

Water Lane

Leeds LS11 5QR

## **Bankers**

Lloyds Bank

125 Colmore Row

Birmingham B3 3SF

## **Registered Office**

Laporte Road

Stallingborough

Nr Grimsby

North East Lincolnshire DN41 8FG

## Strategic Report

The Directors present their Strategic report for the year ended 31 December 2014.

### Business Review

The Company's principal activity during the first nine months of 2014 was the manufacture and supply of solvent-based resins into the paint industry. Additionally there were two agreements in place with CCP Composites UK Ltd; a tolling contract for the supply of unsaturated polyester base resins and an operating agreement for blending and packing finished unsaturated polyester products. The tolling contract matured on 30 June, 2014 and was not renewed.

The Company took the decision during 2014 to close its resin manufacturing and related activities. These activities ceased on 9 July 2014, however the company continued to sell from stock built prior to the cessation and continued to trade products from other European Arkema entities until the end of September 2014. This decision resulted in the reorganising of staff related to these activities. Sales staff, hosted by the company, were transferred to Arkema Ltd. As a result of the reorganisation, the workforce decreased from 89 employees to 29 at the end of the year. Of those remaining, four employees are retained for roles related to the cessation of activities and are expected to depart the company during 2015.

This reorganisation also included the demolition of several areas of the site. The costs of the demolition and asset write-off have negatively influenced the financial result for 2014. This demolition programme is expected to be complete by mid 2015.

At the time of the reorganisation, the operating agreement with CCP Composites UK Ltd was modified. A major part of this modification was that CCP Composites UK Ltd would be responsible for all operating costs of the site. Furthermore the end of the agreement was extended from 2016 to 2019.

CCP Composites UK Ltd were purchased by the Polynt Group, an Italian based manufacturer of chemical intermediates on 20 December 2014. Their name has consequently been changed to Polynt Composites UK Ltd.

The Company's key financial performance indicators for total operations during the year were as follows:

	2014	2013
	£000	£000
Revenue	31,652	43,783
Operating (Loss)/Profit	(7,579)	2,533
(Loss)/Profit for the year attributable to equity shareholders	(6,622)	1,997
Gross profit margin	4.7%	10.7%

Average number of employees during the year totalled 57.

For continuing operations only:

	2014	2013
	£000	£000
Loss after tax	(347)	(713)

### Principal risks and uncertainties

The Company now exists solely to implement the operating agreement between Arkema and Polynt Composites UK Ltd.

All of the operational costs related to the company are paid by Polynt Composites UK Ltd and the future of the Company is to serve the contract until maturity in 2019.

## Strategic Report (continued)

The current treasury arrangements in place with the Arkema group are reviewed and adapted annually if necessary, to meet the requirements of the Company.

On behalf of the Board



P Gabbitas  
Director  
24 April 2015

Registered No. 07609424

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2014. These financial statements have been prepared under International Financial Reporting Standards as adopted by the European Union.

## Future developments

The Company will continue to operate the site on behalf of Polynt Composites UK Ltd in accordance with the operating agreement which extends to 2019.

The directors do not recommend a final dividend (2013 – £nil).

## Going concern

The Company is dependent on financial support being made available by a fellow subsidiary company Arkema France SA, to enable it to continue in operational existence and to meet its debts as they fall due.

The Company now exists solely to implement the operating agreement with Polynt Composites UK Ltd. This agreement matures in 2019. The agreement is expected to be cash generative, but the Company also has fixed costs associated with running the Company that cannot be recharged.

The directors, having assessed the relevant information, have no reason to believe that material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern.

Further detail on the reasoning behind the basis of preparation can be found in the note 2 to the financial statements.

## Directors

The directors who served the company during the year were as follows:

J Beal

I Laffont (Resigned on 8 April 2015)

P Martinez-Merello

A Barr (Resigned on 25 October 2014)

P Gabbitas (Appointed on 1 November 2014)

## Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

P Gabbitas

Director



24 April 2015

## Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

Under Company Law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company for that period.

In preparing those financial statements the directors are required to:

- Present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements.

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 and article 4 of IAS Regulation. 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.

# **Independent auditor's report**

## **to the members of Arkema Coatings Resins Limited**

We have audited the financial statements of Arkema Coatings Resins Limited for the year ended 31 December 2014 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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 Report and Financial Statements 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 the 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 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

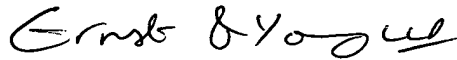
## **Independent auditor's report (continued)**

**to the members of Arkema Coatings Resins Limited**

### **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.



Eddie Diamond (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Leeds

29 April 2015



## Income statement

for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
<b>Continuing operations</b>			
<b>Revenue</b>		-	-
Cost of sales		(550)	(111)
<b>Gross Loss</b>		(550)	(111)
General and administrative expenses		(78)	(511)
Other operating income	5	58	49
<b>Operating Loss before taxation from continuing operations</b>	4	(570)	(573)
Taxation	10	223	(140)
<b>Loss for the year from continuing operations</b>		(347)	(713)
<b>Discontinued operations</b>			
(Loss)/Profit after tax for the year from discontinued operations	9	(6,275)	2,710
<b>(Loss)/Profit for the year</b>		(6,622)	1,997

## Statement of comprehensive income

for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
<b>(Loss)/Profit for the year</b>		(6,622)	1,997
<b>Other comprehensive (expenditure)/income</b>			
Actuarial (loss)/gain on defined benefit pension plans	20	(2,424)	2,903
Tax on items taken directly to or transferred from equity	10	485	(598)
<b>Other comprehensive (expenditure)/income for the year, net of tax</b>		(1,939)	2,305
<b>Total comprehensive (expenditure)/income for the year</b>		(8,561)	4,302

Total comprehensive expenditure for the year is attributable to the owners of the Company, as there is no non-controlling interest.

