

**Cytec Process Materials (Keighley) Limited**

**Annual report and financial  
statements**

**Registered number 01472714**

**For the year ended 31 December 2018**



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## Directors' report

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

The Directors' report has been prepared in accordance with the special provisions relating to small companies under Section 415A of the Companies Act 2006.

The Company has taken advantage of the exemption from preparing a Strategic Report allowed by section 414B of the Companies Act 2006. The company has also taken exemptions allowable for small companies within this Directors' Report.

### Principal activities

The principal activity of the company is the distribution of a range of consumable products used within the composite materials industry.

### Going Concern

The directors company is a subsidiary undertaking of Solvay S.A. ("the Group"). The Group's trading forecasts and projections are aggregated within an overall Group set of projections for the purposes of supporting the directors' going concern assertion. The Group forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level and terms of its current debt facilities and cash generated from trading operations.

The directors have a reasonable expectation that the company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### Results and key performance indicators

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

	31 December 2018	31 December 2017
	£000	£000
Turnover	6,156	9,825
Gross profit	1,560	2,468
Gross profit %	25.3%	25.1%
Operating profit/(loss)	(706)	(598)
Working capital	1,448	1,523

Turnover in the year decreased by £3,669k compared to the prior year. In 2018 there was a further consolidation of manufacturing activities with further trade that previously sat with us moving to other group companies.

Gross profit percentage was not too different to the prior year. Year on year profit dropped due to the changes mentioned above and the significantly lower sales in 2018 versus 2017.

Operating profits decreased by £108k to a loss of £706k. This has been mainly impacted by the lower sales versus 2017.

Working capital calculation excludes intercompany and deferred tax balances. Working capital levels are monitored regularly. At 31 December 2018 working capital was £75k lower than in 2017 as a result of a concerted effort to reduce inventory levels.

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

During the year, performance was satisfactory.

## **Directors' report (continued)**

### **Principal risks and uncertainties**

The key risk areas of the company are:

- customer pricing affecting sales and gross margin;
- loss of key customer accounts;
- foreign exchange risk; and
- effect of the UK leaving the EU

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

The company is exposed to risks associated with the markets in which it operates and attributable to the wider social and economic environment. The company is expected to be able to perform according to its budget. The company also faces specific risk to its trading activities, such as the potential loss of major customers or suppliers. The company continues to maximise service levels and conduct business with integrity in order to minimise such risks. We also plan to expand product ranges as well as delivering improved technology and products.

Customer pricing is under constant review and is managed by our sales team. Excellent customer service and customer relations will continue to mitigate pricing pressures.

The company also faces risks specific to its trading activities, such as the potential loss of major customers or suppliers. The company continues to maximise service levels and conduct business with integrity in order to minimise such risks.

Foreign exchange risk is managed by the group treasury function, through utilising group banking facilities and internal bank accounts. Following the impact of the 'Brexit' referendum, we will continue to monitor the risks and opportunities involved with UK leaving the EU and the company will mitigate this through the Solvay group where possible.

Having considered the above risks and uncertainties, the directors have a reasonable expectation that the company has adequate resources to continue operating for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Dividend**

During the year dividends of £31,000,000 (2017: £nil) were proposed and paid.

### **Directors**

The Directors who held office during the period and up to the date of this report were as follows:

LC Edenbrow  
DS Clears

There are no directors' indemnities.

### **Post balance sheet events**

There are no post balance sheet events to declare.

### **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.

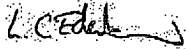
This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

## **Directors' report (continued)**

### **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.

Approved by the board of directors and signed on its behalf by



**LC Edenbrow**  
*Director*

27 September 2019

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

## **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 United Kingdom 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 ; 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 Cytec Process Materials (Keighley) Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Cytec Process Materials (Keighley) 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 loss 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:

- profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

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.

## **Independent auditor's report to the members of Cytec Process Materials (Keighley) Limited (continued)**

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.

### **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](http://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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 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.



