

Registered number: 02264869

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

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CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

COMPANY INFORMATION

Directors

M S Dain
J D Norris

Company secretary

A lapichino

Registered number

02264869

Registered office

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

Independent auditor

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their Strategic Report for Cytec Industrial Materials (Derby) Limited (the "Company") for the year ended 31 December 2022.

Business review

The Company's operations are managed under the supervision of the ultimate overseas parent company and are limited to investment in subsidiary companies. No trading was carried out in the financial year.

The Company's Balance Sheet shows net assets of £17,752,000 (2021: £17,752,000).

Investment in subsidiaries as at 31 December 2022 was £1 representing the total shareholding in Solvay Specialty Polymers UK Limited which is a company in liquidation.

Principal risks and uncertainties

The Company's financial position is driven by the performance of the companies in which it holds investments.

On 24 February 2022, the Government of Russia launched a large-scale military operation in Ukraine. As a result, the international community imposed sanctions on Russia, which in turn prompted the Russian government to impose sanctions against some countries, including those in the European Union creating turmoil in the energy markets, raw materials sourcing, financing and banking systems. Our company is implementing a strict compliance policy, which also covers export control and application of all the sanctions defined against Russia.

The impact of the conflict was a surge in inflationary pressure, which is already intense and was mitigated in 2022 through additional pricing and sourcing initiatives. The Company will continue to closely monitor the situation and the evolution of the conflict. There is no direct impact on this company given the nature of its operations.

The UK companies in the Solvay S.A. Group have made plans and taken actions wherever possible to minimise these risks.

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 reviewing the carrying amounts of the investments against the greater of their net realisable value and value in use.

The Company is not materially exposed to price risk, credit risk or cashflow risk. Any liquidity risk is managed through the Solvay S.A. Group.

Directors' statement of compliance with duty to promote the success of the Company

This section describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in exercising their duty to promote the success of the Company for the benefit of its members as a whole.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

Our Stakeholders

The directors consider that the Company's main stakeholders are its shareholders. The Company has no direct customers or employees.

The Board seeks to understand the respective interest of such stakeholder groups so that these may be properly considered in the Board's decisions. We do this through various means including direct engagement by Board members, and by receiving reports and updates from members of senior management who engage with such groups.

Having regard to the likely consequences of any decision in the long term

The Board is mindful that its strategic decisions can have long term implications for the business and its stakeholders, and these implications are carefully assessed.

The most significant recent example of this is the decision, to restructure the Solvay S.A. Group's operations to increase efficiency and simplicity.

Having regard to the impact of the Company's operations on the community and the environment

The Board supports the Company's goals and initiatives with regard to reducing adverse impacts on the environment and supporting the communities that it touches. Compliance with all legislation intended to protect people, property and the environment is a fundamental priority of the Solvay group and the Board fully supports this. Management lead by example and allocate the required resources to achieve excellence in HSE performance.

The Company always seeks to be a good neighbour to the communities in which it operates, and engages positively with community representatives when called upon to do so.

Having regard to the desirability of the Company maintaining a reputation for high standards of business conduct

The Board recognises the importance of operating a robust corporate governance framework. Part of the Board's remit is to monitor the Group's compliance to high standards of business conduct.

Having regard to the need to act fairly as between members of the Company

After weighing up all relevant factors, the directors consider which course of action best enables delivery of the Company's strategy through the long-term, taking into consideration the impact on stakeholders and the need to ensure the long-term sustainability of the Company. The directors, in doing so, act as fairly as possible between the Company's members.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Future developments

The Company will continue to operate as an intermediate holding company for the foreseeable future.

On March 15, 2022, the Group announced its plans to separate into two independent publicly traded companies: EssentialCo would comprise leading mono-technology businesses including Soda Ash, Peroxides, Silica and Coatis, which are reported as the Company's Chemicals segment, as well as the Special Chem business. SpecialtyCo would comprise the Company's currently reported Materials segment, including its highgrowth, high-margin Specialty Polymers, its high-performance Composites business, as well as the majority of its Solutions segment, including Novecare, Technology Solutions, Aroma Performance, and Oil & Gas. The transaction is subject to general market conditions and customary closing conditions, including final approval by Solvay's Board of Directors, consent of certain financing providers and shareholder approval at an extraordinary general meeting, and is expected to be completed in the second half of 2023. The Board of Directors of Solvac, Solvay's long-standing reference shareholder, has confirmed its support of Solvay's transaction.

