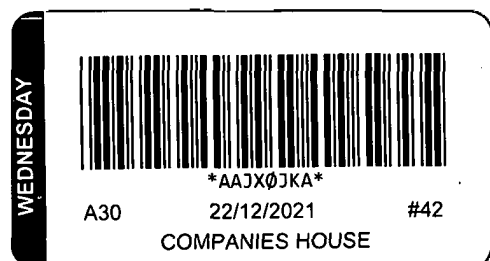


Registered number: 00540182

AEROVAC MED-LAB LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



AEROVAC MED-LAB LTD

COMPANY INFORMATION

Directors	R King M Knight L Edenbrow (appointed 1 March 2021)
Registered number	00540182
Registered office	Copeland Street Derby Derbyshire DE1 2PU
Independent auditors	MHA MacIntyre Hudson 2 London Wall Place London EC2Y 5AU

AEROVAC MED-LAB LTD

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AEROVAC MED-LAB LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

The Directors' report has been prepared in accordance with the special provisions relating to small companies under Section 415A of the Companies Act 2006. The Company has taken advantage of the exemption from preparing a Strategic Report allowed by section 414B of the Companies Act 2006. The company has also taken exemptions allowable for small companies within this Directors' Report.

On 3 March 2021, the name of the company was changed to Aerovac Med-Lab Ltd from Cytec – Med – Lab Limited. This is discussed further below.

Principal activities

The principal activity of the company is the distribution of chemicals and fuel testing equipment to the aerospace and petroleum industries. The company expects to continue in these activities going forward and there are no significant changes expected. The company has made no political donations.

Going Concern

The financial statements have been prepared on a going concern basis. The directors have prepared going concern projections which show that the company is expected to turn a profit in the twelve months from the balance sheet date and will have a positive net cash position following the acquisition by GLS Composites Distribution LLC on 1 March 2021. The company was acquired as part of plans to expand the Composite One LLC's operations outside of the US market, with Composite One LLC being the 100% owned subsidiary of GLS Composites Distribution LLC.

Four members of staff were furloughed in early 2020 and three were subsequently made redundant, as a result of the COVID-19 impact on the business. The remaining member of staff returned to work in 2020, coinciding with an upturn in sales.

Following the post year end sale to GLS Composites Distribution LLC, a cash injection of £100,000 was made into the company on 1 March 2021. The company is supported by the group, and a letter of support has been issued by the parent company, GLS Composites Distribution LLC, to state that it will support this company to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. The directors have considered the potential cash needs of the company in the foreseeable future under a worst case scenario and the potential of the ultimate parent company to provide the financial support. The parent company has access to an \$85m finance facility, from which \$80m remains undrawn as of the date of approval of these financial statements, a position which is not expected to materially change in the foreseeable future based on group level forecasts.

As such, the directors have no concerns regarding the group's ability to provide financial support should it be required, and feel it is appropriate to prepare these financial statements on a going concern basis.

AEROVAC MED-LAB LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Results and key performance indicators

The results for the year are shown in the profit and loss account on page 8. The company uses a number of financial measures to monitor progress against strategies and corporate objectives. These are summarised below:

	2020 £000	2019 £000
Revenue	3,917	5,431
Gross profit	1,969	2,611
Gross profit %	50.3%	48.1%
Operating profit	364	1,275

The business was impacted by the Covid-19 pandemic, from early 2020. Turnover decreased by £1,514k in the year. Gross margin percentage increased in comparison to the prior year, mainly being driven by product mix of sales. Going forward we still expect to maintain a healthy gross margin percentage, albeit on a lower level of sales. In absolute terms administrative costs were significantly higher in 2020 when compared to 2019. This was largely due to some one-off items being incurred in 2020. There was a significant drop in operating profit in 2020 versus 2019 and this has been driven by the factors mentioned above.

In addition to financial measures, the board also monitors the company's operations with the objective of ensuring that safety, health and environmental considerations are at the core of all working practices. In measuring the success of this, the board reviews the level of reported incidents and monitors the training being undertaken by all relevant employees.

Although performance in the year fell slightly below what was budgeted in terms of profit and revenue, we still performed strongly in the year.

AEROVAC MED-LAB LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

The key risk areas of the company are:

- Loss of key personnel;
- customer pricing affecting sales and gross margin;
- credit and cash flow risk;
- loss of key customer accounts;
- general climate/environment risks;
- Covid-19 pandemic;
- foreign exchange risk; and
- effect of the UK leaving the EU

The company seeks to manage as far as possible the key risks that it faces.

The company has an ageing senior management team and a succession plan is being developed to allow a smooth transition in the event of retirements.

