Homefield 2 UK Limited

Annual report and financial statements

Registered number 07469362

For the year ended 31 March 2018

Contents

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activities and business review

The company continues to act as an intermediate holding company.

Future outlook

No changes to the status of the company are planned for the near future.

Principal risks and financial risk management

The entity operates as an intermediate holding company and as such no risks have been identified.

By order of the board

M J Ashcroft
Director
15 June 2018

Directors' report

The directors present their annual report on the affairs of the company, together with the audited financial statements for the year ended 31 March 2018.

Directors

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

M J Ashcroft
J Mulhall
R Mukundan
N Munjee (appointed 30 April 2018)
Z N Langrana (appointed 30 April 2018)

Political contributions

No donations were made to any political party during the year *(2017: £nil).*

Going concern

The directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements (Note 2.2).

Dividends

The directors do not recommend a final dividend, (2017: same).

Statement of disclosure to the auditor

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

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

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

Auditor

KPMG LLP were appointed as auditor during the year. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

M J Ashcroft
Director

15 June 2018

Mond House
Winnington Lane
Northwich
Cheshire
CW8 4DT

Statement of directors' responsibilities in respect of the annual report and the financial statements

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
8 Princes Parade
Liverpool
L3 1QH
United Kingdom

Independent auditor's report to the members of Homefield 2 UK Limited

Opinion

We have audited the financial statements of Homefield 2 UK Limited ("the company") for the year ended 31 March 2018 which comprise the profit and loss account, balance sheet and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Homefield 2 UK Limited *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Will Baker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH
Date: 15 June 2018

Profit and loss account
for the year ended 31 March 2018

	Note	**2018 £000**	2017 £000
Finance costs	*6*	**(63)**	-
Loss on ordinary activities before taxation		**(63)**	-
Taxation on loss on ordinary activities	*8*	-	-
Loss for the year		**(63)**	-

The Notes on pages 9 to 15 form an integral part of these financial statements.

All results arose from continuing operations.

There are no recognised gains and losses other than the profit for the current and preceding year shown above. Accordingly, a statement of other comprehensive income has not been prepared.

Balance sheet
At 31 March 2018

Assets	Note	2018 £000	2017 £000
Non-current assets			
Investments	9	**48,635**	3,635
Total assets		**48,635**	3,635
Equity and liabilities			
Non-current liabilities			
Borrowings	11	**-**	(10,917)
Current liabilities			
Amounts due to group undertakings	10	**(45,063)**	-
Total liabilities		**(45,063)**	(10,917)
Net assets/(liabilities)		**3,572**	(7,282)
Equity			
Share capital	12	**(10,000)**	(10,000)
Preference share capital	12	**(10,917)**	-
Share premium	13	**(93,518)**	(93,518)
Retained losses	13	**110,863**	110,800
		(3,572)	7,282
Total equity and liabilities		**(48,635)**	(3,635)

The Notes on pages 9 to 15 form an integral part of these financial statements.

The financial statements of Homefield 2 UK Limited were approved by the board of directors on 15 June 2018.

Signed on behalf of the board of directors by:

M J Ashcroft

Director

Statement of changes in equity
For the year ended 31 March 2018

	Share capital (Note 12) £000	Share premium (Note 12) £000	Retained losses (Note 13) £000	Total equity £000
Balance at 1 April 2016	(10,000)	(93,518)	110,800	7,282
Loss for the year	-	-	-	-
Balance at 31 March 2017	(10,000)	(93,518)	110,800	7,282
Loss for the year	-	-	63	63
Reclassification of preference shares	(10,917)	-	-	(10,917)
Balance at 31 March 2018	**(20,917)**	**(93,518)**	**110,863**	**(3,572)**

The notes on pages 9 to 15 form an integral part of these financial statements.

Notes
(forming part of the financial statements)

1 General information

Homefield 2 UK Limited is a private company incorporated in England, United Kingdom, under the Companies Act. The address of the company's registered office is Mond House, Winnington Lane, Northwich, Cheshire, CW8 4DT.

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

2 Significant accounting policies

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

2.1 Basis of accounting

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

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

The financial statements have been prepared on a historical cost basis.

No statement of cash flows is presented with these financial statements because the company has not held any cash in the current and prior year.