Post balance sheet events

There are no subsequent events requiring adjustment to, or disclosure in the financial statements.

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



M S Dain
Director

Date: 19th October 2023

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and the audited financial statements of Cytec Industrial Materials (Derby) Limited (the "Company") for the year ended 31 December 2022.

Principal activities

The principal activities of the Company was that of an intermediate holding company for companies awaiting liquidation.

Results and dividends

The result for the financial year amounted to £Nil (2021: loss of £1,766,000).

During the year and up to the date of this report, dividends of £Nil (2021: £Nil) were proposed and paid.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

M S Dain
J D Norris

Qualifying third-party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Going concern

Solvay SA announced, on 15 March 2022, that it was reviewing plans to separate into two independent, publicly traded companies:

- "SpecialtyCo", which would comprise the Solvay Group's Materials segment and the majority of the Solvay Group's Solutions segment: Novecare, Technology Solutions, Aroma Performance, and Oil and Gas (together the "Specialty Business"). Cytec Industrial Materials (Derby) Limited will be part of the SpecialtyCo.
- "EssentialCo", which would comprise the leading mono-technology business in the Solvay Group's Chemicals segment and the Special Chem business (together the "Remaining Solvay Group"). Following the Partial Demerger (as defined below), the Remaining Solvay Group would consist of EssentialCo.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

DIRECTOR'S REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

Going concern (continued)

Under the separation plan, Solvay SA's shareholders would retain their current shares of Solvay SA. The separation would be effected by means of a partial demerger ("scission partielle") of Solvay SA, under Belgian law, whereby the Specialty Businesses and related legal entities, assets and liabilities will be contributed under a universal succession regime ("transmission à titre universel") to SpecialtyCo (the "Partial Demerger"). Upon completion of the Partial Demerger, Solvay shareholders would receive shares issued by SpecialtyCo pro rata to their shareholdings in Solvay SA and SpecialtyCo's shares would be admitted to trading on Euronext Brussels and Euronext Paris immediately thereafter. The Partial Demerger remains subject to general market conditions and customary closing conditions, including final approval by Solvay SA's Board of Directors, consent of certain financing providers and shareholders' approval at an extraordinary general meeting. Solvay SA expects to complete the process by December 2023. As of the date of these financial statements, it is too early to assess the impact of this transaction on the standalone financial statement of Cytec Industrial Materials (Derby) Limited. We expect this transaction to be completed only if target financing (which may include IPO) has been met, as it would not be of financial interest of shareholders to approve the transaction.

The Company utilises treasury facilities provided to it by financing entities, which are subsidiaries of Solvay SA. As the Company is reliant on these group funding arrangements, a letter of support from Solvay SA has been obtained, confirming they will provide this support for a period of 12 months from the date of approval of the financial statements.

In satisfying themselves that Solvay SA has the means and ability to provide such financial support if required, the directors have held discussions with group directors, have understood the available facilities and cash reserves of the parent undertaking, have reviewed group cash flow forecasts, including sensitivities and challenged the assumptions within and are satisfied there is sufficient available headroom on available facilities including covenant requirements.

In the event that the separation occurs the directors understand the company will form part of the SpecialtyCo and under the operation of law in Belgium (CCA 12:13, which requires transfer of rights and obligation from current parent to the new group) the SpecialtyCo will support its subsidiaries.

In satisfying themselves that SpecialtyCo has the means to provide such financial support the directors have held discussions with SpecialtyCo directors, have understood the available facilities and cash reserves of SpecialtyCo, have reviewed SpecialtyCo cash flow forecasts, including sensitivities and challenged the assumptions within and are satisfied there is sufficient available headroom on available facilities.

Thus, with the letter of support in place, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements for a period of 12 months from the date of approval of the financial statements.

Research and development activities

During the year £Nil (2021: £1,043,000) was expended on research and development programmes by the Company.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
DIRECTOR'S REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

Financial risk management policies and objectives

Details of financial risk management policies and objectives are discussed in the Strategic Report on page 2 and form part of this report by cross reference.

Future developments

Future developments have been set out within the Strategic Report on page 3 and form part of this report by cross reference.

Post balance sheet events

The post balance sheet events have been set out within the Strategic Report on page 4 and form part of this report by cross reference.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's 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.

Independent auditor

In February 2023, Ernst & Young LLP were appointed as auditor and pursuant to section 487 of the Companies Act 2006, the auditor will be deemed reappointed and Ernst Young LLP will therefore continue in office.