## Statement of financial position

at 31 December 2014

	Notes	2014 £000	2013 £000
<b>Non-current assets</b>			
Property, plant and equipment	11	640	5,373
Employee benefit asset	20	740	3,265
Deferred tax assets	10(c)	-	20
		<u>1,380</u>	<u>8,658</u>
<b>Current assets</b>			
Cash at bank and in hand	14	1,399	-
Inventories	12	-	3,948
Trade and other receivables	13	1,236	8,544
		<u>2,635</u>	<u>12,492</u>
<b>Total assets</b>		<u>4,015</u>	<u>21,150</u>
<b>Current liabilities</b>			
Bank overdraft	14	-	668
Trade and other payables	15	1,740	9,068
Provisions for liabilities and charges	16	539	41
		<u>2,279</u>	<u>9,777</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	10(c)	11	1,087
		<u>11</u>	<u>1,087</u>
<b>Total liabilities</b>		<u>2,290</u>	<u>10,864</u>
<b>Net Assets</b>		<u>1,725</u>	<u>10,286</u>
<b>Equity</b>			
Equity share capital	18	6,165	6,165
Retained earnings		(4,440)	4,121
<b>Total equity</b>		<u>1,725</u>	<u>10,286</u>



P Gabbitas  
Director  
24 April 2015

## Statement of changes in equity

for the year ended 31 December 2014

	<i>Share capital</i> £000	<i>Retained earnings</i> £000	<i>Total equity</i> £000
At 1 January 2013	6,165	(181)	5,984
Total comprehensive income for the year	-	4,302	4,302
At 1 January 2014	6,165	4,121	10,286
Total comprehensive expenditure for the year	-	(8,561)	(8,561)
At 31 December 2014	6,165	(4,440)	1,725

## Statement of cash flows

for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
<b>Operating activities</b>			
(Loss)/profit for the year		(6,622)	1,997
Depreciation	11	382	610
Impairment	11	4,390	-
Actuarial (loss)/gain through other comprehensive income	10,20	(1,939)	2,305
Income tax (credit)/charge in year	10	(412)	295
Finance costs		26	50
Gain on disposal of property, plant and equipment		(2)	
Decrease/(increase) in inventories	12	3,948	(399)
Decrease in trade receivables	13	6,334	180
Decrease/(increase) in other receivables	13	1,387	(350)
Decrease/(increase) in long-term assets	10,20	2,546	(3,719)
(Decrease) in trade payables	15	(2,621)	(891)
(Decrease) in other current payables	15	(2,000)	(241)
(Decrease)/increase in other non-current liabilities	10,20	(578)	633
Income tax paid		(244)	(169)
<b>Net cash flow from operating activities</b>		<u>4,595</u>	<u>300</u>
<b>Of which: cashflow from operating activities of discontinued operations</b>	9	<u>3,770</u>	<u>1,470</u>
<b>Investing activities</b>			
Proceeds from the sale of property, plant and equipment		34	-
Capital expenditure	11	(71)	(233)
<b>Net cash flow from investing activities</b>		<u>(37)</u>	<u>(233)</u>
<b>Of which: cashflow from investing activities from discontinued operations</b>	9	<u>(37)</u>	<u>(233)</u>
<b>Financing activities</b>			
Movement in loan from associate	15	(2,465)	(575)
Interest paid		(26)	(50)
<b>Net cash flow from financing activities</b>		<u>(2,491)</u>	<u>(625)</u>
<b>Of which: cashflow from financing activities from discontinued operations</b>		<u>(26)</u>	<u>(50)</u>
Increase/(decrease) in cash and cash equivalents		2,067	(558)
Cash and cash equivalents at 1 January		(668)	(110)
<b>Cash and cash equivalents at 31 December</b>	14	<u><u>1,399</u></u>	<u><u>(668)</u></u>

## Notes to the financial statements

at 31 December 2014

### 1. Authorisation of financial statements and statement of compliance with IFRS

The financial statements of Arkema Coatings Resins Limited for the year ended 31 December 2014 were authorised for issue by the board of directors on 24 April 2015 and the statement of financial position was signed on the board's behalf by Paul Gabbitas. Arkema Coatings Resins Limited is a private limited company incorporated and domiciled in England and Wales.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the company are set out in note 2.

### 2. Accounting policies

#### *Basis of preparation*

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2014.

The Company financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company's business activities, together with the factors likely to affect its future development and position are set out in the Strategic Report and the Directors' Report on pages 2 to 4.

#### *Going Concern*

The Company is dependent on financial support being made available by a fellow subsidiary company Arkema France SA, to enable it to continue in operational existence and to meet its debts as they fall due.