The company is exposed to risks associated with the markets in which it operates and attributable to the wider social and economic environment. The company is expected to be able to perform according to its budget.

Customer pricing is under constant review and is managed by our sales team. Excellent customer service and customer relations will continue to mitigate pricing pressures. The company also faces risks specific to its trading activities, such as the potential loss of major customers or suppliers. The company continues to maximise service levels and conduct business with integrity in order to minimise such risks. We also plan to expand product ranges as well as delivering improved technology and products.

The Company's principal financial assets are trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Foreign exchange risk is managed by the group treasury function, through utilising group banking facilities and internal bank accounts.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses intercompany funding.

Following the impact of the Brexit, we will continue to monitor the risks and opportunities involved with UK leaving the EU and the company will mitigate this through the GLS Composites Distribution LLC group where possible. There will be ongoing reviews around the sensitivity of assets and liabilities with regards to foreign exchange impacts, particularly in relation to Brexit, and appropriate action to manage any impacts will be undertaken promptly.

Having considered the above risks and uncertainties, the directors have a reasonable expectation that the company will continue to operate with its current principal activities.

Dividend and transfer to reserves

The profit for the year of £364,820 has been transferred to reserves (2019: £1,046,746). During the year, and up to the date of approval of this report, dividends of £nil (2019: £nil) were proposed and paid.

AEROVAC MED-LAB LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Directors

The directors who held office during the year and at the date of this report were as follows:

R King
M Knight
D Clears

There was change in directors who held office as a result of our change to Aerovac Med-Lab Ltd. D Clears resigned his directorship on 1 March 2021 and was replaced by L Edenbrow on the same date. Similarly the Company secretary, A Murphy, resigned on 1 March 2021 and C Dobbeck was appointed on the same date.

Directors' liability and indemnity insurance was in place throughout the year to cover the directors and officers of the company against actions brought against them in their personal capacity. Neither the insurance nor the indemnity cover provide cover where the individual has acted fraudulently or dishonestly.

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
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

COVID-19

In early 2020, the COVID-19 pandemic occurred. The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

Post balance sheet events

Brexit is considered non-adjusting post balance sheet event.

On 1 March 2021, Composites One LLC, the 100% owned subsidiary of GLS Composites Distribution LLC, acquired the Process Materials business from Solvay, and Cytec-Med-Lab Limited was sold to Composites One LLC as part of this deal. Our name has now changed to Aerovac Med-Lab Ltd, and our parent company is now GLS Composites Distribution LLC. Furthermore, there has been a change in our registered office to Copeland Street, Derby, DE1 2PU from 3 March 2021.

Auditors

The auditors, MHA MacIntyre Hudson, were appointed by the directors in the year and offer themselves for reappointment.

AEROVAC MED-LAB LTD

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

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



M Knight
Director

Date: 20th DECEMBER 2021

AEROVAC MED-LAB LTD

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 judgments and accounting 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.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

AEROVAC MED-LAB LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AEROVAC MED-LAB LTD

Opinion

We have audited the financial statements of Aerovac Med-Lab Ltd (the 'Company') for the year ended 31 December 2020, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

AEROVAC MED-LAB LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AEROVAC MED-LAB LTD (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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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 material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

AEROVAC MED-LAB LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AEROVAC MED-LAB LTD (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 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 Auditors' 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.

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:

- Enquiry of management and those charged with governance around actual and potential litigation claims;
- Enquiring with entity staff regarding any known instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimate for bias; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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.

AEROVAC MED-LAB LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AEROVAC MED-LAB LTD (CONTINUED)

Atul Kariya

Atul Kariya FCCA (Senior Statutory Auditor)
for and on behalf of
MHA MacIntyre Hudson
Statutory Auditor
London
Date: 22 December 2021

AEROVAC MED-LAB LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	3	3,917,015	5,431,301
Cost of sales		(1,947,698)	(2,819,949)
Gross profit		1,969,317	2,611,352
Staff costs	4	(753,760)	(798,720)
Administrative expenses		(851,423)	(537,379)
Operating profit		364,134	1,275,253
Interest receivable and similar income	6	7,143	25,407
Interest payable and similar expenses		(7,427)	(8,431)
Profit before tax		363,850	1,292,229
Tax on profit	7	970	(245,483)
Profit for the financial year		364,820	1,046,746

The results shown in the profit and loss account derive wholly from continuing operations.

Other than the profit for the year, the company had no comprehensive income or expense in either the current or preceding year, therefore no statement of comprehensive income has been prepared.

The notes on pages 15 to 28 form an integral part of these financial statements.