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



M S Dain
Director

Date: 19th October 2023

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable UK Accounting Standards, including FRS 101, 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 appropriate to presume that the Company will not 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

Opinion

We have audited the financial statements of Cytec Industrial Materials (Derby) Limited for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2022 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED (continued)

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statement themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (Companies Act 2006, FRS 101 "Reduced Disclosure Framework", Bribery Act 2010 and Money Laundering regulations), those laws and regulations relating to health and safety and employee matters and relevant tax compliance regulations in the jurisdictions in which the Company operates.
- We understood how the Cytec Industrial Materials (Derby) Limited is complying with those frameworks by making enquires of management and those responsible for legal and compliance procedures. We corroborated our enquires through the review of the following documentation:
 - all minutes of board meetings held during the year;
 - the Company's code of conduct setting out the key principles and requirements for all staff in relation to compliance with laws and regulations;
 - any relevant correspondence with local tax authorities; and
 - any relevant correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We considered the programmes and controls that the entity has established to address identified risks, or that otherwise prevent or detect fraud; and how senior management monitors those programs and controls. Due to the nature of the Company and its limited levels of activity, we identified limited areas where the risk of fraud was considered to be higher, but where this was the case, we performed audit procedures to address the identified fraud risk. These procedures principally comprised identifying the existence of manual journals and where necessary testing those journals to provide reasonable assurance that the financial statements were free from material fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management and, where relevant, legal counsel and performing focused testing on manual journals as noted above.

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

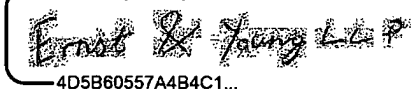
CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CYTEC INDUSTRIAL MATERIALS (DERBY) 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.

DocuSigned by:

A handwritten signature in black ink, appearing to read 'Mark Lawther', is enclosed within a black rectangular border.

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Mark Lawther (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 19 October 2023

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Turnover	4	–	25,527
Cost of sales		–	(23,212)
Gross profit		–	2,315
Administrative expenses		–	(5,527)
Operating result/(loss)	5	–	(3,212)
Profit on disposal of investment	12	–	1,500
Interest receivable and similar income	9	–	7
Interest payable and similar expenses	10	–	(87)
Result/(loss) before taxation		–	(1,792)
Tax on result/(loss)	11	–	26
Result/(loss) for the financial year		–	(1,766)
Other comprehensive income for the financial year:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit assets	19	–	2,462
Return on scheme assets less than discount rate	19	–	(157)
Deferred tax arising on gains in the pension scheme		–	(429)
Other comprehensive income for the financial year		–	1,876
Total comprehensive income for the financial year		–	110

The notes on pages 16 to 29 form part of these financial statements.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED**REGISTERED NUMBER: 02264869****BALANCE SHEET****AS AT 31 DECEMBER 2022**

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments	12	–	–
Current assets			
Debtors: amounts falling due after more than one year	13	35,640	35,640
Current liabilities			
Creditors: amounts falling due within one year	14	(17,888)	(17,888)
Net current assets		17,752	17,752
Total assets less current liabilities		17,752	17,752
Capital and reserves			
Called up share capital	17	1,209	1,209
Profit and loss account	18	16,543	16,543
Total shareholder's funds		17,752	17,752

The financial statements on pages 13 to 29 were approved and authorised for issue by the board and were signed on its behalf by:



M S Dain
Director

Date: 19th October 2023

The notes on pages 16 to 29 form part of these financial statements.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £'000	Profit and loss account £'000	Total shareholder's funds £'000
At 1 January 2021	1,209	16,433	17,642
Comprehensive income for the financial year			
Loss for the financial year	–	(1,766)	(1,766)
Remeasurements of defined benefit asset (note 19)	–	2,462	2,462
Return on scheme assets greater than discount rate (note 19)	–	(157)	(157)
Deferred tax arising on gains in the pension scheme	–	(429)	(429)
Other comprehensive income for the financial year	–	1,876	1,876
Total comprehensive income for the financial year	–	110	110
At 31 December 2021 and 1 January 2022	1,209	16,543	17,752
Comprehensive income for the financial year			
Result for the financial year	–	–	–
Total comprehensive income for the financial year	–	–	–
At 31 December 2022	1,209	16,543	17,752

The notes on pages 16 to 29 form part of these financial statements.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 General information

Cytec Industrial Materials (Derby) Limited (the "Company") is a private company limited by shares incorporated and registered in the United Kingdom (England and Wales) under the Companies Act 2006. Its registered address is Composites House, Sinclair Close, Heanor Gate Industrial Estate, Heanor, Derbyshire, DE75 7SP.

