

Umeco Limited

**Annual report and financial
statements**

Registered number 00148635

31 December 2016

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Strategic report

Principal activities

The principal activity of the Company is that of an intermediate holding company. The company will continue to operate as an intermediate holding company for the foreseeable future

Business Review

The company's operations are managed under the supervision of the ultimate overseas parent company and are primarily limited to investments in subsidiary companies and financing transactions with fellow subsidiaries and the management of pension liabilities arising from pension schemes set up for former employees.

Losses for the financial year were £1,120,000 (2015: profit of £2,474,000). During the year dividends of £nil (2015: £nil) were proposed and paid.

The company remains a wholly owned subsidiary within the Solvay Group of companies. Given that the principal activity of the company is as an intermediate holding company for an overseas group the directors do not consider that key performance indicators are applicable.

Risks and uncertainties

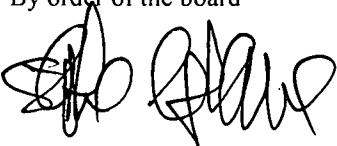
The investment balance as at 31 December 2016 is £47,967,000 (2015: £49,009,000). The investment balance has been considered for impairment by the Directors, with an impairment loss of £1,042,000 recognised in the year (2015: £251,000). This impairment relates to the Company's investment in Compstock Electronics Ltd which was dissolved on April 4 2017.

The carrying amounts of the investments are reviewed for impairment by the Directors at each reporting date or when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable.

If any such indication exists, the asset's recoverable amount is estimated by the following method: the carrying amounts of the investments were reviewed against their recoverable amounts, being the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment.

The company is not materially exposed to price risk, credit risk, liquidity risk or cash flow risk.

By order of the board



S. Glennon
Director

Composites House
Sinclair Close
Heanor Gate Industrial Estate
Heanor
Derbyshire
DE75 7SP

Date: 29 September 2017

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

Dividends

During the year dividends of £nil (2015: £nil) were proposed and paid.

Risk management

Details of risk management are discussed in the Strategic Report on page 1 and form part of this report by cross reference.

Events after balance sheet date

Compstock Electronics Ltd a subsidiary of the company at 31 December 2016 was dissolved on April 4 2017.

Directors

The directors who held office during the year are as follows:

D Darazsdi	(resigned 9 August 2016)
W Avrin	(resigned 9 August 2016)
RD Smith	(resigned 9 August 2016)
S Glennon	(appointed 9 August 2016)
S Clears	(appointed 9 August 2016)

Disclosure of information to auditor

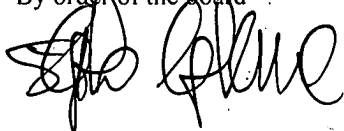
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

By order of the board



S Glennon
Director

Composites House
Sinclair Close
Heanor
Derbyshire
DE75 7SP

Date: 29 September 2017

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent ;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Umeco Limited

We have audited the financial statements of Umeco Limited for the year ended 31 December 2016 which comprise the statements of Total Comprehensive Income, the Balance Sheet, the Statements of Changes in Equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 annual report 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 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report the Directors' Report.

Independent auditor's report to the members of Umeco Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Peter Gallimore FCA (*Senior Statutory Auditor*)

for and on behalf of Deloitte LLP

Statutory Auditor

Birmingham

United Kingdom

29 September 2017

Statement of total comprehensive income
for the year ended 31 December 2016

	<i>Note</i>	2016 £000	2015 £000
Administrative expenses		(2,437))	(3,242)
Operating loss		(2,437)	(3,242)
Income from shares in group undertakings	2	1,093	347
Interest receivable and similar income	6	1,521	2,790
Amounts written off investments	9	(1042)	(251)
Interest payable and similar expense	7	(93)	(225)
Intercompany loans write off		(82)	-
Loss before taxation		(1040)	(581)
Tax on loss	8	(80)	3,055
(Loss)/profit for the financial year		(1,120)	2,474
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of defined benefit liability	14	(2,376)	2,242
Income tax on items that will not be reclassified to profit or loss	8	432	(409)
Other comprehensive income for the year, net of income tax		(1,944)	1,833
Total comprehensive income for the year		(3,064),	4,307

All of the activities of the Company are classed as continuing.