2.2 Going concern

The company is the parent company of the two subgroups headed by Tata Chemicals Europe Holdings Limited ("TCEHL") and Cheshire Salt Holdings Limited ("CSHL"). The two subgroups manage their operations on separate subgroup-wide bases and, in particular, manage their financing and cash requirements on pooled bases with funds being allocated between companies in the subgroups to meet individual short and medium term requirements. Consequently, the assessment of the company's ability to continue as a going concern has been based on a review of both the company and the two subgroups.

As at 31 March 2018 the TCEHL subgroup was funded by a fully drawn down £80,000,000 Term Loan and £9,000,000 drawn down from a £20,000,000 Revolving Credit facility, both provided by Bank of America Merrill Lynch and secured by fixed and floating charges over the assets of the subgroup. The facilities are repayable in March 2023.

As at 31 March 2018 the CSHL subgroup was funded by a fully drawn down £50,000,000 Term Loan and an undrawn £5,000,000 Revolving Credit facility, both provided by Standard Chartered Bank and secured by fixed and floating charges over the assets of the subgroup. The facilities are repayable in instalments, from March 2021.

The directors have prepared forecasts of the profitability and cash generation of the two subgroups for the 12 months from the date of the Auditor's Report (the "forecasts"), taking into account the sensitivity of business performance to reasonably possible changes in market conditions and as a result of the current economic climate. These forecasts indicate that the subgroup's facilities should be sufficient during the period.

In making their assessment the directors have also considered the net liability position of the TCEHL subgroup. The majority of this deficit arises due to the pension liability associated with one of the TCEHL subgroup's defined benefit schemes. There is a deficit recovery funding plan in place for the pension scheme and the expected cash flows have been factored into the forecasts.

After reviewing the forecasts, considering reasonably possible uncertainties and making such other enquiries as were necessary, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the company and subgroups have adequate resources to continue in operational

Notes *(continued)*

2 Significant accounting policies *(continued)*

2.2 Going concern (continued)

existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Investments

Investments in subsidiaries and joint ventures are shown at cost less provision for impairment.

2.4 Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

a) Financial assets

Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value.

The company's financial assets include trade and other receivables, which are classified as loans and receivables.

Subsequent measurement
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit and loss account. The losses arising from impairment are recognised in the profit and loss account in finance costs.

b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised when the proceeds are received, net of direct issue costs.

2.5 Impairment of non-financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount.

Notes *(continued)*

2 Significant accounting policies *(continued)*

2.5 Impairment of non-financial assets (continued)

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

3 Significant accounting judgements, estimates and assumptions

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities to which the company is not yet committed or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Notes *(continued)*

4 Standards issued but not yet effective

The company has adopted the amendments to IFRSs included in the Annual Improvements to IFRSs 2012 – 2014 Cycle.

At the date of authorisation of these financial statements the company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

The directors do not expect that the adoption of the other Standards listed above will have a material impact on the financial statements of the company in future periods, except as noted below:

- IFRS 9 'Financial instruments' – The standard was endorsed on 22 November 2016 and applies to an entity's first annual statements beginning on or after 1 January 2018. The revised standard replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new guidance for classification and measurement, impairment of financial instruments, and hedge accounting. During the year, a review was conducted to ensure that the impact of the new standards is fully understood in advance of the effective date. It is expected that the main company financial statement captions to be affected by this new standard are investments and trade receivables. The cumulative impact on adoption of this standard is not expected to be significant.

5 Auditor's remuneration

Auditor's remuneration for audit services for the year has been borne by a fellow group undertaking *(2017: same)*. No remuneration has been paid in relation to non-audit services *(2017: £nil)*.

6 Staff numbers and costs

There were no employees other than the directors during the current year and preceding year. No director received any remuneration for services to the company during the year *(2017: £nil)*.

7 Finance costs

	2018	2017
	£000	£000
Interest payable to fellow group undertaking (Note 14)	**(63)**	-

Notes *(continued)*

8 Tax

There was no current of deferred tax charge in the year or the preceding year.