**Independent auditor's report to the members of Cytec Process Materials (Keighley) Limited (continued)**

- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

**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

**Profit and loss account**  
for the year ended 31 December 2018

		2018	2017
	<i>Note</i>	<b>Total £000</b>	<b>Total £000</b>
<b>Turnover</b>	2	<b>6,156</b>	<b>9,825</b>
Cost of sales		<b>(4,596)</b>	<b>(7,357)</b>
<b>Gross profit</b>		<b>1,560</b>	<b>2,468</b>
Administrative expenses		<b>(2,266)</b>	<b>(3,066)</b>
<b>Operating loss</b>		<b>(706)</b>	<b>(598)</b>
Interest receivable and similar income	6	<b>112</b>	<b>59</b>
<b>Loss before taxation</b>		<b>(594)</b>	<b>(539)</b>
Tax on loss	7	<b>102</b>	<b>223</b>
<b>Loss for the financial year</b>		<b>(492)</b>	<b>(316)</b>

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

The company had no recognised gains and losses other than the profit for the year in either the current or preceding year therefore, no statement of other comprehensive income has been produced.

The notes on pages 11 to 21 form an integral part of these financial statements.

**Balance sheet**  
*as at 31 December 2018*

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Tangible assets	9	1,328	1,285
		<u>1,328</u>	<u>1,285</u>
<b>Current assets</b>			
Stocks	10	1,195	1,315
Debtors	11	3,307	35,042
Cash at bank and in hand		-	2
		<u>4,502</u>	<u>36,359</u>
<b>Creditors: amounts falling due within one year</b>	12	(982)	(1,304)
<b>Net current assets</b>		<u>3,520</u>	<u>35,055</u>
<b>Total assets less current liabilities</b>		<u>4,848</u>	<u>36,340</u>
<b>Net assets</b>		<u>4,848</u>	<u>36,340</u>
<b>Capital and reserves</b>			
Called up share capital	14	1	1
Profit and loss account		4,847	36,339
<b>Shareholders' funds</b>		<u>4,848</u>	<u>36,340</u>

The notes on pages 11 to 21 form an integral part of these financial statements. These financial statements were approved by the board of directors on 27 September 2019 and were signed on its behalf by:



**LC Edénbrow**  
Director

Company registered number: 01472714

## Statement of changes in equity

	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance at 1 January 2017	1	36,655	36,656
<b>Total comprehensive income for the period</b>			
Profit for the financial year	-	(316)	(316)
<b>Balance at 31 December 2017</b>	<b>1</b>	<b>36,339</b>	<b>36,340</b>
	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance at 1 January 2018	1	36,339	36,340
<b>Total comprehensive income for the period</b>			
Loss for the financial year	-	(492)	(492)
Dividends paid in the financial year	-	(31,000)	(31,000)
<b>Balance at 31 December 2018</b>	<b>1</b>	<b>4,847</b>	<b>4,848</b>

## **Notes to the financial statements**

For the year ended 31 December 2018

### **1 Accounting policies**

Cytec Process Materials (Keighley) Limited (the "Company") is a private company, limited by shares, incorporated and registered in the UK (England and Wales) under the Companies Act 2006. The company's registered address is included within the Directors' Report.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

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.

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 and are available to the public and may be obtained from Solvay S.A., rue de Ransbeek, B – 1120, Brussels, Belgium.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- 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; and
- Comparative period reconciliations for tangible fixed assets.

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

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

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

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.

## **Notes to the financial statements**

For the year ended 31 December 2018 *(continued)*

### **1 Accounting policies *(continued)***

#### **1.2. Going concern**

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

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The directors have prepared trading forecasts for a 12 month period from the date of approval of these financial statements and such forecasts have indicated that sufficient funds should be available to enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As a result, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

#### **1.3. Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are 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 2018.

#### **1.4. 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.

#### **1.5. Intra-group financial instruments**

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

#### **1.6. Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The annual depreciation rates applied are as follows:

Freehold buildings	2%
Plant and machinery	15% to 25%

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

## **Notes to the financial statements**

For the year ended 31 December 2018 *(continued)*

### **1 Accounting policies *(continued)***

#### **1.7. Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Net realisable value is calculated based on the most current selling price of the items in question.

