

Brunner Mond Group Limited

Annual report and financial statements
for the year ended 31 March 2010

Registered number: 03524903

Directors' report for the year ended 31 March 2010

The directors present their annual report on the affairs of the Group, together with the audited financial statements for the year ended 31 March 2010.

Business review and principal activities

The Group's principal activities are the manufacture and sale of sodium carbonate (Soda Ash), sodium bicarbonate and related products.

Turnover for the year was £241.8 million (2009: £272.0 million) and the loss on ordinary activities before taxation was £4.2 million (2009: loss of £9.3 million) after taking into account exceptional costs of £16.4 million (2009: £20.8 million). The directors do not recommend the payment of a dividend (2009: £nil).

On 31 August 2009 Brunner Mond BV ceased manufacturing operations at its site in Delfzijl, Netherlands. The costs relating to the closure have been included as exceptional items in the financial statements.

Research and Development

The Group's research and development team provides support to the Group's customers and seeks to improve the efficiency of the Group's manufacturing processes. The research and development team also leads the Group's efforts with respect to the development and capacity expansions of plants, together with the maintenance and improvement in safety and environmental standards.

Future outlook

The directors believe that the Group is well placed to take advantage of the opportunities which are expected to arise in the coming year.

At 31 March 2010 the Group was funded partially by bank loans, £57.1 million of which is due for repayment by June 2011. The directors have prepared forecasts of the Group's profitability and cash generation for the period 12 months beyond the date of this report, taking into account the sensitivity of business performance to possible changes in market conditions and as a result of the current economic uncertainty. These forecasts indicate that the Group's existing facilities should be sufficient during the period to June 2011 and, thereafter, the business performance should ensure that replacement financing will be forthcoming on terms which are acceptable to the Group.

Accordingly, the directors continue to adopt the going concern basis in preparation of the financial statements.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme which seeks to limit the adverse effects on the financial performance of the Group where appropriate. The Group is exposed to commodity price risk as a result of its operations and seeks to mitigate this risk through various purchasing strategies. The Group manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. The Group has hedged part of its interest rate exposure and takes out forward foreign exchange contracts where appropriate.

Directors' report for the year ended 31 March 2010 (continued)

Key performance indicators ("KPIs")

Business performance-related bonuses are paid to the group's employees where targets in respect of safety, profitability, manufacturing performance and cost control are met or exceeded. In addition, key market and raw materials prices are monitored closely and action taken, where appropriate, to optimise margins earned by the company's operations. The Directors believe that these measures represent the Group's KPIs.

Directors

The directors who served during the year, and thereafter were as follows:

P.K. Ghose	Director	
J.J. Kerrigan	Director	
M. Ramakrishnan	Chairman	
J. Mathenge	Director	(resigned 1 October 2009)
D. Bloomquist	Director	
A. Basu	Director	
M.J. Ashcroft	Director	(appointed 12 May 2010)

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Group has a continued commitment to communication through the use of work group meetings, newsletters, regular financial information and consultation meetings for workplace representatives. The Group will continue to enhance all communication channels to everyone in the Group.

Charitable and political contributions

During the year the Group made charitable donations of £18,000 (2009: £7,000). No donations have been made to any political party (2009: same).

Environment

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements systems to minimise adverse effects that might be caused by its activities. The Group operates in accordance with its publicly available environmental policy, which does not form part of this Report. It adheres to the conditions detailed in all relevant environmental licences and permits and any other relevant legislation or regulations covering its activities or environmental impacts. Initiatives designed and implemented to manage and reduce the Group's environmental footprint include investigating further reductions in emissions to air and water, reducing the amount of solid waste that is sent to landfill and improving energy use and efficiency.

Directors' report for the year ended 31 March 2010 (continued)

Auditors and statement of disclosure to the auditor

Each of the persons who are directors at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditors, Deloitte LLP have indicated their willingness to continue in office. As a result of the company passing a written resolution, there is no longer a requirement for the Auditors to be appointed on an annual basis.

By order of the Board,

J.L. Abbotts
Company Secretary

31 May 2010

Mond House
Winnington
Northwich
Cheshire
CW8 4DT

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Group and of the profit or loss of the company and Group for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' report to the Members of Brunner Mond Group Limited

We have audited the financial statements of Brunner Mond Group Limited for the year ended 31 March 2010 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2010 and of the group's loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' report to the Members of Brunner Mond Group Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Anthony Farnworth (Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester, United Kingdom

Consolidated profit and loss account

For the year ended 31 March 2010

	Notes	2010 £000	2010 £000	2010 £'000	2009 £'000
		Continuing Operations	Discontinued Operations	Total	
Turnover: Group and share of joint venture		225,919	15,913	241,832	272,027
Less: Share of joint venture		(562)	-	(562)	(1,266)
Group turnover	1	225,357	15,913	241,270	270,761
Cost of sales		(149,149)	(15,330)	(164,479)	(189,239)
Gross profit		76,208	583	76,791	81,522
Other operating expenses (net)		(52,411)	(2,033)	(54,444)	(58,913)
Exceptional operating expenses	3	-	-	-	(645)
Total other operating expenses	2	(52,411)	(2,033)	(54,444)	(59,558)
Group operating profit/(loss)	1	23,797	(1,450)	22,347	21,964
Share of operating loss in joint venture				(285)	(12)
Total operating profit	1			22,062	21,952
Cost of fundamental restructuring	4			(16,407)	(20,838)
Finance charges (net)	5			(9,827)	(10,446)
Loss on ordinary activities before taxation	6			(4,172)	(9,332)
Tax on loss on ordinary activities	8			1,012	9,869
(Loss)/profit for the financial year	18,19			(3,160)	537

The accompanying notes are an integral part of this consolidated profit and loss account.

