

Umeco Limited

**Annual report and financial
statements**

Registered number 00148635

31 December 2018



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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.

Profit for the financial year was £18,641,000 (2017: profit of £611,000). During the year dividends of £ Nil (2017: £nil) were proposed and paid.

The company's balance sheet shows net assets of £196,732,000 (2017: £178,442,000).

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

Principal risks and uncertainties

The investment balance as at 31 December 2018 is £50,176,000 (2017: £47,967,000). The investment balance has been considered for impairment by the Directors, with an impairment loss of £Nil recognised in the year (2017: £nil). 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.

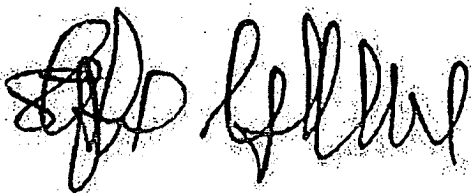
The company is not materially exposed to price risk, credit risk, liquidity risk or cash flow risk.

Future Developments

The company will continue to operate as an intermediate holding company for the foreseeable future. Management do not expect significant changes in the investment portfolio in 2019.

Should the UK leave the EU in 2019, in the short to medium term the main Brexit risks anticipated are supply chain shortages and transportation issues. The UK companies in the group have made plans and taken actions wherever possible to minimise these risks.

Approved by the Board of Directors and signed on its behalf by



S.M. Glennon
Director
Composites House
Sinclair Close
Heanor
Derbyshire
DE75 7SP

Date: 26th September 2019

Directors' report

The directors' present the annual report and the audited financial statements for the year ended 31 December 2018.

Dividends

During the year dividends of £Nil (2017: £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.

Directors

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

D.S. Clears

S.M. Glennon

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. As at year end, the entity had net assets of £197m (2017: £178m).

Auditor

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


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

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.

Approved by the Board of Directors and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S.M. Glennon', written over a faint, dotted grid background.

S.M. Glennon
Director

Composites House
Sinclair Close
Heanor
Derbyshire
DE75 7SP

Date: 27th September 2019

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 they 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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Umeco Limited (the "Company"):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement 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, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters

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

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 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.



Peter Gallimore FCA (*Senior Statutory Auditor*)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham

United Kingdom

27 September 2019

Statement of total comprehensive income
for the year ended 31 December 2018

	<i>Note</i>	2018 £000	2017 £000
Administrative expenses		(430)	(98)
Operating loss		(430)	(98)
Investment Income	2	66,418	-
Interest receivable and similar income	6	703	236
Amounts written off investments	9	(47,967)	-
Interest payable and similar expense	7	(33)	(140)
Intercompany loan recovery		-	573
Profit before taxation		18,691	571
Tax on profit	8	(50)	40
Profit for the financial year		18,641	611
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
(Increase) / decrease in defined benefit liability due to remeasurement	14	(423)	3,885
Credit / (charge) of income tax on items that will not be reclassified to profit or loss	8	72	(661)
Other comprehensive income for the year, net of income tax		(351)	3,224
Total comprehensive income for the year		18,290	3,835


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

Balance sheet
as at 31 December 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	9	50,176	47,967
Current assets			
Debtors	10	149,067	132,402
		<u>149,067</u>	<u>132,402</u>
Creditors: amounts falling due within one year	11	(94)	(142)
		<u></u>	<u></u>
Net current assets		<u>148,973</u>	<u>132,260</u>
Total assets less current liabilities		<u>199,149</u>	<u>180,227</u>
Non current liabilities			
Other provisions	13	(428)	(454)
Pension liability	14	(1,989)	(1,331)
		<u>(2,417)</u>	<u>(1,785)</u>
Net assets		<u>196,732</u>	<u>178,442</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		67,450	49,160
		<u>196,732</u>	<u>178,442</u>
Shareholders' funds		<u>196,732</u>	<u>178,442</u>

The notes on pages 11 to 23 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 27th September 2019 and were signed on its behalf by:



S.M. Glennon
Director

Company registered number: 00148635

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 2017	12,289	116,882	111	45,325	174,607
Total comprehensive income for the year					
Profit for the year	-	-	-	611	611
<i>Other comprehensive income</i>					
Remeasurements of defined benefit liability	-	-	-	3,885	3,885
Income tax on items that will not be reclassified to profit or loss	-	-	-	(661)	(661)
Total comprehensive income for the year	-	-	-	3,835	3,835
Balance at 31 December 2017	12,289	116,882	111	49,160	178,442
Balance at 1 January 2018	12,289	116,882	111	49,160	178,442
Total comprehensive income for the year					
Profit for the year	-	-	-	18,641	18,641
<i>Other comprehensive income</i>					
Remeasurements of defined benefit liability	-	-	-	(423)	(423)
Income tax on items that will not be reclassified to profit or loss	-	-	-	72	72
Total comprehensive income for the year	-	-	-	18,290	18,290
Balance at 31 December 2018	12,289	116,882	111	67,450	196,732

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.
- Certain disclosures relating to the impairment of assets in respect of management's approach to determining the recoverable amount of an asset.