The Company now exists solely to implement the operating agreement with Polynt Composites UK Ltd. This agreement matures in 2019. The agreement is expected to be cash generative, but the Company also has fixed costs associated with running the Company that cannot be recharged.

The directors, having assessed the relevant information, have no reason to believe that material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern. Thus they adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements have been prepared under the historical cost accounting rules.

#### *Discontinued operations*

The Company took the decision during 2014 to close its resin manufacturing and related activities. These activities ceased on 9 July 2014 and the company continued to trade from stock and from other European subsidiaries until the end of September 2014.

In accordance with IFRS 5, the post tax result of discontinued operations is shown in the income statement and split separately into revenue, expenses and taxation within Note 9.

The net cashflows related to the operating, investing and financing activities of the discontinued operations are shown separately on the statement of cashflows and in detail in Note 9.

The comparative year has been re-stated so that the disclosures relate to all operations that have been discontinued.

## Notes to the financial statements (continued)

at 31 December 2014

### 2. Accounting policies (continued)

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### **Pension benefits**

The Company operates a defined benefit pension scheme. In producing an estimated year end position for the scheme the directors use a series of assumptions related to, for example, mortality, inflation and discount rates. In setting these assumptions the directors rely on advice given to them by the scheme actuary although the final decision as to what assumptions are to be used rests with the directors. Details of the assumptions used in the financial statements can be found in note 20.

#### **Deferred tax**

Deferred taxation 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 following exceptions:

- 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 future reversal of 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.

Further details are contained in note 10.

#### **Foreign currencies**

Transactions denominated in foreign currencies are recorded in sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange prevailing at that date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

#### **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Freehold and leasehold buildings	–	20–40 years
Plant and machinery	–	5–25 years
Office and lab equipment	–	5–10 years

The carrying values of plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount.

## Notes to the financial statements (continued)

at 31 December 2014

### 2. Accounting policies (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

#### **Provisions**

Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### **Inventories**

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Cost is based on:

Raw materials and consumables	–	purchase cost on a first-in, first-out basis
Finished goods	–	cost of direct materials and labour, plus a reasonable proportion of manufacturing overheads based on normal levels of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### **Trade and other receivables**

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

#### **Financial instruments**

The Company's financial instruments comprise cash at bank and currency account balances held with the parent undertaking. Within the scope of IAS 39 these financial instruments are classified as loans and receivables, and non-derivative. Loans and receivable financial instruments are held at amortised cost.

#### **Cash and cash equivalents**

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand. For the purpose of the statement of cash flows, cash and cash equivalents are as defined above and net of outstanding bank overdrafts.

#### **Pensions and other post-employment benefits**

The Company operates defined contribution pension plans and defined benefit pension plans for some of its employees.

Under defined contribution pension plans, the company pays fixed contributions on a current basis into a separate (third party) recognised Pension Fund and will have no obligation to pay further contributions. Such fixed contributions are recognised in the income statement in the period in which they become payable.

The assets of the defined contribution scheme are held separately from those of the Company in an independently administered fund. The company will have no obligation to pay further contributions. Such fixed contributions are recognised in the income statement in the period in which they become payable.

The assets of the defined benefit scheme are held separately from those of the Company. Contributions are made to the scheme in accordance with the recommendations of independent actuaries to enable the trustees to meet the benefits accrued from the scheme in respect of accrued service.

## Notes to the financial statements (continued)

at 31 December 2014

### 2. Accounting policies (continued)

#### *Pensions and other post-employment benefits (continued)*

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus, to the extent that it is recoverable, or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of comprehensive income, actuarial gains and losses.

The company has applied the option in IAS 19R to recognise actuarial gains and losses in full in the statement of comprehensive income in the period in which they occur.

#### *Leases as a Lessee*

Assets held under a lease, which transfers to the Company all the risks and benefits associated with ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised as for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under a finance lease are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases. Rentals payable are charged to the income statement on a straight-line basis over the lease term.

#### *Leases as a Lessor*

Assets leased out under operating leases are included in property, plant and equipment and depreciated over their estimated useful lives. Rental income is recognised on a straight-line basis over the lease term.

#### *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes.

#### *Accounting policy and disclosures*

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of IFRS 5 Non-current assets held for sale and discontinued operations, as noted above.

The new standards and interpretations disclosed in the 2013 Report and Financial Statements have been adopted as required during 2014. This has not led to any changes in accounting policies.



## Notes to the financial statements (continued)

at 31 December 2014

### 2. Accounting policies (continued)

#### *New standards and interpretations*

The IASB and IFRIC have issued the following standards and interpretations with an effective date after 1 January 2014 and have not been early adopted:.

<i>International Accounting Standards (IAS/IFRSs)</i>		<i>Effective date</i>
IFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendment IFRS 7	Servicing Contracts	1 January 2016
Amendment to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendment to IAS 19	Defined Benefit Plans: Employee Contributions	1 January 2016
Amendment to IAS 27	Equity Method in Separate Financial Statements	1 January 2016
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2015
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	1 January 2014
IAS 32	Offsetting Financial Assets and Liabilities	1 January 2014
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRIC 21	Levies	1 January 2014

The directors do not anticipate that the adoption of the above standards and interpretations will have a material impact on the Financial Statements, other than additional disclosures or amendments to existing disclosures, in the period of initial application.