Consolidated statement of total recognised gains and losses

For the year ended 31 March 2010

	2010 £'000	2009 £'000
(Loss)/profit for the financial year	(3,160)	537
(Loss)/gain on foreign currency translation	(2,768)	14,513
Actuarial (losses)/gains on pension schemes	(29,094)	1,370
Deferred tax attributable to actuarial (losses)/gains	8,146	(383)
Deferred tax attributable to other gains/(losses)	-	(33)
Total recognised gains and losses relating to the year	(26,876)	16,004

The accompanying notes are an integral part of this consolidated statement of total recognised gains and losses.

Consolidated balance sheet

31 March 2010

	Notes	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Fixed assets					
Tangible assets	10		170,570		173,788
Investment in joint venture	12				
Share of assets		500		1,363	
Share of liabilities		(500)		(817)	
Goodwill		-		256	
Loans		277		648	
			<u>277</u>		<u>1,450</u>
			170,847		175,238
Current assets					
Stocks	13		15,313		23,044
Debtors – amounts falling due within one year	14		37,135		50,455
Cash at bank and in hand	21		17,080		13,294
			<u>69,528</u>		<u>86,793</u>
Creditors: Amounts falling due within one year	15a		(64,771)		(67,696)
Net current assets			<u>4,757</u>		<u>19,097</u>
Total assets less current liabilities			175,604		194,335
Creditors: Amounts falling due after more than one year	15b		(99,357)		(116,987)
Provisions for liabilities and charges	16		(11,627)		(2,839)
Net assets before pension liability			64,620		74,509
Pension liability	23		(45,012)		(28,025)
Net assets			<u>19,608</u>		<u>46,484</u>
Capital and reserves					
Called-up share capital	17		100		100
Share premium account	18		28,042		28,042
Capital redemption reserve	18		50		50
Other reserves	18		18,000		18,000
Foreign currency translation reserve	18		7,498		10,266
Profit and loss account	18		(34,082)		(9,974)
Shareholders' funds	19		<u>19,608</u>		<u>46,484</u>

Company balance sheet

31 March 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Investments	11	<u>88,576</u>	<u>88,576</u>
Current assets			
Debtors	14	<u>1,921</u>	<u>1,921</u>
Creditors: Amounts falling due within one year	15a	<u>(41)</u>	<u>(32)</u>
Net current assets		<u>1,880</u>	<u>1,889</u>
Total assets less current liabilities		90,456	90,465
Creditors: Amounts falling due after more than one year	15b	<u>(47,009)</u>	<u>(47,018)</u>
Net assets		<u>43,447</u>	<u>43,447</u>
Capital and reserves			
Called-up share capital	17	100	100
Share premium account	18	28,042	28,042
Capital redemption reserve	18	50	50
Other reserves	18	18,000	18,000
Foreign currency translation reserve	18	1,024	1,024
Profit and loss account	18	<u>(3,769)</u>	<u>(3,769)</u>
Shareholders' funds		<u>43,447</u>	<u>43,447</u>

The financial statements of Brunner Mond Group Limited were approved by the Board of Directors on 19 May 2010 and signed on its behalf by:

M.J. Ashcroft
Director

The accompanying notes are an integral part of this balance sheet.

Consolidated cash flow statement

For the year ended 31 March 2010

	Notes	2010 £'000	2009 £'000
Net cash inflow from operating activities	20	<u>53,450</u>	<u>14,865</u>
Returns on investments and servicing of finance			
Interest paid		(7,324)	(8,936)
Interest element of finance lease rentals		<u>(262)</u>	<u>(303)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(7,586)</u>	<u>(9,239)</u>
Taxation			
Overseas tax paid		<u>(6,341)</u>	<u>(457)</u>
Net cash outflow from taxation		<u>(6,341)</u>	<u>(457)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(20,839)	(22,516)
Disposal of tangible fixed assets		<u>-</u>	<u>19</u>
Net cash outflow from capital expenditure and financial investment		<u>(20,839)</u>	<u>(22,497)</u>
Net cash inflow/(outflow) before financing		18,684	(17,328)
Financing			
New bank loans		-	13,629
Repayment of debt		(13,200)	(4,893)
Capital element of finance lease rentals		<u>(926)</u>	<u>(1,366)</u>
Net cash (outflow)/inflow from financing	21	<u>(14,126)</u>	<u>7,370</u>
Increase/(decrease) in cash in the year	21	<u>4,558</u>	<u>(9,958)</u>

The accompanying notes are an integral part of this consolidated cash flow statement.

Statement of accounting policies

For the year ended 31 March 2010

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and the preceding year.

Basis of preparation

The financial statements have been prepared under the historical cost convention and have been prepared in accordance with applicable law and United Kingdom accounting standards.

On 31 August 2009 Brunner Mond BV ceased manufacturing operations at its site in Delfzijl, Netherlands. This cessation of business represents a fundamental restructuring of the Group's activities and accordingly the results of Brunner Mond BV have been classified as "discontinued activities" in these financial statements.

At 31 March 2010 the Group was funded partially by bank loans, £57.1 million of which is for repayment by June 2011. The directors have prepared forecasts of the Group's profitability and cash generation for the period 12 months beyond the date of this report, taking into account the sensitivity of business performance to possible changes in market conditions and as a result of the current economic uncertainty. These forecasts indicate that the Group's existing facilities should be sufficient during the period to June 2011 and, thereafter, the business performance should ensure that replacement financing will be forthcoming on terms which are acceptable to the Group.

Accordingly, the directors continue to adopt the going concern basis in the preparation of the financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of Brunner Mond Group Limited and its subsidiary undertakings drawn up for each period. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Tangible fixed assets

Tangible fixed assets are stated at cost (including capitalised labour as appropriate), net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	4% per annum
Leasehold improvements	over term of lease
Plant and equipment	5% to 33% per annum

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Statement of accounting policies (continued)

For the year ended 31 March 2010

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

Investments in joint ventures are accounted for using the gross equity method.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and law that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its result as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which that are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is calculated at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is calculated on a non-discounted basis.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is recognised at the point of goods despatch.