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:

- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company.
- The disclosures required by IFRS 7 *Financial Instrument Disclosures*

The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Adoption of new and revised Standards

IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* are new accounting standards that are effective for the year ended 31 December 2018 and have had no impact on the financial statements of the Company.

Notes (continued)

1 Accounting policies (continued)

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.

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.

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.

Notes (continued)

1 Accounting policies (continued)

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.

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).

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.

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

	2018 £000	2017 £000
Dividend Income from shares in group undertakings	66,418	-

3 Auditor's remuneration

	2018 £000	2017 £000
Audit of these financial statements	10	10

4 Staff numbers and costs

The average number of persons employed by the Company during the year was nil. (2017: nil).

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 2018 or 31 December 2017.

6 Interest receivable and similar income

	2018 £000	2017 £000
Interest receivable from group undertakings	703	234
Interest income from third parties	-	2
Total interest receivable and similar income	703	236

7 Interest payable and similar expense

	2018 £000	2017 £000
Net interest on net defined benefit plan assets	33	140
Total interest expense on financial liabilities measured at amortised cost	33	140

Notes (continued)

8 Taxation

Recognised in the income statement

	2018		2017	
	£000	£000	£000	£000
<i>UK corporation tax</i>				
Current tax on income for the year	(89)		23	
Adjustments in respect of prior years	-		6	
	<u> </u>		<u> </u>	
Total current tax		(89)		29
<i>Deferred tax</i>				
Origination and reversal of temporary differences	43		12	
Impact of change in tax laws and tax rates	(4)		(1)	
Adjustments in respect of prior years	-		-	
	<u> </u>		<u> </u>	
Total deferred tax		39		11
		<u> </u>		<u> </u>
Tax on profit / loss on ordinary activities		(50)		40
		<u> </u>		<u> </u>

Income tax recognised in other comprehensive income

	2018	2017
	£000	£000
Remeasurement of defined benefit liability	72	(661)
	<u> </u>	<u> </u>

Corporation tax is calculated at 19% (2017: 19.25%) of the estimated taxable profit for the year.

The (expense)/ credit for the year can be reconciled to the profit and loss account as follows;

	2018	2017
	£000	£000
Profit for the year	18,691	571
Profit multiplied by standard tax rate of corporation tax in the UK 19% (2017: 19.25%)	(3,551)	(110)
Non-deductible expenses	(9,114)	(7)
Non-taxable income	12,619	42
Non-deductible intercompany loan recovery	-	110
Impact of change in tax laws and tax rates	(4)	(1)
Over / (under) provided in prior years	-	6
	<u> </u>	<u> </u>
Total tax (expense)/ credit	(50)	40
	<u> </u>	<u> </u>

Finance (No.2) Act 2015 included provisions to reduce the rate of corporation tax from 20% to 19% with effect from 1 April 2017 and 18% from 1 April 2020. Finance Act 2016 included a further reduction to the corporation tax rate to 17% from 1 April 2020

Notes (continued)

9 Fixed Asset investments

Shares in group undertakings

	2018 £000	2018 £000	2017 £000	2017 £000
<i>Cost</i>				
At 1 January		72,920		75,137
Additions		50,176		-
Share Capital Reductions		(47,967)		-
Dissolved Investments		(12,400)		(2,217)
		<u>62,729</u>		<u>72,920</u>
<i>Provisions</i>				
At 1 January		(24,953)		(27,170)
Dissolved Investments				
Compstock Electronics Ltd			2,217	
Umeco Americas Ltd	<u>12,400</u>	<u>12,400</u>	<u>-</u>	<u>2,217</u>
		<u>(12,553)</u>		<u>(24,953)</u>
<i>Net book value</i>				
At 31 December		<u>50,176</u>		<u>47,967</u>

Notes (continued)

9 Fixed asset investments (continued)

The Company has the following investments in subsidiaries:

	Registered Address Note	Class of shares held	Ownership 2018	2017
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	0%	100%

Dormant subsidiaries

Advanced Composites Group Holdings Limited	i	Ordinary	100%	100%
Advanced Composite Components Ltd *	i	Ordinary	100%	100%
Advanced Composites Limited *	i	Ordinary	0%	100%
Med-Lab International Limited	i	Ordinary	100%	100%
Umeco Americas Limited	i	Ordinary	0%	100%
Advanced Composites Group SA Pty Ltd *	iv	Ordinary	0%	100%
Umeco International Inc.	v	Ordinary	0%	100%
Cytec Industrial Materials (Berlin) GmbH *	iii	Ordinary	0%	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.

During 2018 the company acquired a 100% direct shareholding in Cytec Med-Lab Ltd and Cytec Industrial Materials (Derby) Ltd from Med-Lab International Limited and Advanced Composites Group Holdings Limited respectively. The company also increased its direct ownership in Cytec Process Materials (Keighley) Limited to 100% by purchasing the remaining shares in Cytec Process Materials (Keighley) Limited from Umeco Composites Ltd.