### 3. Segment information

As a result of the discontinued operations of the business there is only one continuing segment relating to one key customer, Polynt Composites UK Ltd.

### 4. Operating (Loss)/Profit

This is stated after charging

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Depreciation	113	111
Impairment	437	-
Operating lease expense	121	116

The operating lease expenses are recharged to Polynt Composites UK Ltd and are included under the heading 'Other operating income'.

## Notes to the financial statements (continued)

at 31 December 2014

### 5. Other operating income

	2014 £000	2013 £000
Income from operating contract	58	49

The company entered into an Operating contract with a key customer (now Polynt Composites UK Limited) on 1 July 2011. Under the agreement the Company manufactures products requested by Polynt Composites UK Limited at the Stallingborough Facility.

This Operating contract was extended from 2016 to 2019 during the year.

Under the terms of the agreement all variable costs of production are recharged at cost. There is a mark up on all fixed costs relating to the manufacture of the products. Total costs recharged in the year were £2,019,000 (2013: £1,878,000)

Only the mark up is identified in the income statement.

### 6. Auditor's remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided by the company.

	2014 £000	2013 £000
Audit of the company financial statements	40	40
Other services	2	2
	<u>42</u>	<u>42</u>

### 7. Directors' remuneration

The total remuneration of directors for exercising their fiduciary duties for the Company in the year was £263,000 (2013: £87,000).

	2014 £000	2013 £000
Salary, bonus and benefits	238	79
Pension contributions	25	8

Contributions are made into a defined contribution scheme on behalf of the directors. The number of directors for whom contributions were made in 2014 was 2 (2013 – 1).

During the year directors granted shares in Arkema SA under a long term incentive plan for their qualifying services was 0 (2013 – 1).

A compensatory payment for loss of office of £142,000 was paid to a director following the reorganisation of the company. This is included in Note 9 under the heading restructuring.

## Notes to the financial statements (continued)

at 31 December 2014

### 8. Staff costs

The total staff costs for the company were:

	2014	2013
	£000	£000
Wages and salaries	2,328	3,363
Redundancy costs	2,220	-
Social security costs	306	343
Pension costs (note 20)	843	577
	<u>5,697</u>	<u>4,283</u>

The average monthly number of employees during the year was made up as follows:

	No.	No.
Administration	7	13
Selling and marketing	3	3
Production	47	69
	<u>57</u>	<u>85</u>

## Notes to the financial statements (continued)

at 31 December 2014

### 9. Discontinued operations

On 28 April, 2014, the company made an announcement to cease the production of resins as described in the Strategic Report. The results of the discontinued operations are shown below:

	Notes	2014 £000	2013 £000
<b>Revenue</b>		31,652	43,783
Cost of sales		(29,630)	(39,007)
<b>Gross Profit</b>		2,022	4,776
Distribution costs		(693)	(1,154)
Selling and marketing expenses		98	600
General and administrative expenses		(906)	(1,231)
Other operating income		110	203
Restructuring		(7,696)	-
Foreign exchange gain/(loss)		56	(88)
<b>Operating (Loss)/Profit</b>		(7,009)	3,106
Finance costs		(26)	(50)
<b>(Loss)/Profit before taxation</b>		(7,035)	3,056
Taxation	10	760	(346)
<b>(Loss)/Profit for the year attributable to equity shareholders</b>		(6,275)	2,710

The last date of production was 9 July, 2014 followed by the instigation of a restructuring plan. The costs of restructuring are shown below:

	2014 £000	2013 £000
Asset impairment	3,953	-
Dismantling and demolition costs	572	-
Severance costs	2,879	-
Contract penalties	204	-
Legal and professional fees	88	-
<b>Total Restructuring Costs</b>	<b>7,696</b>	<b>-</b>

Severance costs include redundancy, retention packages, training allowances, additional site bonus and the cost of providing enhanced early retirement pensions.

By the end of the year, £483,000 remains to be paid. This balance is shown separately within Note 16 - Provisions for liabilities

## Notes to the financial statements (continued)

at 31 December 2014

### 9. Discontinued operations (continued)

The cash flows arising from discontinued operations are as follows:

	2014 £000	2013 £000
<b>Operating activities</b>		
(Loss)/profit for the year on discontinued activities	(6,275)	2,710
Depreciation	269	499
Impairment	3,953	-
Income tax charge in year	(412)	295
Gain on disposal of property, plant and equipment	(2)	-
Decrease/(increase) in inventories	3,946	(399)
Decrease in trade receivables	6,177	170
Decrease/(increase) in other receivables	926	(208)
Decrease/(increase) in long-term assets	6	(6)
(Decrease) in trade payables	(2,477)	(1,013)
(Decrease) in other current payables	(2,227)	(329)
Increase/(decrease) in other non-current liabilities	130	(80)
Income tax paid	(244)	(169)
<b>Net cash flow from operating activities</b>	<b>3,770</b>	<b>1,470</b>
<b>Investing activities</b>		
Proceeds from the sale of property, plant and equipment	34	-
Capital expenditure	(71)	(233)
<b>Net cash flow from investing activities</b>	<b>(37)</b>	<b>(233)</b>
Interest paid	(26)	(50)
<b>Net cash flow from financing activities</b>	<b>(26)</b>	<b>(50)</b>