Pension costs

The Group operates defined benefit schemes, which are funded with the assets of the scheme held separately from those of the group, in separate trustee administered funds.

Statement of accounting policies (continued)

For the year ended 31 March 2010

Pension costs (continued)

Pension scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of liabilities of the schemes expected to arise from employee service in the period is charged against operating profit. The expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The Group also operates defined contribution schemes under which costs are charged to the profit and loss on the basis of the contributions payable in the period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Research and development

Research and development costs are charged to the profit and loss account in the period of expenditure.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and included in the profit and loss account over the expected useful life of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings, to the extent that they hedge the Group's investment in such operations, are dealt with through reserves. All other exchange differences are included in the profit and loss account.

Statement of accounting policies (continued)

For the year ended 31 March 2010

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Deferred finance costs

Costs associated with raising finance are deducted from the gross proceeds in the balance sheet and amortised over the term of the relevant financing at a constant rate on the carrying amount.

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate and foreign exchange movements. The Group does not hold or issue financial instruments for speculative purposes.

Interest differentials under the swaps are recognised by adjusting new interest payable over the period of the contract.

Notes to financial statements

For the year ended 31 March 2010

1 Segmental information

Turnover arises from the Group's principal activity, the manufacture of sodium carbonate and related products.

Geographical segments:

Contributions to turnover by the geographical location from which customers were supplied were as follows:

	2010 £'000	2009 £'000
Europe	178,550	191,887
Africa	62,720	78,874
	<u>241,270</u>	<u>270,761</u>

Within Europe is £15.9 million in respect of discontinued operations (2009: £56.1 million).

Contributions to turnover by the geographical location of customers were as follows:

	2010 £'000	2009 £'000
Europe	169,353	182,710
Asia	18,411	25,900
Africa	46,874	55,892
Other	6,632	6,259
	<u>241,270</u>	<u>270,761</u>

Analysis of operating profit by geographical location from which customers were supplied is as follows:

	2010 £'000	2009 £'000
Europe		
- before exceptional operating expenses	23,401	16,910
- exceptional operating expenses (see note 3)	-	(645)
	<u>23,401</u>	<u>16,265</u>
Africa	(1,054)	5,699
	<u>22,347</u>	<u>21,964</u>
Group operating profit	22,347	21,964
Share of operating loss of joint venture in Europe	(285)	(12)
	<u>22,062</u>	<u>21,952</u>
Operating profit	22,062	21,952

Within Europe is an operating loss of £1.4 million in respect of discontinued operations (2009: operating profit of £0.6 million).

Notes to financial statements

For the year ended 31 March 2010

1 Segmental information (continued)

An analysis of net assets by geographical location is as follows:

	2010 £'000	2009 £'000
Europe	(10,789)	10,149
Africa	30,397	36,335
	<u>19,608</u>	<u>46,484</u>

Within Europe are net liabilities of £3.2 million in respect of discontinued operations (2009: net assets of £12.6 million)

2 Other operating expenses (net)

	2010 £'000	2009 £'000
Selling and distribution costs	37,155	42,640
Administrative expenses		
- other	17,375	16,369
- exceptional (see note 3)	-	645
Total administrative expenses	17,375	17,014
Other operating income	(86)	(96)
	<u>54,444</u>	<u>59,558</u>

3 Exceptional operating expenses

	2010 £'000	2009 £'000
Impairment of property assets held for resale	-	645
	<u>-</u>	<u>645</u>

Notes to financial statements

For the year ended 31 March 2010

4 Exceptional items reported after operating profit

	2010 £'000	2009 £'000
Group restructuring:		
Impairment of fixed assets	3,714	16,944
Impairment of stock	-	3,894
Impairment of investment in joint venture	843	-
Redundancy	5,845	-
Other closure costs	6,005	-
	<u>16,407</u>	<u>20,838</u>

In April 2009 the Group announced that the cessation of manufacturing activities at its Delfzijl site was likely. As a result of that announcement, the carrying values of tangible fixed assets and engineering stocks were reviewed and impairment charges were made in the accounts for the year ended 31 March 2009.

On 31 August 2009 manufacturing operations ceased at Delfzijl and as a result further impairment charges were made, together with recognition of redundancy costs and charges relating to the early termination of various supply arrangements.

5 Finance charges (net)

	2010 £'000	2009 £'000
<i>Interest payable and similar charges</i>		
Senior debt	6,389	7,040
Other bank loans and overdrafts	960	1,307
Finance leases	262	303
	<u>7,611</u>	<u>8,650</u>
<i>Other finance costs</i>		
Expected return on pension scheme assets	(7,486)	(9,266)
Interest on pension scheme liabilities	9,702	11,062
	<u>2,216</u>	<u>1,796</u>
	<u>9,827</u>	<u>10,446</u>

Notes to financial statements

For the year ended 31 March 2010

6 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	2010 £'000	2009 £'000
Depreciation and amounts written off tangible fixed assets		
- owned	18,292	22,208
- held under finance leases and hire purchase contracts	676	662
Impairment of tangible fixed assets - owned	3,714	16,944
Grant income	(611)	(611)
Research and development	1,322	933
Fees payable to the company's auditors for the audit of the company's annual accounts	10	10
Fees payable to the company's auditors for the audit of the subsidiaries' annual accounts	120	138
Fees payable to the company's auditors and their associates for other services to the group		
- tax services	48	44
- other	126	191
Operating lease rentals		
- other	721	798
	<u>721</u>	<u>798</u>

Notes to financial statements

For the year ended 31 March 2010

7 Staff costs

The average monthly number of employees (including executive directors) was:

	2010 Number	2009 Number
Production	1,054	1,073
Distribution and sales	160	205
Administration	187	251
	<u>1,401</u>	<u>1,529</u>

	2010 £'000	2009 £'000
Their aggregate remuneration comprised:		
Wages and salaries	27,064	28,980
Social security costs	1,623	1,748
Other pension costs (see note 23)	1,067	1,288
Capitalised as additions to fixed assets	(65)	(899)
	<u>29,689</u>	<u>31,117</u>

	2010 £'000	2009 £'000
Directors' remuneration		
Aggregate emoluments	<u>217</u>	<u>271</u>

	2010 £'000	2009 £'000
Highest paid director		
Aggregate emoluments	217	209
Accrued pension at the end of the year	<u>62</u>	<u>58</u>

One director has retirement benefits accruing under a defined benefit pension scheme (2009: 1).