The principal activities of the Company was that of an intermediate holding company for companies awaiting liquidation. Further companies will be transferred to the Company as they become ready for liquidation in 2023.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of Solvay S.A. as at 31 December 2022 and these financial statements may be obtained from Solvay S.A., rue de Ransbeck 310, B-1120, Brussels.

2.3 Exemption from preparing consolidated financial statements

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting policies (continued)

2.4 Going concern

Solvay SA announced, on 15 March 2022, that it was reviewing plans to separate into two independent,- publicly traded companies:

- "SpecialtyCo", which would comprise the Solvay Group's Materials segment and the majority of the Solvay Group's Solutions segment: Novecare, Technology Solutions, Aroma Performance, and Oil and Gas (together the "Specialty Business"). Cytec Industrial Materials (Derby) Limited will be part of the SpecialtyCo.
- "EssentialCo", which would comprise the leading mono-technology business in the Solvay Group's Chemicals segment and the Special Chem business (together the "Remaining Solvay Group"). Following the Partial Demerger (as defined below), the Remaining Solvay Group would consist of EssentialCo.

Under the separation plan, Solvay SA's shareholders would retain their current shares of Solvay SA. The separation would be effected by means of a partial demerger ("scission partielle") of Solvay SA, under Belgian law, whereby the Specialty Businesses and related legal entities, assets and liabilities will be contributed under a universal succession regime ("transmission à titre universel") to SpecialtyCo (the "Partial Demerger"). Upon completion of the Partial Demerger, Solvay shareholders would receive shares issued by SpecialtyCo pro rata to their shareholdings in Solvay SA and SpecialtyCo's shares would be admitted to trading on Euronext Brussels and Euronext Paris immediately thereafter. The Partial Demerger remains subject to general market conditions and customary closing conditions, including final approval by Solvay SA's Board of Directors, consent of certain financing providers and shareholders' approval at an extraordinary general meeting. Solvay SA expects to complete the process by December 2023. As of the date of these financial statements, it is too early to assess the impact of this transaction on the standalone financial statement of Cytec Industrial Materials (Derby) Limited. We expect this transaction to be completed only if target financing (which may include IPO) has been met, as it would not be of financial interest of shareholders to approve the transaction.

The Company utilises treasury facilities provided to it by financing entities, which are subsidiaries of Solvay SA. As the Company is reliant on these group funding arrangements, a letter of support from Solvay SA has been obtained, confirming they will provide this support for a period of 12 months from the date of approval of the financial statements.

In satisfying themselves that Solvay SA has the means and ability to provide such financial support if required, the directors have held discussions with group directors, have understood the available facilities and cash reserves of the parent undertaking, have reviewed group cash flow forecasts, including sensitivities and challenged the assumptions within and are satisfied there is sufficient available headroom on available facilities including covenant requirements.

In the event that the separation occurs the directors understand the company will form part of the SpecialtyCo and under the operation of law in Belgium (CCA 12:13, which requires transfer of rights and obligation from current parent to the new group) the SpecialtyCo will support its subsidiaries.

In satisfying themselves that SpecialtyCo has the means to provide such financial support the directors have held discussions with SpecialtyCo directors, have understood the available facilities and cash reserves of SpecialtyCo, have reviewed SpecialtyCo cash flow forecasts, including sensitivities and challenged the assumptions within and are satisfied there is sufficient available headroom on available facilities.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting policies (continued)

2.4 Going concern (continued)

Thus, with the letter of support in place, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements for a period of 12 months from the date of approval of the financial statements."

2.5 Foreign currency translation

Transactions in foreign currencies are translated to the Company's functional currency (GBP) 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 Statement of Comprehensive Income.

2.13 Current and deferred taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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. Temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are not provided for. 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.

2.14 Investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting policies (continued)

2.15 Financial instruments

Classification of financial instruments issued by the Company

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 revised financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

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 in line with IFRS 9.

Trade and other creditors

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

Interest-bearing borrowings

Interest-bearing 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.