#### **1.8. Impairment excluding stocks and deferred tax assets**

##### *Financial assets (including trade and other debtors)*

Financial Assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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

##### *Non-financial assets*

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

## **Notes to the financial statements**

For the year ended 31 December 2018 *(continued)*

### **1 Accounting policies *(continued)***

#### **1.9 Employee benefits**

##### ***Defined contribution plans***

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

#### **1.10 Turnover**

Turnover is recognised in the profit and loss account when goods or services are supplied or made available to customers against orders received, the significant risks and rewards of ownership have been transferred to the customer and the amount of turnover can be measured reliably. Turnover excludes value added tax and other similar sales taxes. No turnover is recognised where the recovery of the consideration is not probable. Turnover is stated after the deduction of discounts and allowances for estimated future returns. The methodology and assumptions used to estimate returns are monitored and adjusted in the light of contractual and legal obligations, historical trends, past experience and projected market conditions.

#### **1.11 Interest Receivable**

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

#### **1.12 Operating lease payments**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

#### **1.13 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account 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.

#### **1.14 IFRS 9 and IFRS 15**

This is the first year the company has adopted IFRS 9 and IFRS 15. There is no financial impact to disclose however in relation to the adoption of these standards.



## Notes to the financial statements

For the year ended 31 December 2018 *(continued)*

### 2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period. The turnover is attributable to the company's principal activity.

*Analysis of turnover by geographical market*

	2018 £000	2017 £000
United Kingdom	3,186	3,949
Rest of Europe	2,378	4,144
Rest of World	592	1,732
	<u>6,156</u>	<u>9,825</u>

### 3 Auditor's remuneration

	2018 £000	2017 £000
Audit of these financial statements	<u>13</u>	<u>13</u>

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 (including directors) during the year, analysed by category, was as follows:

	Number of employees 2018	2017
Production	4	8
Administration	11	14
	<u>15</u>	<u>22</u>

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	517	843
Severance Payments	83	14
Social security costs	4	45
Contributions to defined contribution plans	39	55
	<u>643</u>	<u>957</u>

There are no outstanding creditors in respect of the defined contribution pension scheme at 31 December 2018 (2017: £nil). In 2018 the company spent £10,665 on temporary labour (2017: £7,071).

## Notes to the financial statements

For the year ended 31 December 2018 *(continued)*

### 5 Directors' remuneration

	2018 £000	2017 £000
Directors' remuneration	67	116
Company contributions to money purchase pension plans	5	9
	<u>72</u>	<u>125</u>

The remuneration for one of the directors was borne by another group company. That director is also a director of a number of other companies within the group and his services to the company do not occupy a significant amount of their time, therefore they do not consider that they received any remuneration for the qualifying services to the entity.

	Number of directors 2018	2017
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	1	1
	<u>1</u>	<u>1</u>

### 6 Interest receivable and similar income

	2018 £000	2017 £000
Interest income from group companies	112	59
	<u>112</u>	<u>59</u>

## Notes to the financial statements

For the year ended 31 December 2018 *(continued)*

### 7 Taxation

#### Recognised in the profit and loss account

	2018		2017	
	£000	£000	£000	£000
<i>UK corporation tax</i>				
Current tax on income for the period	(81)		(112)	
Adjustments in respect of prior periods	-		(17)	
	<hr/>		<hr/>	
Total current tax		(81)		(129)
<i>Deferred tax (see note 13)</i>				
Origination and reversal of temporary differences	(23)		(73)	
Reduction in tax rate	2		(21)	
	<hr/>		<hr/>	
Total deferred tax		(21)		(94)
		<hr/>		<hr/>
Tax on loss		(102)		(223)
		<hr/>		<hr/>

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

	2018	2017
	£000	£000
Loss for the year	(594)	(539)
	<hr/>	<hr/>
Loss multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(113)	(104)
Effects of:		
Non-deductible expenses	9	6
Non-taxable income	-	(97)
(Over)/under provided in prior years	-	(38)
Difference in tax rates	2	10
	<hr/>	<hr/>
Total tax credit	(102)	(223)
	<hr/>	<hr/>

A reduction to the UK corporation tax rate from 20% to 19% took effect from 1 April 2017. Finance Act 2015 (No. 2), which was substantively enacted in October 2015, included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020.