Notes to financial statements

For the year ended 31 March 2010

8 Tax on loss on ordinary activities

The tax credit comprises:

	2010 £'000	2009 £'000
Current tax		
UK corporation tax	-	-
Foreign tax - Current year	(30)	314
Total current tax (credit)/charge	<u>(30)</u>	<u>314</u>
Deferred tax (see note 16)		
Origination and reversal of timing differences	(2,161)	(9,301)
Movements on pension provisions and other short term timing differences	1,179	(882)
Total deferred tax credit	<u>(982)</u>	<u>(10,183)</u>
Total tax on loss on ordinary activities	<u>(1,012)</u>	<u>(9,869)</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax are as follows:

	2010 £'000	2009 £'000
Loss on ordinary activities before taxation	<u>(4,172)</u>	<u>(9,332)</u>
Tax on loss on ordinary activities at standard UK corporation tax rate of 28% (2009: 28%)	(1,168)	(2,613)
Effects of:		
Expenses not deductible for tax purposes	416	2,800
Capital allowances (in excess of) / less than depreciation	(1,008)	4,649
Creation of tax losses	3,538	-
Timing differences on pension provisions and other short term timing differences	(1,527)	(1,062)
Higher rate tax on overseas earnings	-	(3,049)
Group relief	(281)	(411)
Current tax (credit) / charge for the year	<u>(30)</u>	<u>314</u>

The effect of the exceptional items reporting after operating profit (note 4) on the amounts charged to the profit and loss account for taxation were to reduce the tax charge by £437,000 (2009: nil).

Notes to financial statements

For the year ended 31 March 2010

8 Tax on loss on ordinary activities (continued)

The Group earns its profits primarily in the United Kingdom and Kenya, therefore the tax rate used for tax on loss on ordinary activities is the standard rate for United Kingdom and Kenya corporation tax, currently 28%.

There are no factors which are likely to have a material effect on future tax charges.

9 Result attributable to Brunner Mond Group Limited

The loss for the financial year dealt with in the financial statements of the parent company, Brunner Mond Group Limited, was £nil (2009: £861,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

10 Tangible fixed assets

Group	Freehold land and buildings £'000	Leasehold improvement £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 April 2009	19,429	4,779	288,592	312,800
Additions	-	191	21,397	21,588
Reclassification from stocks	-	-	2,788	2,788
Disposals	-	-	(476)	(476)
Exchange adjustment	-	(375)	(6,970)	(7,345)
At 31 March 2010	<u>19,429</u>	<u>4,595</u>	<u>305,331</u>	<u>329,355</u>
Depreciation				
At 1 April 2009	7,808	2,430	128,774	139,012
Charge for the year	517	165	18,286	18,968
Disposals	-	-	(435)	(435)
Impairment charge	-	-	3,714	3,714
Exchange adjustment	-	(270)	(2,204)	(2,474)
At 31 March 2010	<u>8,325</u>	<u>2,325</u>	<u>148,135</u>	<u>158,785</u>
Net book value				
At 31 March 2010	<u>11,104</u>	<u>2,270</u>	<u>157,196</u>	<u>170,570</u>
At 31 March 2009	<u>11,621</u>	<u>2,349</u>	<u>159,818</u>	<u>173,788</u>

Notes to financial statements

For the year ended 31 March 2010

10 Tangible fixed assets (continued)

A review of the items held within engineering stocks was performed during the year and as a result £2,788,000 of stocks were reclassified as plant and equipment.

Freehold land amounting to £8,220,000 (2009: £8,220,000) has not been depreciated.

Included within plant and equipment is £23,078,000 (2009: £20,449,000) of assets in the course of construction, which are not depreciated.

At 31 March 2010 plant and equipment included assets held under finance leases with a net book value of £4,706,000 (2009: £8,265,000) and a gross book value of £5,594,000 (2009: £9,333,000).

Company	Freehold buildings £'000
Cost	
At 1 April 2009 and 31 March 2010	100
Depreciation	
At 1 April 2009 and 31 March 2010	100
Net book value	
At 31 March 2009 and 31 March 2010	-

Notes to financial statements

For the year ended 31 March 2010

11 Fixed asset investments

Company – shares in subsidiaries	£'000
Cost	
At 1 April 2009 and 31 March 2010	148,576
Provision for impairment	
At 1 April 2009 and 31 March 2010	60,000
Net book value	
At 31 March 2009 and 31 March 2010	88,576

At 31 March 2010 the company's subsidiary undertakings were as follows.

*Brunner Mond Limited	-	Intermediate holding company
Brunner Mond (UK) Limited	-	Manufactures and sells soda ash
Brunner Mond Generation Limited	-	Non-trading
Northwich Resource Management Limited	-	Holding company for land used by the group
Brunner Mond BV	-	Ceased manufacturing operations 31 August 2009. See note 4
Transcontinental Holdings Limited	-	Intermediate holding company for African businesses
The Magadi Soda Company Limited	-	Manufactures and sells soda ash and other alkaline chemicals
Brunner Mond (South Africa) (Proprietary) Limited	-	Imports and sells soda ash and other alkaline chemicals into South Africa
Magadi Railway Company Limited	-	Non-trading

* Shares held directly by the company.