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.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

3 Judgements in applying accounting policies and key sources of estimation uncertainty

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. There are not considered to be any estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

Critical accounting judgements in applying the Company's accounting policies

With the exception of the defined benefits pension scheme, the directors do not consider that there are any critical accounting judgements or sources of estimation uncertainty in applying the Company's accounting policies.

4 Turnover

All turnover was generated from the sale of goods in relation to the principal activity of the Company until 1 July 2021.

Analysis of turnover by country of destination:

	2022	2021
	£'000	£'000
United Kingdom	–	8,326
Rest of Europe	–	9,913
North America	–	5,752
Rest of the World	–	1,536
	–	25,527

5 Operating result/(loss)

The operating result/(loss) is stated after charging/(crediting):

	2022	2021
	£'000	£'000
Research and development expensed as incurred	–	1,043
Depreciation of tangible assets	–	920
Depreciation of right of use assets	–	83
Amortisation of intangible assets	–	114
Foreign exchange profit	–	(31)
Cost of stock recognised as an expense	–	14,486
Impairment of stock recognised as an expense	–	421
Profit on disposal of fixed assets	–	(1,368)

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

6 Auditor's remuneration

	2022	2021
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	–	24

Audit fees of these financial statements in the current year were borne by the Company's parent company and is not recharged. No non-audit services were provided in the current or prior year.

7 Employees

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	£'000	£'000
Wages and salaries	–	4,293
Social security costs	–	359
Other pension costs	–	255
Share-based payments (see note 19)	–	7
	–	4,914

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

	2022	2021
	Number	Number
Production	–	61
Non-production and administration	–	35
	–	96

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

8 Directors' remuneration

	2022	2021
	£'000	£'000
Aggregate directors' remuneration	–	134
Company contributions to defined contribution schemes	–	10
	–	144

During the year retirement benefits were accruing to no directors (2021: 3) in respect of defined contribution pension schemes.

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 and their 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 year ended 31 December 2022.

The highest paid director received remuneration of £Nil (2021: £95,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2021: £6,000).

9 Interest receivable and similar income

	2022	2021
	£'000	£'000
Other interest receivable	–	7

10 Interest payable and similar expenses

	2022	2021
	£'000	£'000
Loans from group undertakings	–	82
Lease interest	–	5
	–	87

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tax on result/(loss)

	2022	2021
	£'000	£'000
Corporation tax		
Current tax on result/(losses) for the financial year	–	13
Adjustments in respect of previous periods	–	230
Total current tax	–	243
Deferred tax:		
Origination and reversal of timing differences	–	(118)
Changes to tax rates	–	(151)
Total deferred tax	–	(269)
Total tax	–	(26)

Factors affecting tax credit for the year

The tax assessed for the year is the same as (2021: higher than) the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	2022	2021
	£'000	£'000
Result/(loss) before taxation	–	(1,792)
Result/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	–	(340)
Effects of:		
Expenses not deductible for tax purposes	–	48
Adjustments in respect of prior years	–	80
Income not taxable	–	(69)
Disposal of subsidiaries	–	(285)
Transfer of trade out	–	526
Amounts not recognised	–	14
Total tax credit for the financial year	–	(26)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (published on 24 May 2022, with royal assent received on 10 June 2022). This confirmed an increase to the corporation tax rate to 25% with effect from 1 April 2023.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

12 Investments

	Investments in subsidiaries £'000
Cost	
At 1 January 2022	–
Addition	–
At 31 December 2022	–
Accumulated impairment	
At 31 December 2022	–
Net book value	
At 31 December 2022	–
At 31 December 2021	–

The following subsidiary undertaking was acquired during the year for the sum of £1 and was held as of 31 December 2022:

Name	Registered office	Principal activity	Class of shares	Holding
Solvay Specialty Polymers UK Limited	Solvay House, Baronet Road, Warrington,	Non-trading company awaiting completion of	Ordinary	100%

13 Debtors

	2022 £'000	2021 £'000
Amounts falling due after more than one year		
Amounts owed by group undertakings	35,640	35,640

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

14 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Amounts owed to group undertakings	17,888	17,888

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

15 Leases

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	2022	2021
	£'000	£'000
Right-of-use assets	–	135
Interest	–	5
Total cash outflow	–	140

Finance lease exposure transferred to CEM on 1 July 2021.