Balance sheet
as at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	9	47,967	49,009
Current assets			
Debtors	10	133,122	126,868
Cash at bank and in hand		-	7,595
		<u>133,122</u>	<u>134,463</u>
Creditors: amounts falling due within one year	11	<u>(560)</u>	<u>(4,595)</u>
Net current assets		<u>132,562</u>	<u>129,868</u>
Total assets less current liabilities		<u>180,529</u>	<u>178,877</u>
Provisions for liabilities			
Other provisions	13	(781)	(180)
Pension liability	14	(5,141)	(1,026)
		<u>(5,922)</u>	<u>(1,206)</u>
Net assets		<u>174,607</u>	<u>177,671</u>
Capital and reserves			
Called up share capital	15	12,289	12,289
Share premium account	15	116,882	116,882
Other reserves	15	111	111
Profit and loss account		45,325	48,389
Shareholders' funds		<u>174,607</u>	<u>177,671</u>

These financial statements were approved by the board of directors on 29 September 2017 and were signed on its behalf by:



S Glennon
Director

Company registered number: 148635

Statement of changes in equity

	Called up share capital £000	Share premium account £000	Other reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	12,289	116,882	111	44,082	173,364
Total comprehensive income/(loss) for the year					
Profit for the year	-	-	-	2,474	2,474
<i>Other comprehensive income</i>					
Remeasurements of defined benefit liability	-	-	-	2,242	2,242
Income tax on items that will not be reclassified to profit or loss	-	-	-	(409)	(409)
Total comprehensive income for the year	-	-	-	4,307	4,307
Balance at 31 December 2015	12,289	116,882	111	48,389	177,671
	Called up share capital £000	Share premium account £000	Other reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	12,289	116,882	111	48,389	177,671
Total comprehensive income/(loss) for the year					
(Loss) for the year	-	-	-	(1,120)	(1,120)
<i>Other comprehensive income</i>					
Remeasurements of defined benefit liability				(2,376)	(2,376)
Income tax on items that will not be reclassified to profit or loss				432	432
Total comprehensive (loss) for the year	-	-	-	(3,064)	(3,064)
Balance at 31 December 2016	12,289	116,882	111	45,325	174,607

Notes

(forming part of the financial statements)

1 Accounting policies

Umeco Limited (the "Company") is a private company limited by shares, incorporated and registered in the UK (England and Wales) under the Companies' Act 2006. Its registered address is Composites House, Sinclair Close, Heanor, Derbyshire, DE75 7SP.

The principal activities of the company are that of an intermediate holding company for investments in the business of composites for use primarily in the automotive, aerospace and leisure industries.

The financial statements are presented in pounds sterling because that is the functional currency of the primary economic environment, in which the Company operates.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, Solvay S.A. includes the Company in its consolidated financial statements. The consolidated financial statements of Solvay S.A. are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Rue De Ransbeek 310, 1120 Brussels, Belgium.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- 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:

- The disclosures required by IFRS 7 *Financial Instrument Disclosures*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 17.

Notes (continued)

1 Accounting policies (continued)

Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 <i>Disclosure Initiative</i>	<p>The Company has adopted the amendments to IAS 1 <i>Disclosure Initiative</i> for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.</p> <p>The adoption of these amendments has not resulted in any impact on the financial performance or financial position of the Company.</p>
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1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

1.2. Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The directors, having assessed the responses of the directors of the company's ultimate controlling party Solvay S.A. to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Solvay group to continue as a going concern.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Solvay S.A., the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3. 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. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

1.4. 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.

1.5. Non-derivative financial instruments

Non-derivative financial instruments comprise 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

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Notes (continued)

1 Accounting policies (continued)

1.5. Non-derivative financial instruments (continued)

Interest-bearing borrowings

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

1.6. Impairment excluding 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. 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 deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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.

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.

Notes (continued)

1 Accounting policies (continued)

1.7. Employee benefits

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA and that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest).

7 The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Company is the sponsoring employer of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is the Company.

Notes (continued)

1 Accounting policies (continued)

1.8. Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.9. Expenses

Interest payable and similar charges

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

1.10. Revenue

Dividend income and interest revenue

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

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

1.11. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

2 Investment income

	2016 £000	2015 £000
Income from shares in group undertakings	1,093	347

3 Auditor's remuneration

	2016 £000	2015 £000
Audit of these financial statements	10	20

There are no non audit services for the current and prior year.