All the subsidiary undertakings are all wholly owned, registered in England and Wales, and incorporated in Great Britain with the exception of Brunner Mond BV which is incorporated in the Netherlands, Brunner Mond (South Africa) (Proprietary) Limited, which is incorporated in South Africa and Magadi Railway Company Limited which is incorporated in Kenya.

Notes to financial statements

For the year ended 31 March 2010

12 Investment in joint venture - Group

	2010 £'000	2009 £'000
At 1 April 2009	1,450	1,358
Exchange adjustment	(54)	122
Impairment	(843)	-
Share of results for the year	(276)	(30)
At 31 March 2010	<u>277</u>	<u>1,450</u>

The Group holds 49.9975% of the ordinary shares of Kemax BV, which is incorporated in the Netherlands. Its principal activity is the manufacture of calcium chloride. The business is operated as a joint venture with equal voting rights allocated to each shareholding party.

The cessation of manufacturing activities at the Group's Delfzijl site has had a significant impact on the operation of Kemax BV. As a result, the Group has recognised an impairment charge against the carrying value of its investment in the joint venture.

13 Stocks - Group

	2010 £'000	2009 £'000
Raw materials and consumables	6,946	11,939
Work-in-progress	466	691
Finished goods and goods for resale	7,901	10,414
	<u>15,313</u>	<u>23,044</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

Notes to financial statements

For the year ended 31 March 2010

14 Debtors

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Amounts falling due within one year:				
Trade debtors	24,810	-	35,042	-
Amounts due from parent company	230	-	389	-
Amounts due from subsidiary undertakings	-	1,910	-	1,910
Other debtors	5,064	11	9,789	11
Deferred tax asset	6,220	-	3,843	-
Prepayments and accrued income	811	-	1,392	-
	<u>37,135</u>	<u>1,921</u>	<u>50,455</u>	<u>1,921</u>

Included within trade debtors is £0.1 million due from related parties (2009: £0.1 million).

15 Creditors

a) Amounts falling due within one year

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Obligations under finance leases	1,095	-	769	-
Bank overdraft	4,749	-	5,742	-
Bank loans:				
- Senior debt owed by Brunner Mond (UK) Limited	4,375	-	3,681	-
- Magadi Rail Project Finance	3,119	-	3,293	-
Trade creditors	36,036	-	36,528	-
Corporation tax	948	-	7,729	-
Other taxation and social security	257	-	367	-
Amounts owed to parent company	1,988	9	-	-
Other creditors	2,276	-	3,024	-
Accruals and deferred income	9,928	32	6,563	32
	<u>64,771</u>	<u>41</u>	<u>67,696</u>	<u>32</u>

Included within trade creditors is £4.6 million due to related parties (2009: £1.0 million).

Notes to financial statements

For the year ended 31 March 2010

15 Creditors (continued)

b) Amounts falling due after more than one year

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Obligations under finance leases	2,652	-	3,155	-
Bank loans:				
- Senior debt owed by Brunner Mond (UK) Limited	21,344	-	32,119	-
- Senior debt owed by the company	28,273	28,273	28,091	28,091
- Magadi Rail Project Finance	4,678	-	8,232	-
Amounts owed to fellow group undertakings	42,386	-	44,755	-
Amounts owed to subsidiary undertakings	-	18,736	-	18,927
Accruals and deferred income	24	-	635	-
	<u>99,357</u>	<u>47,009</u>	<u>116,987</u>	<u>47,018</u>

c) Analysis of debt

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Falling due within one year:				
- Bank overdraft	4,749	-	5,742	-
- Senior debt owed by Brunner Mond (UK) Limited	4,375	-	3,681	-
- Magadi Rail Project Finance	3,119	-	3,293	-
- Obligations under finance leases	1,095	-	769	-
	<u>13,338</u>	<u>-</u>	<u>13,485</u>	<u>-</u>
Falling due after more than one year:				
- Senior debt owed by Brunner Mond (UK) Limited	21,344	-	32,119	-
- Senior debt owed by the company	28,273	28,273	28,091	28,091
- Magadi Rail Project Finance	4,678	-	8,232	-
- Amounts owed to fellow group undertakings	42,386	-	44,755	-
- Obligations under finance leases	2,652	-	3,155	-
	<u>99,333</u>	<u>28,273</u>	<u>116,352</u>	<u>28,091</u>
Total debt	<u>112,671</u>	<u>28,273</u>	<u>129,837</u>	<u>28,091</u>

Notes to financial statements

For the year ended 31 March 2010

15 Creditors (continued)

c) Analysis of debt (continued)

The Senior debt owed by Brunner Mond (UK) Limited comprises a term loan of £14.2 million (2009: £17.9 million) and a revolving credit facility of £11.5 million (2009: £17.9 million). The term loan is repayable in instalments, with the final payment falling due in June 2011. Interest on both the senior debt and revolving credit facility is payable based on LIBOR plus a margin of 3.50% (2009: 1.66%).

The Senior debt owed by the company comprises a term loan of £28.5 million (2009: £28.5 million). This loan is repayable in full in June 2011. Interest on the loan is payable based on LIBOR plus a margin of 3.50% (2009: 1.70%).

The Senior debt facilities are provided by DBS Bank and ICICI Bank. The loans are secured by a fixed and floating charge over the assets of the company and its main subsidiaries, excluding The Magadi Soda Company Limited.