Med-Lab International Limited and Advanced Composites Group Holdings Limited, having sold their investments, are now dormant companies in preparation for their dissolution. During 2018 both companies reduced their share capital to £1 respectively and distributed all their reserves to the company.

Cytec Process Materials (Mondovi) Sarl was sold to Solvay SA on December 20 2018 by Umeco Composites Ltd.

During 2018 Advanced Composites Group SA Pty Ltd was dissolved on February 5, Advanced Composites Limited and Umeco Americas Limited were dissolved on February 13, Umeco International Inc was dissolved on September 24 and Cytec Industrial Materials (Berlin) GmbH was liquidated in December 2018.

Notes (continued)

10 Debtors

	2018 £000	2017 £000
Amounts owed by fellow subsidiary undertakings bearing interest	148,688	132,070
Amounts owed by fellow subsidiary undertakings which are interest free	9	49
Other debtors	24	25
Corporation tax	-	23
Deferred tax assets (note 12)	346	235
	<u>149,067</u>	<u>132,402</u>
Due within one year	148,721	132,167
Due after more than one year	346	235
	<u>149,067</u>	<u>132,402</u>

Amounts owed by fellow subsidiary undertakings are unsecured and repayable on demand

11 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	-	79
Amounts owed to fellow subsidiary undertakings	8	44
Corporation Tax	65	-
Accruals and deferred income	21	19
	<u>94</u>	<u>142</u>

Amounts owed to fellow subsidiary undertakings are unsecured, interest free and repayable on demand

12 Deferred tax assets

Deferred tax assets are attributable to the following:

	2018 £000	2017 £000
Employee benefits	338	226
Other	8	9
	<u>346</u>	<u>235</u>

Movement in deferred tax during the year

	1 January 2017 £000	Recognised in income £000	31 December 2017 £000	Recognised in income £000	31 December 2018 £000
Employee benefits	874	(648)	226	112	338
Other	11	(2)	9	(1)	8
	<u>885</u>	<u>(650)</u>	<u>235</u>	<u>111</u>	<u>346</u>

Notes (continued)

13 Other Provisions

	Deferred Tax liability £000	Indemnity Claim £000	Environme- ntal costs £000	Total £000
Balance at 1 January 2018	332	67	55	454
Provision used during the year	-	-	(26)	(26)
Decrease in provision for the year	-	-	-	-
Balance at 31 December 2018	332	67	29	428

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. The indemnity claim relates to capital gain tax liabilities that could arise if certain assets related to former subsidiaries were disposed of in the future. 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 five years.

14 Pension Liability (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)	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Balance at 1 January	23,498	27,798	(22,167)	(22,657)	-	-	1,331	5,141
Included in profit or loss								
Past service cost	213	-	-	-	-	-	213	-
Administration cost	131	131	-	-	-	-	131	131
Interest cost/(income)	576	726	(543)	(586)	-	-	33	140
	920	857	(543)	(586)	-	-	377	271
Included in OCI								
Remeasurements' loss/(gain):								
Actuarial loss (gain) due to								
Changes in demographic assumptions	(338)	(886)	-	-	-	-	(338)	(886)
Changes in financial assumptions	(922)	1,384	-	-	-	-	(922)	1,384
Scheme experience	-	(2,738)	-	-	-	-	-	(2,738)
Return on plan assets excluding interest income	-	-	1683	(1,645)	-	-	1683	(1,645)
	(1,260)	(2,240)	1683	(1,645)	-	-	423	(3,885)
Other								
Contributions paid by the employer	-	-	(142)	(196)	-	-	(142)	(196)
Benefits paid	(1,029)	(2,917)	1,029	2,917	-	-	-	-
Balance at 31 December	22,129	23,498	(20,140)	(22,167)	-	-	1,989	1,331

Notes (continued)

14 Pension Liability (Employee benefits) (continued)

Plan assets	2018 £000	2017 £000
Equity instruments	9,494	13,837
Government bonds	6,600	4,211
Corporate bonds	3,993	4,268
Other	53	(149)
	<u>20,140</u>	<u>22,167</u>

Actuarial assumptions

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

	2018 %	2017 %
Discount rate	2.75	2.75
Future increases in deferred pensions	2.40	2.40
Rate of increase in pensions payment – CPI subject to a maximum of 3%	2.05	2.05
Rate of increase in pensions payment – RPI subject to a maximum of 5%	3.30	3.30

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: 21.8 years (male), 23.7 years (female).
- Future retiree upon reaching 65: 22.8 years (male), 24.9 years (female).

An actuarial valuation was undertaken as at 31 March 2016 and was updated for FRS 101 purposes to 31 December 2018 by a qualified independent actuary. The market value of the scheme's assets at 31 March 2016 were £19.2 million the value of which represented approximately 97% 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 deficit of liabilities over assets of £840,000.

Funding

The Company expects to contribute £nil to its defined benefit plan in the next financial year.

15 Capital and reserves

Share capital

	2018 £000	2017 £000
Authorised, allotted, called up and fully paid		
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 14.

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. Amounts written off in investments during the year was £47,967,000 (2017: £nil). 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.