4 Staff numbers and costs

The average number of persons employed by the Company during the year was nil (2015: nil). Notes (continued)

5 Directors' remuneration

Directors' emoluments have been borne by another group company. The directors of the company are also directors or officers of a number of the companies within the group. The directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 December 2016 or 31 December 2015.

6 Interest receivable and similar income

	2016 £000	2015 £000
Interest income on financial assets	1,521	2,789
Net interest on net defined benefit plan assets	-	1
Total interest receivable and similar income	1,521	2,790

Interest receivable and similar income includes income from group undertakings of £1,513,000 (2015: £2,766,000).

7 Interest payable and expenses

	2016 £000	2015 £000
Total interest expense on financial liabilities measured at amortised cost	93	225

Interest payable and similar charges include interest payable to group undertakings of £8,000 (2015: £nil).

Notes (continued)

8 Taxation

Recognised in the income statement

	2016		2015	
	£000	£000	£000	£000
<i>UK corporation tax</i>				
Current tax on income for the period	231		520	
Adjustments in respect of prior periods	(224)		(3,047)	
	<hr/>		<hr/>	
Total current tax		7		(2,527)
<i>Deferred tax (note 11)</i>				
Origination and reversal of temporary differences	(345)		(472)	
Impact of change in tax laws and tax rates	85		(54)	
Adjustments in respect of prior periods	333		(2)	
	<hr/>		<hr/>	
Total deferred tax		73		(528)
		<hr/>		<hr/>
Tax on loss on ordinary activities		80		(3,055)
		<hr/>		<hr/>

Income tax recognised in other comprehensive income

	2016	2015
	£000	£000
Remeasurements of defined benefit liability	(432)	409
	<hr/>	<hr/>

Corporation tax is calculated at 20% (2015: 20.25% of the estimated taxable profit for the year).

The charge credit for the year can be reconciled to the profit and loss account as follows;

	2016	2015
	£000	£000
Loss for the year	(1,040)	(581)
Loss multiplied by standard tax rate of corporation tax in the UK 20% (2015: 20.25%)	(208)	118
Non-deductible expenses	88	-
Non-taxable income	(218)	(70)
Non-deductible impairment of investments	208	-
Non-deductible intercompany loan write-down	16	-
Impact of change in tax laws and tax rates	85	(54)
Over provided in prior years	109	(3,049)
	<hr/>	<hr/>
Total tax expense/ (credit)	80	(3,055)
	<hr/>	<hr/>

A reduction to the UK corporation tax rate from 21% to 20% took effect from 1 April 2015. Finance Act 2015 (No.2), which was substantively enacted in October 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. At Budget 2016 the government announced a further reduction to the corporation tax rate to 17% from 1 April 2020

Notes (continued)

9 Fixed asset investments

	Shares in group undertakings £000
Cost	
At 1 January 2016	161,040
Additions	-
Dissolved investments	(85,903)
	<hr/>
At 31 December 2016	75,1372
	<hr/>
Provisions	
At 1 January 2016	112,031
Dissolved investments	(85,903)
Impairment losses	1,042
	<hr/>
At 31 December 2016	27,170
	<hr/>
Net book value	
At 31 December 2016	47,967
	<hr/>
At 31 December 2015	49,009
	<hr/>

Notes (continued)

9 Fixed asset investments (continued)

The Company has the following investments in subsidiaries and jointly controlled entities:

	Registered Address Note	Class of shares held	Ownership 2016	2015
Advanced Composites Group Holdings Limited	i	Ordinary	100%	100%
Advanced Composite Components Ltd *	i	Ordinary	100%	100%
Cytec - Med-Lab Limited *	i	Ordinary	100%	100%
Cytec Industrial Materials (Derby) Limited *	i	Ordinary	100%	100%
Cytec Industrial Materials (Manchester) Limited *	i	Ordinary	100%	100%
Cytec Process Materials (Keighley) Limited *	i	Ordinary	100%	100%
Umeco Composites Limited	i	Ordinary	100%	100%
Cytec Process Materials (Mondovi) Sarl *	ii	Ordinary	100%	100%
Cytec Industrial Materials (Berlin) GmbH *	iii	Ordinary	100%	100%
Dormant subsidiaries				
Advanced Composites Limited *	i	Ordinary	100%	100%
Advanced Composite Materials Limited *	i	Ordinary	100%	100%
Compstock Electronics Limited	i	Ordinary	100%	100%
Med-Lab International Limited	i	Ordinary	100%	100%
Umeco Americas Limited	i	Ordinary	100%	100%
Umeco Components Limited	i	Ordinary	100%	100%
University Motors Limited	i	Ordinary	100%	100%
Wesupply Aerospace Limited *	i	Ordinary	50%	50%
Advanced Composites Group SA Pty Ltd *	iv	Ordinary	100%	100%
Umeco International Inc.	v	Ordinary	100%	100%

* indirect subsidiary

Registered Address

- i) Composites House, Sinclair Close, Heanor, Derbyshire, DE75 7SP, U.K
- ii) Via Vigevano 1, 12084 Mondovi CN, Italy.
- iii) Hans-Bockler Allee, 30173 Hannover, Germany.
- iv) Old Paardevlei Road, Olive Grove Estate, Somerset West 7130, Western Cape, South Africa
- v) Suite 150 N, 2710 Gateway Oaks Drive, Sacramento, California 95833, U.S.A.

Advanced Composites Master Materials Limited an indirectly owned dormant company was dissolved on April 12 2016.

Cytec Process Materials (Toulouse) sarl an indirectly owned trading company was sold by Cytec Process Materials (Keighley) Ltd in December 2016 to Rhodia S.A. a Solvay SA Group company

Notes (continued)

10 Debtors

	2016 £000	2015 £000
Amounts owed by fellow group undertakings	132,184	
Amounts owed by parent	-	96,112
Amounts owed by subsidiaries	-	30,090
Other debtors	53	53
Corporation tax	-	417
Deferred tax assets (note 11)	885	193
Prepayments and accrued income	-	3
	<hr/> 133,122	<hr/> 126,868
Due within one year	132,237	126,675
Due after more than one year	885	193
	<hr/> 133,122	<hr/> 126,868

11 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Bank loans and overdrafts	-	3,402
Trade creditors	16	6
Amounts owed to subsidiaries	-	1,144
Corporation Tax	508	-
Accruals and deferred income	36	43
	<hr/> 560	<hr/> 4,595

The amounts owed to and by fellow group undertakings, owed to and by parent company and owed to and by subsidiaries are unsecured, repayable on demand and are interest free.

12 Deferred tax assets

Deferred tax assets are attributable to the following:

	2016 £000	2015 £000
Employee benefits	874	179
Provisions	-	-
Other	11	14
	<hr/>	<hr/>
Tax assets	885	193
	<hr/>	<hr/>

Movement in deferred tax during the year

	1 January 2015 £000	Recognised in income £000	31 December 2015 £000	Recognised in income £000	31 December 2016 £000
Employee benefits	-	179	179	695	874
Provisions	55	(55)	-	-	-
Other	19	(5)	14	(3)	11
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	74	119	193	692	885
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

13 Provisions

	Deferred Tax liability £000	Indemnity Claim £000	Environme- ntal costs £000	Total £000
Balance at 1 January 2016		-	180	180
Provision used during the year		-	(67)	(67)
Increase in provision for the year	333	272	64	669
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	333	272	177	782
	<hr/>	<hr/>	<hr/>	<hr/>

The environmental costs relate to work at a site in Toulouse, France, formerly operated by Umeco Repair & Overhaul. Due to the nature of the costs, the period over which the provision is expected to be utilised is difficult to determine but is currently expected to be between two and ten years. The indemnity claims relates to capital gain tax liabilities that could arise if certain assets related to former subsidiaries were disposed of in the future. The deferred tax liability relates to capital gain tax liabilities that could arise if certain assets related to current subsidiaries were disposed of in the future.

Notes (continued)

14 Employee benefits

Umeco Limited, along with other group companies, participates in the Umeco Pension and Life Assurance Plan which has two schemes, a defined benefit scheme (which was closed to new entrants in 2000 and future accruals in 2011) ("the scheme") and a defined contribution scheme.