AEROVAC MED-LAB LTD
REGISTERED NUMBER: 00540182

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	8	269,270	268,893
		<u>269,270</u>	<u>268,893</u>
Current assets			
Stocks	9	266,008	313,971
Debtors	10	5,476,647	5,071,326
		<u>5,742,655</u>	<u>5,385,297</u>
Creditors: amounts falling due within one year	11	(814,783)	(821,868)
Net current assets		<u>4,927,872</u>	<u>4,563,429</u>
Net assets		<u><u>5,197,142</u></u>	<u><u>4,832,322</u></u>
Capital and reserves			
Called up share capital	13	5,250	5,250
Profit and loss account		5,191,892	4,827,072
Shareholders' funds		<u><u>5,197,142</u></u>	<u><u>4,832,322</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

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

M Knight
 Director

Date: 20th DECEMBER 2021

The notes on pages 15 to 30 form part of these financial statements.

AEROVAC MED-LAB LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	5,250	4,827,072	4,832,322
Profit for the year	-	364,820	364,820
At 31 December 2020	<u>5,250</u>	<u>5,191,892</u>	<u>5,197,142</u>

The notes on pages 15 to 30 form part of these financial statements.

AEROVAC MED-LAB LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	5,250	3,780,326	3,785,576
Profit for the year	-	1,046,746	1,046,746
At 31 December 2019	5,250	4,827,072	4,832,322

The notes on pages 15 to 30 form part of these financial statements.

AEROVAC MED-LAB LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

The principal activity of the company is the distribution of chemicals and fuel testing equipment to the aerospace and petroleum industries.

These financial statements were prepared in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The entity is a qualifying entity. The functional and presentational currency of the Company and its financial statements is UK GBP.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking at the reporting date, Solvay S.A. included the Company in its consolidated financial statements. The consolidated financial statements, made up to 31 December 2020, of Solvay S.A. were prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Solvay S.A., Rue de Ransbeek, 310, 1120 Brussels, Belgium. In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Comparative period reconciliations for tangible fixed assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

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

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statement and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

The company has also taken exemption from certain requirements of IAS 36.

2. Accounting policies

2.1 Measurement convention

The financial statements are prepared on the historical cost basis.

AEROVAC MED-LAB LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.2 Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report on page 1.

The financial statements have been prepared on a going concern basis. The directors have prepared going concern projections which show that the company is expected to turn a profit in the twelve months from the balance sheet date and will have a positive net cash position following the acquisition by GLS Composites Distribution LLC on 1 March 2021. The company was acquired as part of plans to expand the Composite One LLC's operations outside of the US market.

Four members of staff were furloughed in early 2020 and, three were subsequently made redundant, as a result of the COVID-19 impact on the business. The remaining member of staff returned to work in 2020, coinciding with an upturn in sales.

Following the post year end sale to GLS Composites Distribution LLC, a cash injection of £100,000 was made in to the company on 1 March 2021. The company is supported by the group, and a letter of support has been issued by the parent company, GLS Composites Distribution LLC, to state that it will support this company to meet its financial obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. The directors have considered the potential cash needs of the company in the foreseeable future under a worst case scenario and the potential of the ultimate parent company to provide the financial support. The parent company has access to an \$85m finance facility, from which \$80m remains undrawn as of the date of approval of these financial statements, a position which is not expected to materially change in the foreseeable future based on group level forecasts.

As such, the directors have no concerns regarding the group's ability to provide financial support should it be required, and feel it is appropriate to prepare these financial statements on a going concern basis.

2.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measures in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange gains arising on translation of £5,265.58 are recognised in the profit and loss account (2019: £2,606 gain).

AEROVAC MED-LAB LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2.5 Non-derivative financial instruments

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

Trade and other debtors

Despite the requirement in paragraph 5.1.1, at initial recognition, an entity shall measure trade receivables at their transaction price (as defined in IFRS 15) if the trade receivables do not contain a significant financing component in accordance with IFRS 15 (or when the entity applies the practical expedient in accordance with paragraph 63 of IFRS 15).

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.

Interest-bearing borrowings

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

AEROVAC MED-LAB LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.6 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2.7 Interest receivable and payable

Interest income / expense is recognised in the profit and loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

AEROVAC MED-LAB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- 50	years
Plant and machinery	- 4 - 10	years
Motor vehicles	- 4	years
IFRS 16 Lease Land	-	Over the period of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

AEROVAC MED-LAB LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 IFRS 9, IFRS 15 AND IFRS 16

There is no financial impact to disclose however in relation to the adoption of these standards.