The Magadi Rail Project Finance is provided by Standard Chartered Bank of Kenya and Barclays Bank of Kenya and is owed by The Magadi Soda Company Limited. The facility comprises non-recourse finance and the amounts outstanding were \$11.8 million (£ 7.8 million) at 31 March 2010 and \$16.5 million (£11.5 million) at 31 March 2009. This loan is repayable in equal, semi-annual instalments, with the final payment falling due in December 2012. Interest is payable based on USD LIBOR plus a margin of 2.75%. In 2004 an interest rate swap arrangement was negotiated and as a result the effective interest rate applicable to this loan is fixed at 4.25% plus a margin that varies between 3.75% and 4.50% over the term of the loan. At 31 March 2010 the fair value of the liability relating to this swap arrangement was £0.9million (2009: 0.9 million). The facility is secured by a charge over the rail assets and current assets of The Magadi Soda Company.

The amounts owed to fellow group undertakings comprise the following amounts owed by The Magadi Soda Company Limited:

- (i) Loan from Homefield Pvt UK Limited. The amounts outstanding were \$10.0 million (£6.6 million) at 31 March 2010 and \$10.0 million (£7.0 million) at 31 March 2009.
- (ii) Loan from Homefield International Pvt Limited. The amounts outstanding were \$54.2 million (£35.8 million) at 31 March 2010 and \$54.2 million (£37.8 million) at 31 March 2009.

Interest on these loans accrues based on USD LIBOR plus a margin of 3.50% and 2.50% payable quarterly. Both loans are repayable in full in July 2012.

Notes to financial statements

For the year ended 31 March 2010

15 Creditors (continued)

d) Maturity profile of debt

The maturity profile of the Group's debt at 31 March 2010 and 31 March 2009 was as follows:

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
In one year or less	13,338	-	13,485	-
In more than one year but not more than two years	53,906	28,273	53,260	-
In more than two years but not more than five years	45,387	-	62,310	28,091
In more than five years	40	-	782	-
Total	<u>112,671</u>	<u>28,273</u>	<u>129,837</u>	<u>28,091</u>

e) Borrowing facilities

The Group had undrawn committed borrowing facilities, in respect of which all conditions precedent had been met, as follows:

	2010 £'000	2009 £'000
Expiring after more than one year but within two years	6,500	-
Expiring in more than two years but within five years	-	32,085
	<u>6,500</u>	<u>32,085</u>

16 Provisions for liabilities and charges

	Group Restructuring £'000	Power facilities closure £'000	Total £000
Group			
At 1 April 2009	-	2,839	2,839
Charged to profit and loss during year (note 4)	11,850	-	11,850
Released in the year	(3,930)	-	(3,930)
Reclassification from creditors	827	-	827
Exchange	41	-	41
At 31 March 2010	<u>8,788</u>	<u>2,839</u>	<u>11,627</u>

The power facilities closure provision is to account for the committed expenditure to demolish the redundant power facilities owned by Brunner Mond (UK) Limited. The utilisation of provision will be within 1 to 10 years.

The Group restructuring provision comprises the estimated remaining costs associated with the cessation of manufacturing activities at the Group's Delfzijl site. The provision is expected to be utilised fully within 3 years.

Notes to financial statements

For the year ended 31 March 2010

16 Provisions for liabilities and charges (continued)

The deferred taxation asset is included within "Debtors – amounts falling due within one year" and is provided as follows:

	Provided 2010 £'000	Provided 2009 £'000
Group		
Accelerated capital allowances	8,460	12,195
Held over gains	162	162
Other timing differences	(16,864)	(16,201)
	<u>(8,242)</u>	<u>(3,844)</u>

Movement on the deferred tax asset during the year is as follows:

	Deferred Taxation £'000
At 31 March 2009	(3,844)
Exchange adjustments	(215)
Utilised in year	(2,161)
At 31 March 2010	<u>(6,220)</u>

A deferred tax asset for non-trading losses in the company amounting to £13.2 million (2009: £13.2 million) has not been provided because in the opinion of the directors there is no certainty as to the timing of utilisation of these losses.

17 Called-up share capital

	2010 £	2009 £
<i>Allotted, called-up and fully-paid</i>		
964,794 A ordinary shares of £0.10 each	96,479	96,479
36,888 B ordinary shares of £0.10 each	3,689	3,689
	<u>100,168</u>	<u>100,168</u>

For voting purposes and in the event of winding up the company, all shares rank equal.

The A ordinary shares are freely transferable. The B shares are subject to restrictions on transfer. All the A ordinary shares and B ordinary shares are owned by Homefield Pvt UK Limited.

Notes to financial statements

For the year ended 31 March 2010

18 Reserves

Group	Share premium account £'000	Capital redemption reserve £'000	Other reserves £'000	Foreign currency translation reserve £'000	Profit & loss account £'000	Total £'000
At 1 April 2009	28,042	50	18,000	10,266	(9,974)	46,384
Foreign currency translation	-	-	-	(2,768)	-	(2,768)
Actuarial loss on pension scheme (net of deferred tax)	-	-	-	-	(20,948)	(20,948)
Loss for the financial year	-	-	-	-	(3,160)	(3,160)
At 31 March 2010	<u>28,042</u>	<u>50</u>	<u>18,000</u>	<u>7,498</u>	<u>(34,082)</u>	<u>19,508</u>
Company						
At 1 April 2009 and 31 March 2010	<u>28,042</u>	<u>50</u>	<u>18,000</u>	<u>1,024</u>	<u>(3,769)</u>	<u>43,347</u>

19 Reconciliation of movements in group shareholders' funds

	2010 £'000	2009 £'000
(Loss)/profit for the financial year	(3,160)	537
Other recognised gains and losses relating to the year (net)	(23,716)	15,467
Net (decrease)/ increase in shareholders' funds	(26,876)	16,004
Opening shareholders' funds	46,484	30,480
Closing shareholders' funds	<u>19,608</u>	<u>46,484</u>

Notes to financial statements

For the year ended 31 March 2010

20 Reconciliation of operating profit to operating cash flows

	2010 £'000	2009 £'000
Operating profit	22,062	21,952
Depreciation charges	18,968	22,870
Grant income release	(611)	(611)
Decrease/(increase) in stocks	5,010	(7,824)
Decrease/(increase) in debtors	14,311	(3,260)
Increase/(decrease) in creditors	5,167	(13,274)
Decrease in provisions	(11,457)	(4,988)
Net cash inflow from operating activities	53,450	14,865

Net cash inflow/(outflow) from operating activities comprises:

Continuing operating activities	54,640	15,206
Discontinued operating activities	(1,190)	(341)
	53,450	14,865

The exceptional items (note 4) resulted in a cash outflow of £3.9 million in the year (2009: nil).