## Notes to the financial statements (continued)

at 31 December 2014

### 10. Income tax

(a) Income tax on profit on ordinary activities

The income tax charge is made up as follows:

	2014 £000	2013 £000
UK corporation tax on the (loss)/ profit for the year	(412)	295
Total current income tax	<u>(412)</u>	<u>295</u>
<b>Deferred income tax:</b>		
Origination and reversal of temporary differences	(613)	285
Adjustment in respect of prior periods	-	-
Effect of changes in tax rates	42	(94)
Total deferred income tax	<u>(571)</u>	<u>191</u>
Income tax (credit)/charge in the income statement	<u>(983)</u>	<u>486</u>

#### *Income tax relating to items charged or (credited) to other comprehensive income*

	£000	£000
Current tax on pension (asset)/liability	-	-
Deferred tax on pension (asset)/liability	(485)	598
Income tax charge/(credit) in statement of other comprehensive income	<u>(485)</u>	<u>598</u>

## Notes to the financial statements (continued)

at 31 December 2014

### 10. Income tax (continued)

(b) Reconciliation of the total income tax (credit)/charge

The income tax expense in the income statement for the year differs from the standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%). The differences are reconciled below:

	2014 £000	2013 £000
Accounting (loss) before tax from continuing operations	(570)	(573)
(Loss)/profit before tax from discontinued operations	(7,035)	3,056
	<u>(7,605)</u>	<u>2,483</u>
Accounting profit before taxation multiplied by standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	(1,635)	577
Expenses not deductible	193	-
Utilisation of brought forward losses at a higher rate	(37)	-
Effect of permanent differences	-	3
Tax rate differences	43	(94)
Effect of group relief/other reliefs	205	-
Deferred tax not recognised	248	-
At the effective income tax rate of 13% (2013: 20%)	<u>(983)</u>	<u>486</u>
Income tax (credit)/ charge in the income statement	(223)	140
Income tax attributable to discontinued operations	(760)	346
	<u>(983)</u>	<u>486</u>

## Notes to the financial statements (continued)

at 31 December 2014

### 10. Income tax (continued)

(c) Deferred income tax

Deferred tax relates to the following:

	<i>Statement of financial position</i>		<i>Income statement</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
On temporary difference of PPE	(11)	(429)	(418)	(6)
On pension surplus	-	(653)	(168)	191
Short term timing differences	-	15	16	7
<b>Deferred tax expense/(benefit)</b>			<b>(570)</b>	<b>192</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>(11)</b>	<b>(1,067)</b>		

Reflected in the statement of financial position as follows:

Deferred tax assets:

Continuing operations	-	15
Discontinued operations	-	5

Deferred tax liabilities:

Continuing operations	(11)	(733)
Discontinued operations		(354)

<b>(11)</b>	<b>(1,067)</b>
-------------	----------------

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Reconciliation of deferred tax liabilities, net		
As of 1 January	(1,067)	(277)
Tax income/(expense) during the period recognised in the income statement	570	(192)
Tax income/(expense) during the period recognised in the OCI	485	(598)
As at 31 December	<b>(11)</b>	<b>(1,067)</b>

(d) Factors that may affect future tax charges

The Finance Act 2013 enacted a reduction in the main rate of corporation tax from 23% to 21%, effective from 1 April 2014, with a subsequent reduction to 20% effective from 1 April 2015. Deferred tax has therefore been provided at 20%.



## Notes to the financial statements (continued)

at 31 December 2014

### 11. Property, plant and equipment

	<i>Land and buildings</i>	<i>Plant, office and lab equipment</i>	<i>Plant under construction</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:				
At 1 January 2014	1,426	5,169	364	6,959
Additions	-	-	71	71
Disposals	-	(45)	-	(45)
Transfers	43	392	(435)	-
At 31 December 2014	1,469	5,516	-	6,985
Depreciation:				
At 1 January 2014	221	1,365	-	1,586
Provided	65	317	-	382
Disposals	-	(13)	-	(13)
Impairment	788	3,602	-	4,390
At 31 December 2014	1,074	5,271	-	6,345
Net book value:				
At 31 December 2014	395	245	-	640
At 1 January 2014	1,205	3,804	364	5,373

Of the fixed assets held at the end of the year, £580,000 are assets for use on the Polynt Composites UK Ltd contract and £60,000 is an asset held for resale within the Arkema Group.

During the year fixed assets were impaired by £4,390,000.

£3,953,00 was related to assets taken out of use, scheduled for demolition due to the cessation of the resin manufacturing activities. The impairment was the net book value of these assets at the date they were last used. The provision for the impairment is shown within note 9 under the heading Restructuring.

£437,000 was the result of the impairment review on the assets that are used in executing the operating contract. The review was conducted using 7% cost of capital to discount the future value of the cash flows of the operating contract until it's maturity in 2019 compared to the net book value of those assets recorded at 31 December 2014. The 7% cost of capital used was an Arkema group rate used for a European project in relatively secure environment.