IFRS 9 Financial Instruments

The company has applied IFRS 9 from 1 January 2018. The company has elected not to restate comparatives on initial application of IFRS 9.

There will be no impact on the classification and measurement of the following financial assets held by the entities, trade receivables.

There will be no change in the accounting for any financial liabilities.

Classification and measurement

Under IFRS 9 the classification of financial assets is based both on the business model within which the asset is held and the contractual cash flow characteristics of the asset. There are three principal classification categories for financial assets that are debt instrument: (i) amortised cost, (ii) fair value through comprehensive income (FVTOCI) and (iii) fair value through profit or loss (FVTPL). Equity investments in scope of IFRS 9 are measured at fair value with gains and losses recognised in profit or loss unless an irrevocable election is made to recognise gains or losses in other comprehensive income. Under IFRS 9, derivatives embedded in financial assets are not bifurcated but instead the whole hybrid contract is assessed for classification. In respect to classification and measurement of financial liabilities changes in the fair value if a financial liability designated as at FVTPL due to credit risk are presented in other comprehensive income unless such presentation would create or enlarge an accounting mismatch in profit and loss.

Impairment

The impairment model under IFRS 9 reflects expected credit losses, as opposed to only incurred credit losses under IFRS 9. Under the impairment approach in IFRS 9, it is not necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date. The company expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables, as required or permitted by IFRS 9. The impact of this assessment has been £nil.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations. The company has adopted IFRS 15 for the year ended 31 December 2018 and has adopted the modified retrospective approach without restatement of comparatives. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

IFRS 16 lease payments

The Company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.12 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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 asset or groups of assets (the "cash-generating unit").

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

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.13 Expenses

Interest receivable

Interest income is recognised in the profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

AEROVAC MED-LAB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.14 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

3. Turnover

	2020 £	2019 £
Turnover from sale of goods	3,917,015	5,431,301
	<u>3,917,015</u>	<u>5,431,301</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	447,783	944,295
Rest of Europe	1,655,496	2,435,420
Middle East	451,987	456,521
Rest of the world	1,361,749	1,595,065
	<u>3,917,015</u>	<u>5,431,301</u>

AEROVAC MED-LAB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Employees

	2020 £	2019 £
Wages and salaries	649,645	695,905
Social security costs	64,736	60,530
Cost of defined contribution pension scheme	39,379	42,285
	<u>753,760</u>	<u>798,720</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Administration and distribution	<u>19</u>	<u>19</u>

In line with the requirements of the Companies Act 2006, the number of employees disclosed above is the monthly average for the year ended 31 December 2020.

5. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	204,712	175,726
Company contributions to money purchase pension plans	17,606	20,596
	<u>222,318</u>	<u>196,322</u>

The highest paid director received remuneration of £116,548 (2019 - £98,653).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,157 (2019 - £9,162).

6. Interest receivable

	2020 £	2019 £
Other interest receivable	7,143	25,407
	<u>7,143</u>	<u>25,407</u>

AEROVAC MED-LAB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	(970)	245,483
	<u>(970)</u>	<u>245,483</u>
Total current tax	<u>(970)</u>	<u>245,483</u>
Taxation on (loss)/profit on ordinary activities	<u>(970)</u>	<u>245,483</u>

Factors affecting tax charge for the year

Corporation tax is calculated at 19% (2019: 19%) of the estimated taxable profit for the year. The charge for the year can be reconciled to the profit and loss account as follows:

	2020 £	2019 £
Profit on ordinary activities before tax	363,850	1,292,229
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	69,132	245,524
Effects of:		
Reduction in tax rate on deferred tax balances	(2,055)	141
Fixed asset differences	583	-
Adjustments to tax charge in respect of prior periods	(641)	(2,315)
Non-deductible expenses	15,770	2,133
Group relief surrendered/(claimed)	(81,363)	-
Deferred tax not recognised	(2,396)	-
Total tax charge for the year	<u>(970)</u>	<u>245,483</u>

AEROVAC MED-LAB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Tangible fixed assets

	Freehold property £	IFRS 16 Lease Land £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 2020	268,566	86,980	107,194	462,740
Additions	-	-	14,561	14,561
At 31 December 2020	268,566	86,980	121,755	477,301
Depreciation				
At 1 January 2020	105,043	1,635	87,169	193,847
Depreciation charge for the year	3,552	1,635	8,997	14,184
At 31 December 2020	108,595	3,270	96,166	208,031
Net book value				
At 31 December 2020	159,971	83,710	25,589	269,270
At 31 December 2019	163,523	85,345	20,025	268,893

9. Stocks

	2020 £	2019 £
Finished goods	266,008	313,971
	<u>266,008</u>	<u>313,971</u>

Cost of inventories recognised as expense during the year ended 31 December 2020 was £1,842,901 (2019: £2,708,650). There were no stock write downs in the current and prior year.