16 Deferred taxation

	2022	2021
	£'000	£'000
At beginning of the year	–	(511)
Credited to profit and loss for the year	–	269
Charged to other comprehensive income for the year	–	(429)
Movement arising from transfer of trade	–	671
At the end of the year	–	–

17 Called up share capital

	2022	2021
	£'000	£'000
Allotted and fully paid		
1,209,212 (2021: 1,209,212) Ordinary shares of £1 (2021: £1) each	1,209	1,209

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.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

18 Reserves

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Company

19 Employee benefits

a) Defined benefit plans

The Company was the sponsoring employer of the Advanced Composites Group pension scheme providing benefits based on final pensionable pay. The plan was for the benefit of all relevant employees of Cytec Industrial Materials (Derby) Limited. The scheme was closed to future accruals on 30 April 2014 and the plan and related asset was transferred to Cytec Engineered Materials Ltd on 1 July 2021.

	2022	2021
	£'000	£'000
Reconciliation of present value of plan liabilities		
At the beginning of the year	–	21,641
Interest cost	–	179
Actuarial gains	–	(2,462)
Benefits paid	–	(168)
Decrease due to effect of business combination	–	(19,190)
At the end of the year	–	–

Reconciliation of present value of plan assets:

	2022	2021
	£'000	£'000
At the beginning of the year	–	22,503
Interest income	–	187
Return on plan assets (less)/greater than discount rate	–	(157)
Benefits paid	–	(168)
Decrease due to effect of business combination	–	(22,365)
At the end of the year	–	–

The amounts recognised in profit or loss are as follows:

	2022	2021
	£'000	£'000
Actual return on scheme assets	–	(157)

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

19 Employee benefits (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2022	2021
	%	%
Discount rate	–	2.00
Future salary increases	–	N/A
Future pension increases	–	3.00
Mortality rates		
– for a male aged 65 now	–	21.1 years
– at 65 for a male aged 45 now	–	22.1 years
– for a female aged 65 now	–	23.1 years
– at 65 for a female member aged 45 now	–	24.3 years

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.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by one percent.

	2022	2021
	£'000	£'000
Discount rate - down 1 %	–	4,597
Inflation (RPI, CPI) - including pension increases - up 1 %	–	2,963

In valuing the liabilities of the pension fund at 31 December 2022, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2022 would have increased by £Nil (2021: £Nil) before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 May 2019 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

The Scheme's investment strategy is to achieve a mix of investments for long-term growth and to meet short-term benefit payments. The current target asset allocation is to hold 50% in equity instruments and 50% in bonds and liability driven investments.

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

19 Employee benefits (continued)

Funding

The Company's cash contribution to the Scheme is determined in accordance with the Pensions Act 2004. The Company expects to pay £Nil in contributions to its defined benefit plans in 2023. The weighted average duration of the defined benefit obligation at the end of the reporting period is Nil years (2021: Nil years).

b) Defined contribution plans

The Company operated a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £Nil (2021: £255,000). The amount remaining payable at the year end was £Nil (2021: £Nil)

c) Share based payments

A number of employees were participants in The 1993 Stock Award and Incentive Plan, as amended on 31 January 2012 of Cytec Industries Inc. ('the plan'). Under the terms of the plan, the employees were entitled to stock options and stock settled share appreciation rights ('SARS'). The plan was considered to be an equity settled group share based scheme under IFRS 2 Share-based payments. Details of the plan can be found in the annual report of Cytec Industries Inc. for the year ended 31 December 2014.

Following the acquisition of Cytec Industries Inc. by Solvay S.A. for \$75.25 per share on 9 December 2015, the share based payment schemes were cancelled, and converted into a right for the employees to receive cash for any outstanding awards. The exercise of the options and subsequent cancellation has led to a charge in the Statement of Comprehensive Income of £Nil in the current year (2021: £7,000) in relation to the cancellation of these awards for employees of the Company. Following the cancellation, the employees hold no further options in relation to the plan.

20 Related party transactions

	2022	2021
	£'000	£'000
Revenues		
Associated company		
Penso Holdings Ltd	–	889

CYTEC INDUSTRIAL MATERIALS (DERBY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

21 Post balance sheet events

There are no subsequent events requiring adjustment to, or disclosure in the financial statements.

22 Ultimate parent undertaking and controlling party

The Company's immediate parent is Cytec Engineering Materials Limited a company incorporated in the United Kingdom.

The Company is a subsidiary undertaking of Solvay S.A. which is the ultimate parent company incorporated in Belgium, and which is considered to be the ultimate controlling party.

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 www.solvay.com or from the registered office of Solvay S.A., rue de Ransbeck 310, Brussels.