### 12. Inventories

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Raw materials and consumables	-	1,542
Finished goods	-	2,406
	-	3,948

## Notes to the financial statements (continued)

at 31 December 2014

### 13. Trade and other receivables

	2014 £000	2013 £000
Trade receivables	527	6,860
Amounts owed by fellow subsidiary undertakings	8	1,218
Income tax receivable	412	-
Other receivables	181	316
Prepayments and accrued income	108	150
	<u>1,236</u>	<u>8,544</u>

The carrying value of trade and other receivables also represents their fair value. All other receivables are neither past due or impaired. There is no provision against other receivables.

### 14. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following balance/(overdraft) at 31 December:

	2014 £000	2013 £000
Cash at bank and in hand	<u>1,399</u>	<u>(668)</u>

Cash at bank attracts interest at 1% over base rate as determined by the Bank of England.

### 15. Trade and other payables

	2014 £000	2013 £000
Trade payables	220	2,841
Amounts owed to fellow subsidiary undertakings	672	2,000
Loans owed to associate	333	2,798
Income tax payable	-	240
Other taxes and social security costs	-	656
Other payables	194	366
Accruals and deferred income	321	167
	<u>1,740</u>	<u>9,068</u>

Finance costs are payable on loans owed to associate in Euro at EONIA plus 0.40% and on USD, GBP and SEK at LIBOR plus 0.40%.

## Notes to the financial statements (continued)

at 31 December 2014

### 16. Provisions for liabilities

	2014		2013
	<i>Restructuring Provision</i>	<i>Customer Claims</i>	<i>Customer Claims</i>
	£000	£000	£000
At 1 January	-	41	61
Provision	3,743	61	-
Utilisation	(3,260)	(46)	(20)
At 31 December	483	56	41

The provisions for customer claims and restructuring are held as current liabilities as the utilisation is expected within one year.

### 17. Financial instruments

Cash at bank and in hand (note 14) and the loan from an associate with controlling influence (note 15) are both repayable on demand.

As such the carrying value and the fair value are determined to be equal and as stated.

### 18. Issued share capital

		2014		2013
	No.	£000	No.	£000
<i>Authorised, allotted, called up and fully paid</i>				
Ordinary shares of 1EUR each	7,000,000	6,165	7,000,000	6,165

### 19. Capital commitments

At 31 December 2014 amounts contracted for but not provided in the financial statements for the acquisition of property, plant and equipment amounted to £Nil (2013 – £15,325).

### 20. Pensions

#### **Defined Benefit Plan**

Arkema Coatings Resins Ltd ("the Company") participates in the Arkema Limited Defined Benefit Pension Scheme ('the Scheme'), a registered defined benefit final salary scheme. The Scheme closed to the future accrual of benefits on 31 July 2013.

The Scheme is subject to the UK regulatory framework for pensions, including the Scheme Specific Funding requirements. The Scheme is operated under trust and as such, the trustees of the Scheme are responsible for operating the Scheme. The trustees have a statutory responsibility to act in accordance with the Scheme's Trust Deed and Rules, in the best interest of the beneficiaries of the Scheme and UK legislation (including Trust law).

The Scheme is a defined benefit plan that shares risks between entities under common control.

## Notes to the financial statements (continued)

at 31 December 2014

### 20. Pensions (continued)

The Scheme has two participating employers, Arkema Coatings Resins Limited and Arkema Limited, both controlled by the Arkema Group. The liabilities and defined benefit cost allocated to the Company are determined by reference to the proportion of liabilities that are attributable to employment with the Company. Assets are allocated on a notional basis by reference to the assets transferred into the Scheme on 29 December 2011 from the Total UK Pension Plan, cash flows to/from the Scheme and a common investment return.

The trustees carry out actuarial valuations on a triennial basis in accordance with the Scheme Specific Funding requirements. If a funding valuation reveals a deficit, the trustees will agree with each participating employer a recovery plan in accordance with that employer's notional deficit which is determined as described above. The last such valuation was carried out as at 5 April 2012 and revealed that no Deficit Reduction Contributions were required to be paid by the Company.

For the year to 31 December 2014, the Company paid contributions totalling £328k. This includes employer contributions in respect of administration expenses and improvements to benefits.

#### **Net pension asset**

The company recognises a net asset in the balance sheet equal to the present value of the defined benefit obligation less the fair value of plan assets. The present value of the defined benefit obligation is calculated annually by an actuary, using the projected unit method. The assumptions used in this calculation are described in the section below.

The company recognises actuarial gains and losses immediately, through the remeasurement of the net defined benefit liability.

**The main actuarial assumptions used for IAS 19R purposes are shown in the following table:**

	2014	2013
	%	%
Retail Price inflation (% p/a)	3.10%	3.20%
Consumer Price inflation (% p/a)	2.30%	2.40%
Salary increase rate	N/A	N/A
Discount rate for scheme liabilities	3.50%	4.50%

## Notes to the financial statements (continued)

at 31 December 2014

### 20. Pensions (continued)

The longevity assumptions are shown in the following table:

	31 December 2014		31 December 2013	
	Male	Female	Male	Female
	<i>SAPS</i>	<i>SAPS</i>	<i>SAPS</i>	<i>SAPS</i>
	<i>Pensioner Light</i>	<i>Pensioner Light (YOB)</i>	<i>Pensioner Light (YOB)</i>	<i>Pensioner Light (YOB)</i>
	<i>(YOB) 100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>
Base table				
Future improvements	CMI 2013 core parameters with a 1.75% p.a. minimum improvement	CMI 2013 core parameters with a 1.75% p.a. minimum improvement	Long cohort with minimum improvement of 1% p/a	Long cohort with minimum improvement of 1% p/a