## Notes to the financial statements

For the year ended 31 December 2018 *(continued)*

### 8 Loss for the year

Loss for the year has been arrived at after charging/(crediting):

	2018 £000	2017 £000
Net foreign exchange losses/(gains)	8	(7)
Depreciation of property, plant and equipment	63	53
Loss on disposal of property, plant and equipment	69	1
Cost of inventories recognised as expense	3,978	7,225
Staff costs (see note 4)	643	957
	<u>          </u>	<u>          </u>

### 9 Tangible fixed assets

	Freehold land and buildings £000	Plant and Machinery £000	Total £000
<b>Cost</b>			
Balance at 1 January 2018	1,546	860	2,406
Additions	144	31	175
Disposals	(88)	(377)	(465)
	<u>          </u>	<u>          </u>	<u>          </u>
Balance at 31 December 2018	1,602	514	2,116
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation and impairment</b>			
Balance at 1 January 2018	351	770	1,121
Depreciation charge for the year	38	25	63
Disposals	(22)	(374)	(396)
	<u>          </u>	<u>          </u>	<u>          </u>
Balance at 31 December 2018	367	421	788
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>			
At 31 December 2017	1,195	90	1,285
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2018	1,235	93	1,328
	<u>          </u>	<u>          </u>	<u>          </u>

## Notes to the financial statements

For the year ended 31 December 2018 *(continued)*

### 10 Stocks

	2018 £000	2017 £000
Raw materials	683	755
Finished Goods	683	751
Slow moving stock reserve	(171)	(191)
	<u>1,195</u>	<u>1,315</u>

### 11 Debtors

	2018 £000	2017 £000
Trade debtors	854	995
Intercompany debtors:		
- Parent	206	344
- Fellow group companies	1,839	33,431
Other debtors	247	132
Deferred tax assets (see note 14)	133	112
Prepayments and accrued income	28	28
	<u>3,307</u>	<u>35,042</u>

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

### 12 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	635	557
Intercompany creditors:		
- Parent	34	130
- Fellow group companies	47	227
Bank Overdraft	2	-
Other taxation and social security	15	19
Accruals	249	371
	<u>982</u>	<u>1,304</u>

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

## Notes to the financial statements

For the year ended 31 December 2018 (continued)

### 13 Deferred tax assets and liabilities

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2018 £000	Assets 2017 £000	Liabilities 2018 £000	Liabilities 2017 £000	Net 2018 £000	Net 2017 £000
Tangible fixed assets	133	112	-	-	133	112
Net tax assets	133	112	-	-	133	112

#### Movement in deferred tax during the year

	1 January 2018 £000	Recognised in income £000	Recognised in equity £000	31 December 2018 £000
Tangible fixed assets	112	21	-	133
	112	21	-	133

#### Movement in deferred tax during the prior year

	1 January 2017 £000	Recognised in income £000	Recognised in equity £000	31 December 2017 £000
Tangible fixed assets	18	94	-	112
	18	94	-	112

### 14 Capital and reserves

#### Share capital

	2018 £000	2017 £000
Authorised and allotted, called up and fully paid 1,000 Ordinary shares of £1 each	1	1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### Dividends

Dividends of £31,000,000 (2017: £nil) were proposed and paid during the period. No further dividends have been proposed by the directors after the balance sheet date.

## Notes to the financial statements

For the year ended 31 December 2018 *(continued)*

### 15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 £000	2017 £000
Less than one year	21	21
Between one and five years	21	41
More than five years	-	-
	<u>42</u>	<u>62</u>

During the year £20,835 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £24,610).

### 16 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are disclosed in note 1, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily available from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant.

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

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

### 17 Post balance sheet events

There are no post balance sheet events to declare.

### 18 Ultimate parent company and parent company of larger group

The company's immediate parent undertaking is Umeco Limited and both companies are incorporated in the United Kingdom.

The Company is a subsidiary undertaking of Solvay S.A. which is the ultimate parent company incorporated in Belgium, the ultimate controlling party. Solvay S.A has its registered office at Rue de Ransbeek, B – 1120, Brussels, Belgium.

The largest and smallest group in which the results of the Company are consolidated is that headed by Solvay S.A. 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 Solvay S.A., Rue de Ransbeek, B – 1120, Brussels, Belgium.