AEROVAC MED-LAB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Debtors

	2020 £	2019 £
Due after more than one year		
Deferred tax asset	15,402	15,073
	<u>15,402</u>	<u>15,073</u>
Due within one year		
Trade debtors	289,632	645,162
Amounts owed by group undertakings	5,128,144	4,384,283
Other debtors	43,469	26,808
	<u>5,476,647</u>	<u>5,071,326</u>

11. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	25,306	54,037
Amounts owed to group undertakings	100,522	317,423
Other taxation and social security	264,313	264,211
IFRS 16 Right of Use Lease Liability	86,144	86,571
Accruals and deferred income	338,498	99,626
	<u>814,783</u>	<u>821,868</u>

12. Deferred taxation

	2020 £
At beginning of year	15,073
Charged to profit or loss	329
At end of year	<u>15,402</u>

AEROVAC MED-LAB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Deferred taxation (continued)

	2020 £	2019 £
Accelerated capital allowances	15,402	15,073
	<u>15,402</u>	<u>15,073</u>

13. Capital and reserves

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
5,250 (2019 - 5,250) Ordinary shares of £1 each shares of £1 each	<u>5,250</u>	<u>5,250</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.

Dividends

There was a dividend of £nil recognised during the year (2019: £nil). Dividend per share is nil (2019: £nil).

After the balance sheet date dividends of £nil per qualifying ordinary share (2019: £nil) were proposed by the directors.

14. Pension commitments

The company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £42,391 (2019 - £42,285).

AEROVAC MED-LAB LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Related party transactions

During the year the Company entered into arm's length transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December 2020 with other related parties, are as follows:

Transactions with key management personnel

Directors of the Company and their immediate relatives control 0% per cent of the voting shares of the Company.

Other related party transactions

	Sales to		Administrative expenses incurred from	
	2020	2019	2020	2019
	£	£	£	£
Parent	-	-	579,036	325,322
Other Related Parties:				
- Other Solvay group companies	-	-	43,243	52,265
- Cytec Industrial Materials (Derby) Ltd (fellow group company)	-	-	59,893	35,650
- Cytec Engineered Materials Inc. (fellow group company)	-	-	4,615	2,957
Total	-	-	686,787	416,194
	Receivables outstanding		Creditors outstanding	
	2020	2019	2020	2019
	£	£	£	£
Parent	53,496	-	91,997	311,797
Other Related Parties:				
- Other Solvay group companies	5,074,648	4,384,283	6,240	1,139
- Cytec Process Materials (Keighley) Ltd (fellow group company)	73	-	-	4,486
- Cytec Industrial Materials (Derby) Ltd (fellow group company)	-	-	-	-
- Cytec Engineered Materials Inc. (fellow group company)	-	-	2,358	-
Total	5,128,217	4,384,283	100,595	317,422

AEROVAC MED-LAB LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

16. Subsequent Events

Brexit is considered to be a non-adjusting post balance sheet event as discussed in the Director's report.

On 25 February 2021, the company declared a dividend of £4,200,000.

On 1 March 2021, Composites One LLC acquired the Process Materials business from Solvay SA, and Cytec-Med-Lab Limited was sold to Composites One as part of the deal. The Company has now changed to Aerovac Med-Lab Ltd and our parent company is now GLS Composites Distribution LLC. Furthermore, there has been a change in our registered office to Copeland Street, Derby, DE1 2PU, from 3 March 2021.

17. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are disclosed in the general information section, management is required to make judgments, estimates and assumptions about the carrying value of assets and liabilities that are not readily available from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Estimates and judgements include the value of accruals, prepayments, potential provisions against slow moving and obsolete goods, potential bad debt provisions and depreciation charges in the year,

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period and future period if the revision affects both current and future period.

Management believe there are no areas of accounting judgements or estimates uncertainty which would have a material effects on the amount recognised in the financial statements.

18. Ultimate parent company and parent company of larger group

Throughout the year, although Umeco Limited is the immediate parent company, the Company was a subsidiary undertaking of Solvay S.A. which was the ultimate parent company incorporated in Belgium, the ultimate controlling party. The registered office address of the parent company is Rue de Ransbeek, 310, 1120 Brussels, Belgium.

Due to the 1 March 2021 change of ownership mentioned below, the ultimate parent company of the business is now GLS Composites Distribution LLC. They are located at 955-10 National Parkway, Schaumburg, IL 60713, USA.