Life expectancies are shown in the following table

	31 December 2014		31 December 2013	
	Male	Female	Male	Female
Average future life expectancy (in years) for a pensioner aged 65	24.4	25.7	24.8	26.3
Average future life expectancy (in years) at age 65 for a non pensioner aged 45	27.0	28.4	26.7	28.2

## Notes to the financial statements (continued)

at 31 December 2014

### 20. Pensions (continued)

#### *Changes in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability for previous year end*

<i>Year ended 31 December 2013</i>	<i>Assets £000</i>	<i>Obligations £000</i>	<i>Net (liability)/asset £000</i>
<b>Opening position</b>	13,046	13,637	(591)
Current Service Cost	-	194	(194)
Administration Costs	-	143	(143)
Past service cost including curtailments	-	(1,141)	1,141
<b>Total Service Cost</b>	-	(804)	804
<b>Net interest</b>			
- Interest income on Scheme assets	513	-	513
- Interest cost on defined benefit obligation	-	534	(534)
<b>Total Net Interest</b>	513	534	(21)
<b>Total (expense)/income recognised in the income statement</b>	513	(270)	783
<b>Cash flows</b>			
- Scheme participant's contributions	39	74	(35)
- Employer Contributions	204	-	204
- Benefits paid (including expenses)	(716)	(716)	-
<b>Expected Closing Position</b>	13,086	12,725	361
<b>Remeasurements</b>			
- Changes in demographic assumptions	-	(1,465)	1,465
- Changes in financial assumptions	-	(385)	385
- Experience	-	(114)	114
- Return on assets excluding amounts included in net interest	939	-	939
<b>Total Remeasurements recognised in Other Comprehensive Income</b>	939	(1,964)	2,903
<b>Closing Position</b>	14,026	10,761	3,265

All pension costs except for past service costs and curtailment are considered as continuing activities, therefore the total (expense)/income recognised in the income statement is allocated:

£(358,000) continuing activities

£1,141,000 discontinued activities

## Notes to the financial statements (continued)

at 31 December 2014

### 20. Pensions (continued)

#### *Changes in the Fair Value of Plan Assets, Defined Benefit Obligations and Net Liability for current year end*

<i>Year ended 31 December 2014</i>	<i>Assets £000</i>	<i>Obligations £000</i>	<i>Net (liability)/asset £000</i>
<b>Opening position</b>	14,026	10,761	3,265
Current Service Cost	-	-	-
Administration Costs	-	78	(78)
Past service cost including curtailments	-	487	(487)
<b>Total Service Cost</b>	-	565	(565)
<b>Net interest</b>			
- Interest income on scheme assets	622	-	622
- Interest cost on defined plan obligation	-	486	(486)
<b>Total Net Interest</b>	622	486	136
<b>Total(expense)/income recognised in the income statement</b>	622	1,051	(429)
<b>Cash flows</b>			
- Employer Contributions	328	-	328
- Benefits paid (including expenses)	(432)	(432)	-
<b>Expected Closing Position</b>	14,544	11,380	3,164
<b>Remeasurements</b>			
- Changes in financial assumptions	-	3,243	(3,243)
- Experience	-	-	-
- Return on assets excluding amounts included in net interest	819	-	819
<b>Total Remeasurements recognised in Other Comprehensive Income (OCI)</b>	819	3,243	(2,424)
<b>Closing Position</b>	15,363	14,623	740

All pension costs except for past service costs and curtailment are considered as continuing activities, therefore the total (expense)/income recognised in the income statement is allocated:

£59,000 continuing activities

£(487,000) discontinued activities

## Notes to the financial statements (continued)

at 31 December 2014

### 20. Pensions (continued)

#### Asset summary

	31 December 2014		31 December 2013	
	Total		Total	
	£000	%	£000	%
UK Equity Securities	2,011	13%	5,950	42%
Overseas Equity Securities	2,124	14%	3,591	26%
UK Government Debt Securities	2,509	16%	1,405	10%
UK Corporate Debt Securities	2,230	15%	2,934	21%
Investment funds	6,458	42%		
Cash and cash equivalents	31	0%	146	1%
	<u>15,363</u>	<u>100%</u>	<u>14,026</u>	<u>100%</u>

#### Pension cost projection 2015

	2015 £000
Current service cost	80
Interest income on scheme assets	(593)
Interest cost on defined benefit obligation	<u>506</u>
Total included in Profit and Loss	<u>(7)</u>

Arkema Coatings Resins Limited expects to contribute £69,000 to the Arkema Limited Defined Benefit Pension Scheme over the year to 31 December 2015.

#### Information about the maturity profile of the benefit obligation

The Scheme is closed to future accrual of benefits and as such all members are either deferred or pensioner members. The weighted average duration of the Scheme's defined benefit obligation is approximately 26 years. The majority of the Scheme's benefits are to be paid as annuities from retirement of a member until their death.

	No. of members	Liability split
Active members	0	0%
Deferred members	31	80%
Pensioners	10	20%
	<u>41</u>	<u>100%</u>

The number of members included in the table above is based on membership as at 31 December 2014. The liability split percentages make no allowance for membership movements since the last formal valuation of the Scheme as at 5 April 2012.