The differences between the total tax charge and the amount calculated by applying the average rate of UK corporation tax for the year are as follows:

	2018 £000	2017 £000
Loss before tax	**(63)**	-
Tax on loss on ordinary activities at the small companies' rate of UK corporation tax rate for the year 19% *(2017: 20%)*	**12**	-
Tax effects of:		
Group relief given at nil charge	**(12)**	-
Total tax charge for the year	**-**	-

9 Investments

	Shares in subsidiary undertakings £000
Cost	
At 1 April 2017	114,435
Additions	45,000
At 31 March 2018	**159,435**
Impairment	
At 1 April 2017 and 31 March 2018	**(110,800)**
Net book value	
At 1 April 2017	3,635
At 31 March 2018	**48,635**

On 9 March 2018, the company acquired the entire issued share capital of Cheshire Salt Holdings Limited from Tata Chemicals Europe Holdings Limited, for £45,000,000.

On the same date the company acquired the entire issued share capital of Brinefield Storage Limited for nil cost.

Notes *(continued)*

9 Investments *(continued)*

The company's subsidiary undertakings at 31 March 2018 are set out below:

	Country of incorporation	Principal activity	% of ordinary share capital held
Tata Chemicals Europe Holdings Limited	England	Holding company	100
Brunner Mond Group Limited	England	Holding company	*100
Cheshire Salt Holdings Limited	England	Holding company	100
Cheshire Salt Limited	England	Holding company	*100
Tata Chemicals Europe Limited	England	Manufacture and sale of soda ash and related products	*100
Winnington CHP Limited	England	Generation and sale of steam and electricity	*100
British Salt Limited	England	Manufacture and sale of salt	*100
Northwich Resource Management Limited	England	Dormant	*100
Brinefield Storage Limited	England	Dormant	100
Cheshire Cavity Storage 2 Limited	England	Dormant	*100
Cheshire Compressor Limited	England	Dormant	*100
Irish Feeds Limited	England	Dormant	*100
New Cheshire Salt Works Limited	England	Holding company	*100

*indirect shareholding

All subsidiary accounts can be obtained from the Registrar of Companies, Crown Way, Cardiff.

10 Amount to due group undertakings

	2018	2017
	£000	£000
Amounts due to group undertaking (Note 14)	**(45,063)**	-

11 Other current and non-current financial liabilities

Other financial liabilities

Interest bearing loans and borrowings	**2018**	2017
	£000	£000
Falling due after more than one year		
Non-cumulative redeemable preference shares (Note 12)	-	(10,917)

Notes *(continued)*

12 Called-up share capital

The company has one class of ordinary share with no right to a fixed income.

	2018 £000	2017 £000
Authorised, issued and fully paid		
10,000,000 ordinary shares of £1 each	**(10,000)**	(10,000)
17,500,000 preference shares of $1 each	**(10,917)**	-
	(20,917)	(10,000)

On 17 January 2013 the company issued 17,500,000 non-cumulative redeemable preference shares of $1, at par. To the extent that they are payable, dividends accrue at the rate of 8% per annum in respect of the nominal value of the shares. Prior to 27 March 2018 the shares were subject to a fixed redemption date of 31 January 2021 and accordingly were classified as interest bearing loans in the financial statements. On 27 March 2018 the company's Articles of Association were changed, such that the shares are no longer subject to a fixed redemption date. Consequently the shares have been reclassified as share capital in the financial statements. The preference shares rank ahead of the ordinary shares in the event of a liquidation.

13 Retained losses

Retained losses represents cumulative profits or losses net of dividends paid and other adjustments. The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

14 Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year and outstanding balances at the reporting date:

Loans		**Interest charged by related party in the year £000**	**Amounts owed to related party £000**
Companies which are part of the Homefield 2 UK Limited group			
Tata Chemicals Europe Holdings Limited			
	2018	**(63)**	**(45,063)**
	2017	-	-

Terms and conditions of transactions with related parties

The outstanding loan balance at the year end was unsecured and will be settled in cash. Interest is charged at a rate that matches the rate paid on external loans and borrowings. There have been no guarantees provided in respect of the balance.

15 Ultimate controlling party

The company's immediate parent undertaking is Homefield Pvt UK Limited, a company incorporated in England.

The ultimate parent company in the year to 31 March 2018 was Tata Chemicals Limited, a company incorporated in India. The smallest group in which the results of the company are consolidated is that of Tata Chemicals Limited. Copies of the accounts are available from the Company Secretary, Tata Chemicals Limited, Bombay House, Mumbai, India.