21 Analysis and reconciliation of net debt

	1 April 2009 £'000	Cash flow £'000	Exchange movement and other non-cash movements £'000	31 March 2010 £'000
Cash at bank and in hand	13,294	3,565	221	17,080
Overdraft	(5,742)	993	-	(4,749)
	7,552	4,558	221	12,331
Debt due after 1 year	(113,197)	6,400	10,116	(96,681)
Debt due within 1 year	(6,974)	6,800	(7,320)	(7,494)
Finance leases	(3,924)	926	(749)	(3,747)
	(124,095)	14,126	2,047	(107,922)
Net debt	(116,543)	18,684	2,268	(95,591)

Notes to financial statements

For the year ended 31 March 2010

21 Analysis and reconciliation of net debt (continued)

	2010 £'000	2009 £'000
Increase/(decrease) in cash in the year	4,558	(9,958)
Cash outflow/(inflow) from decrease/increase in debt and lease financing	14,126	(7,370)
Change in net debt resulting from cash flows	18,684	(17,328)
Exchange adjustments	(749)	(781)
Translation difference	3,017	(13,156)
Movement in net debt in year	20,952	(31,265)
Net debt at beginning of year	(116,543)	(85,278)
Net debt at end of year	<u>(95,591)</u>	<u>(116,543)</u>

22 Financial commitments

a) Capital commitments

	Group 2010 £'000	Group 2009 £'000
Contracted for but not provided for	<u>7,509</u>	<u>5,762</u>

b) Lease commitments

The Group has entered into non-cancellable operating leases in respect of plant and machinery. The total annual rental for the year was £721,000 (2009: £798,000). The lease agreements provide that the Group will pay all insurance, maintenance and repairs.

The minimum annual rentals under the leases are as follows:

	Group 2010 £'000	Group 2009 £'000
Operating leases which expire:		
Within one year	442	327
Between two and five years	490	458
After five years	352	382
	<u>1,284</u>	<u>1,167</u>

Notes to financial statements

For the year ended 31 March 2010

22 Financial commitments (continued)

c) Other commitments

Brunner Mond (UK) Limited has a Supply of Electricity and Steam Agreement (SESA) with E.ON CHP to secure the UK site's steam requirement for 10 years. E.ON CHP has a second priority fixed and floating charge over all present and future assets of Brunner Mond (UK) Limited. The Senior Lenders have priority up to the value of the first £70.0 million of assets. The fixed and floating charge covers the entire liability of Brunner Mond (UK) Limited in the circumstances of a breach of the SESA that would allow E.ON CHP to terminate the agreement. Such breach could crystallise future standing charges.

23 Pensions

In the UK the Group operates a defined benefit scheme which was available to substantially all employees but is now closed to new members. The assets of the schemes are held in separate trustee administered funds. Prior to the cessation of manufacturing activities at its Delfzijl site (note 4) the Group also operated a defined benefit scheme in the Netherlands.

In the UK the Group also operated a defined contribution scheme under which costs are charged to the profit and loss account on the basis of contributions payable. The contributions for the year ended 31 March 10 amounted to £492,000 (2009:£367,000). The Group also operated a defined contribution scheme in Africa. The contributions for the year ended 31 March 10 amounted to £272,000 (2009:£265,000).

a) UK scheme.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 December 2008 by William M Mercer Limited. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit method.

The projected unit method is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.

	Valuation at	
	2010	2009
Key assumptions used:		
Discount rate	5.50%	6.90%
Expected rate of salary increases	N/A	N/A
Rate of increased of pensions in payment – LPI (0%, 5%)	3.50%	3.15%
Rate of increase of pensions in payment – LPI (0%, 2.5%)	2.40%	2.40%
Rate of increase of pensions in deferment	3.60%	3.25%
Inflation	3.60%	3.25%

The level of salary increase is no longer applicable due to a move to a Career Average Revalued Earnings (CARE) scheme.

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For the year ended 31 March 2010

23 Pensions – defined benefit schemes (continued)

The weighted life expectancy for mortality tables used to determine benefit obligations are as follows:

	31 March 2010		31 March 2009	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	20.6	23.7	20.0	24.0
Member age 45 (life expectancy at age 65)	22.5	25.5	21.1	24.9

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2010	2009
	£'000	£'000
Current service cost	872	1,150
Interest cost	9,702	10,083
Expected return on scheme assets	(7,486)	(8,205)
	<u>3,088</u>	<u>3,028</u>

Actuarial losses of £20.9 million (2008: actuarial gains of £1.0 million) have been recognised in the statement of total recognised gains and losses. The cumulative amounts of actuarial losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is £24.5 million (2009: £3.5 million).

The actual return on scheme assets was £34.3 million (2009: loss of £23.4 million).