The assets of the defined benefit scheme are held separately from those of the company, being invested by independent fund managers. Contributions to the scheme are charged to the profit and loss account so as to spread the costs of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

Movements in net defined benefit liability

	Defined benefit obligation		Fair value of plan assets		Asset ceiling		Net defined benefit liability (asset)	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Balance at 1 January	20,228	15,864	(19,202)	(19,321)	-	3,457	1,026	-
Included in profit or loss								
Past service cost	1,700	3,300		-		-	1,700	3,300
Administration cost	120	89		-		-	120	89
Interest cost/(income)	751	579	(712)	(708)		128	39	(1)
	2,571	3,968	(712)	(708)		128	1,859	3,388
Included in OCI								
Remeasurements loss/(gain):								
Actuarial loss (gain) arising from								
- Changes in demographic assumptions		510		-		-	-	510
- Change in financial assumptions	5,541	412		-		(3,585)	5,541	(3,173)
Return on plan assets exc. interest income		-	(3,165)	421		-	(3,165)	421
	5,541	922	(3,877)	421		(3,585)	2,376	(2,242)
Other								
Contributions paid by the employer	-	-	(120)	(120)		-	(120)	(120)
Benefits paid	(542)	(526)	542	526		-	-	-
Balance at 31 December	27,798	20,228	22,657	(19,202)		-	5,141	1,026

Notes (continued)

14 Employee benefits (continued)

Plan assets	2017 £000	2016 £000
Equity instruments	14,371	12,432
Government bonds	4,338	2,292
Corporate bonds	4,042	4,365
Other	(94)	113
	<u>22,657</u>	<u>19,202</u>

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2017 %	2016 %
Discount rate	2.75	3.75
Future increases in deferred pensions	2.50	2.25
Rate of increase in pensions payment - CPI	2.50	2.25
Rate of increase in pensions payment - RPI	3.00	3.25

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.6 years (male), 24.8 years (female).
- Future retiree upon reaching 65: 24.4 years (male), 26.7 years (female).

An actuarial valuation was undertaken as at 1 April 2013 and was updated for FRS 101 purposes to 31 December 2016 by a qualified independent actuary. The market value of the scheme's assets at 1 April 2013 were £17.2 million the value of which represented approximately 101% of the benefits that had accrued to members at that date on an ongoing basis, after allowing for assumed future increases in salaries. At this date the scheme had a surplus of assets over liabilities of £194,000.

Funding

The Company expects to contribute approximately £120,000 to its defined benefit plan in the next financial year.

15 Capital and reserves

Share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
49,154,884 ordinary shares of 25 pence each	<u>12,289</u>	<u>12,289</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.

Share premium account

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

Other reserve

The other reserve was created in the year ended 31 March 1990 in relation to a historic revaluation.

Notes (continued)

16 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Cytec UK Holdings Limited. The ultimate controlling party is Solvay S.A. (Belgium)

The largest group in which the results of the Company are consolidated is that headed by Solvay S.A incorporated in Belgium. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from its registered address Rue de Ransbeek 310, B-1120, Brussels, Belgium.

17 Accounting estimates and judgements

Key sources of estimation uncertainty

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

Defined benefit pension scheme

The determination of the pension cost and defined benefit obligation of the Company's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth and mortality. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. For further details on the assumptions made, see note 13.

Included within the estimate of the defined benefit pension liability is a past service cost of £3,300,000. This has arisen in the current year and has been recognised following on-going legal advice received by the Company in relation to the scheme. At this stage, the past service cost has been calculated based on the information available at the date of approval of the financial statements, and is the best estimate of the directors of the Company. On conclusion of this matter, the actual result may differ from the amounts recognised, and this will be reflected in subsequent periods.

Impairment

Investments in subsidiaries are carried at cost less impairment. They are assessed at each reporting date to determine whether there is objective evidence that the asset is impaired. An impairment loss of £1,041,000 was recognised in the year (2015: £251,000). This impairment relates to the Company's investments in Compstock Electronics Ltd, which was dissolved on 4 April 2017. In determining the recoverable amounts, management must estimate the quantum and timing of future cash flows from the subsidiary.

Critical accounting judgements in applying the Company's accounting policies

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