## Notes to the financial statements (continued)

at 31 December 2014

### 20. Pensions (continued)

#### **Risks to which the Scheme exposes the employers**

The nature of the Scheme exposes the employers to the risk of paying unanticipated additional contributions to the Scheme in times of adverse experience. The most financially significant risks are likely to be:

- Lower than expected investment returns;
- Members living for longer than expected;
- Higher than expected actual inflation and pension increase experience; and
- The risk that movements in the value of the Scheme's liabilities as a result of movements in long term bond yields or inflation are not met by corresponding movements in the value of the Scheme's assets.

The sensitivity analysis disclosed below provides an indication of the impact on the value of the Scheme's liabilities of the risks highlighted.

<i>Change in assumptions compared with 31 December 2014 actuarial assumptions</i>	<i>Actuarial value of liabilities 2014 £000</i>
0.5% decrease in discount rate	16,632
1 year increase in life expectancy	15,062
0.5% increase in inflation	16,280

The sensitivities above are calculated using approximate methods taking into account the duration of the Scheme's liabilities. This is consistent with the approach taken in the previous year's disclosures. There are a range of other risks to which the Scheme exposes the employers, such as the risk that legislation becomes more burdensome or that the options offered by the Scheme to members are not cost neutral.

#### **Asset-liability matching strategies used by the Scheme or the employers**

The trustees' current investment strategy having consulted with the employers is, broadly, to invest in a mixture of:

- Equities – to provide growth in proportion to the current non-pensioner membership.
- Bonds – to provide some interest rate protection for the proportion of liabilities represented by current pensioner members.
- Investment funds – to provide a mixture of, for example, growth from a range of diversified funds, and more direct inflation protection through the use of swaps.

Given the level of contributions that the employers have indicated they are willing to make, the trustees have agreed to take some investment risk relative to the liabilities to help the Scheme meet its long-term funding objective.

## Notes to the financial statements (continued)

at 31 December 2014

### 20. Pensions (continued)

The trustees are required to regularly review their investment strategy in light of the revised term and nature of the Scheme's liabilities.

For full details of the financial position of the Arkema Limited Defined Benefit Pension Scheme, please refer to the accounts of Arkema SA as submitted to the Autorité des Marchés Financiers.

	2014 £000	2013 £000
The company's pension costs are analysed as follows:		
Defined contribution scheme	515	372
Defined benefit scheme charge to operating profit	328	205
Contributions to staff pension schemes (note 8)	843	577
<b>Defined contribution scheme:</b>		
Due to the scheme at year end	34	56

### 21. Other financial commitments

At 31 December 2014 the company had future minimum commitments under non-cancellable operating leases as set out below:

	2014		2013	
	<i>Land and buildings</i> £000	<i>Other</i> £000	<i>Land and buildings</i> £000	<i>Other</i> £000
Operating leases which expire:				
Within one year	–	7	–	105
In two to five years	63	217	113	310
	63	224	113	415

## Notes to the financial statements (continued)

at 31 December 2014

### 22. Other related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December 2014, are as follows:

	<i>Sales to related party</i>	<i>Purchases from related party</i>	<i>Amounts owed by related party</i>	<i>Amounts owed to related party</i>
	£000	£000	£000	£000
Associate with controlling influence	3,493	1,810	-	586
Other associates	517	11,641	8	419
	<u>4,010</u>	<u>13,451</u>	<u>8</u>	<u>1,005</u>

Transactions entered into, and trading balances outstanding at 31 December 2013, are as follows:

	<i>Sales to related party</i>	<i>Purchases from related party</i>	<i>Amounts owed by related party</i>	<i>Amounts owed to related party</i>
	£000	£000	£000	£000
Associate with controlling influence	5,409	6,705	1,001	3,493
Other associates	339	10,264	217	1,305
	<u>5,748</u>	<u>16,969</u>	<u>1,217</u>	<u>4,798</u>

#### **Terms and conditions of transactions with related parties**

Sales and Purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settled.

During the year the Company has not made any provision for doubtful debts relating to amounts owed by related parties.

### 23. Capital management, financial risk management objectives and policies

An explanation of the Company's financial instrument risk management objectives, policies and strategies is set out in the directors' report.

The directors consider that the Company has minimal sensitivity to interest rate and foreign currency risk and hence have not presented sensitivity analysis.

The primary objectives of the Company's capital management are to ensure that the Company maintains strong credit ratings, manages its cash flow and debtors and maintain healthy capital ratios in order to support its business and to maximise shareholders' value, in conjunction with Arkema SA Group treasury.

## **Notes to the financial statements (continued)**

at 31 December 2014

### **24. Ultimate parent undertaking and controlling party**

The company's immediate parent undertaking is Arkema Europe SA, a company incorporated in France. Its registered office is at 420 rue d'Estienne d'Orves, 92700 Colombes, registered with the Nanterre Register of Companies, registration number 319 632 790 R.C.S.

In the directors' opinion the company's ultimate parent undertaking and controlling party is Arkema SA, a company incorporated in France. Its registered office and the address from which group financial statements can be obtained is at 420 rue d'Estienne d'Orves, 92700 Colombes, registered with the Nanterre Register of Companies, registration number 445 074 685 R.C.S.