Movements in the fair value of scheme assets were as follows:

	2010	2009
	£'000	£'000
At 1 April	105,965	129,862
Expected return on scheme assets	7,486	8,205
Actuarial gains and losses	26,772	(31,618)
Company contributions	7,300	5,500
Contributions from scheme members	512	542
Benefits paid	(7,374)	(6,526)
At 31 March	<u>140,661</u>	<u>105,965</u>

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For the year ended 31 March 2010

23 Pensions – defined benefit schemes (continued)

The analysis of the scheme assets and the expected rate of return at the balance sheet date was as follows:

	Expected return		Fair value of assets	
	2010 %	2009 %	2010 £'000	2009 £'000
Equity instruments	8.00	8.00	79,562	58,885
Debt instruments	5.10	5.10	43,397	32,470
Property	6.65	6.65	4,618	4,005
Cash	3.80	3.80	1,369	333
Derivative instruments	8.00	8.00	11,715	10,272
Total fair value of assets			140,661	105,965
Actuarial value of scheme liabilities			(203,178)	(143,660)
Deficit in the scheme			(62,517)	(37,635)
Related deferred tax asset			17,505	10,538
Net pension liability			(45,012)	(27,097)

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets.

Movements in the fair value of scheme liabilities were as follows:

	2010 £'000	2009 £'000
At 1 April	143,600	173,309
Current service cost	872	1,150
Interest cost	9,702	10,083
Contributions from scheme members	512	542
Actuarial gains and losses	55,866	(34,958)
Benefits paid	(7,374)	(6,526)
At 31 March	203,178	143,600

Notes to financial statements

For the year ended 31 March 2010

23 Pensions – defined benefit schemes (continued)

The five-year history of experience adjustments is as follows:

	2010 £	2009 £	2008 £	2007 £	2006 £
Present value of defined benefit obligations	203,178	143,600	173,309	174,502	171,087
Fair value of scheme assets	140,661	105,965	129,862	136,842	128,004
Deficit in the scheme	<u>62,517</u>	<u>37,635</u>	<u>43,447</u>	<u>37,660</u>	<u>43,083</u>
Experience adjustments on scheme liabilities					
Amount (£)	<u>(5,200)</u>	<u>-</u>	<u>-</u>	<u>(3,061)</u>	<u>-</u>
Percentage of scheme liabilities (%)	<u>(2.6%)</u>	<u>-</u>	<u>-</u>	<u>(1.8%)</u>	<u>-</u>
Experience adjustments on scheme assets					
Amount (£)	<u>26,772</u>	<u>(31,618)</u>	<u>(16,401)</u>	<u>2,011</u>	<u>4,011</u>
Percentage of scheme assets (%)	<u>19.0%</u>	<u>(29.8%)</u>	<u>(12.6%)</u>	<u>1.5%</u>	<u>3.1%</u>

The estimated amounts of contributions expected to be paid to the scheme during the current financial year is £6,300,000.

Following the triennial valuation as at 31 December 2008, Brunner Mond (UK) Limited and the trustees of the pension scheme have agreed a payment schedule that is expected to eliminate the deficit over a 15 year period.

b) Netherlands Scheme

Prior to the cessation of manufacturing activities at its Delfzijl site (note 4) the Group also operated a defined benefit scheme in the Netherlands.

The actuary for the Netherlands scheme is Triple A Risk Finance.

On 30 September 2009 an agreement was reached with the trustees to transfer the pension rights and obligations to an insurance company in exchange for a full and final settlement of €1.5 million (£1.3 million) which includes all fees and expenses.

Due to the agreement for full and final settlement of the scheme liabilities and its subsequent closure, the analysis of scheme assets and expected rate of return and history of experience gains and losses has not been presented.

The Group has not obtained details from the scheme actuary regarding current service costs and finance costs during the year. The amounts charged to operating profit and other finance income, are assumed to be included within the scheme closure settlement agreement in the movement in the deficit in the year.

Notes to financial statements

For the year ended 31 March 2010

23 Pensions – defined benefit schemes (continued)

Analysis of the amount charged to operating profit

The amount charged to operating profit in 2009 is analysed as follows:

	2009 £'000
Current service cost	316
Total operating charge	<u>316</u>

The amount charged to other finance income in 2009 is analysed as follows:

	2009 £'000
Expected return of pension scheme assets	(1,107)
Interest on pension scheme liabilities	969
Net finance cost	<u>(138)</u>

The movement in the deficit in the scheme during the year was as follows:

	2010 £'000	2009 £'000
At 1 April	(1,289)	-
Current service cost	-	(454)
Finance costs	-	138
Contributions from scheme members	-	1,043
Actuarial gains and losses	-	(2,016)
Scheme closure settlement agreement	1,289	-
At 31 March	<u>-</u>	<u>(1,289)</u>

Analysis of the amount recognised in 2009 in the statement of total recognised gains and losses

The actuarial loss recognised in the statement of total recognised gains and losses is analysed as follows:

	2009 £'000
Actual return less expected return on pension scheme assets	(1,188)
Experience losses arising on scheme liabilities	(68)
Changes in assumptions underlying the present value of the scheme liabilities	(760)
Actuarial gain recognised	<u>(2,016)</u>

Notes to financial statements

For the year ended 31 March 2010

24 Contingent liabilities

Cross guarantees

The company has extended guarantees to cover liabilities under the Senior Debt Facility Agreement entered into by various group companies. At 31 March 2010, these guarantees covered indebtedness of £25.7 million. (2009: £35.8 million).

25 Ultimate parent company

The ultimate parent company in the year to 31 March 2010 was Tata Chemicals Limited, a company incorporated in India. The largest group in which the results of the company will be consolidated is that of Tata Chemicals Limited.

The largest group of companies, of which the company is a member that produces consolidated financial statements under United Kingdom Generally Accepted Accounting Policies is Homefield Pvt UK Limited which is incorporated in the United Kingdom and registered in England and Wales. The group financial statements are available from the Company Secretary, Mond House, Winnington, Northwich, Cheshire, CW8 4DT.

The company has taken advantage of the exemption in Financial Reporting Standard 8 "Related party disclosures" and has not disclosed transactions within the Brunner Mond Group Limited group.