

**Tata Chemicals Europe Limited**

**Annual report and financial statements**

**Registered number 02607081**

**For the year ended 31 March 2018**

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## 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's principal activities are the manufacture and sale of sodium carbonate (soda ash), sodium bicarbonate and related products.

Turnover for the year was £110,155,000 (2017: £121,805,000) with the reduction due to lower sales of low margin imported soda ash. Demand in the UK for own-manufactured soda ash was strong throughout the year, despite the increased availability of imports from Europe. Sodium bicarbonate production and sales continued to grow, especially in higher value export markets where the weakness of Sterling vs Euro and US Dollar provided opportunities.

A fire at the company's Lostock site in May affected operations for a number of weeks; this incident is the subject of an ongoing insurance claim but the results for the year do not include any potential recovery of insured losses. Despite this, EBITDA for the year was £5,631,000 (2017: £4,498,000), reflecting continuing growth in the sodium bicarbonate business and strong UK demand for soda ash.

EBITDA for the year has been calculated as Operating Loss after charges for depreciation of £5,553,000 (2017: £5,517,000) and amortisation of £213,000 (2017: £232,000).

The loss on ordinary activities before taxation was £4,238,000 (2017: £5,619,000). The loss for the financial year of £27,594,000 (2017: £8,568,000) reflects a non-cash deferred tax charge of £24,468,000 (2017: £2,974,000).

### Future outlook

The company is a member of a bank group headed by Tata Chemicals Europe Holdings Limited ("TCEHL"). In March 2018 TCEHL restructured and refinanced its operations in order to access additional long-term funds for capital investment projects focused on reducing the variable cost per tonne of manufacturing and enhancing both the safety and efficiency of operational delivery. The restructuring also enabled the company to reduce its cost of borrowing.

The directors expect these changes to provide the company with an opportunities to support and strengthen its presence in its key UK markets as well as providing the base for further growth in export sales of sodium bicarbonate.

### Principal risks and uncertainties

The main risk to the business continues to be the medium to long-term cost of energy in the UK. This includes not just the market price of natural gas but also the impact of UK electricity market reforms, EU-ETS Phase IV and similar carbon pricing measures. This risk has increased following the UK decision to leave the EU. The company, will focus on these matters over the coming year by continuing to hedge against the cost of natural gas and through active engagement with national and international decision-making bodies.

The supply of soda ash and sodium bicarbonate into Continental Western Europe is likely to increase significantly in the coming year as new production facilities are brought into operation. Whilst this development is likely to put pressure on market prices, the company remains the sole UK manufacturer of both products and is therefore well placed to deal with the competitive threat.

### Financial risk management

The company's operations expose it to a variety of financial risks that include foreign currency risk, commodity price risk, liquidity risk and credit risk. Financial risk is managed at a group level for the Tata Chemicals Europe Holdings Limited subgroup. Further information about financial risk management at the group level is contained in the Tata Chemicals Europe Holdings Limited consolidated financial statements which can be obtained from the registrar of Companies, Crown Way, Cardiff.

## Strategic report (continued)

### Key performance indicators (“KPIs”)

Company performance is measured using a ‘balanced scorecard’ approach. At the start of each financial year the company sets targets relating to a number of strategic themes, including safety and environmental performance, growing existing businesses, developing new businesses, delivering better value to customers, operational excellence and engaging a highly performing workforce. For each measure, the actual performance of the business is compared to the target on a regular basis and these reviews help to identify where further action is required. The directors believe that these measures represent the company’s KPIs.

By order of the board



**J L Abbotts**

*Director*

Date: 15 June 2018

Mond House, Winnington Lane, Northwich, Cheshire, CW8 4DT

## 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 L Abbotts  
L Iravanian  
D P W Davies  
KL Lounds  
P P Houghton  
AN Runciman

### 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 company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

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

### Political contributions

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

### Environment

The company 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 company 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 company'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.

### 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 2.3).

### Dividends

The directors do not recommend the payment of a dividend (2017: £nil).

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

### **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's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

### **Auditor**

KPMG LLP were appointed as auditor in 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



**J L Abbotts**  
*Director*

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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 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 Tata Chemicals Europe Limited**

### **Opinion**

We have audited the financial statements of Tata Chemicals Europe Limited ("the company") for the year ended 31 March 2018 which comprise the profit and loss account, the statement of other comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement 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 Tata Chemicals Europe 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 5, 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](http://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**  
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

	<i>Note</i>	<b>2018</b> <b>£000</b>	2017 £000
<b>Revenue</b>	5	<b>110,155</b>	121,805
Cost of sales		<b>(96,042)</b>	(108,591)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>14,113</b>	13,214
Sales and distribution costs		<b>(10,235)</b>	(10,749)
Administrative expenses		<b>(4,013)</b>	(3,716)
		<hr/>	<hr/>
		<b>(14,248)</b>	(14,465)
<b>Operating loss</b>	6	<b>(135)</b>	(1,251)
		<hr/>	<hr/>
Finance income	9	<b>9</b>	73
Finance costs	10	<b>(4,112)</b>	(4,442)
		<hr/>	<hr/>
		<b>(4,103)</b>	(4,369)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(4,238)</b>	(5,620)
Taxation on loss on ordinary activities	12	<b>(23,356)</b>	(2,948)
		<hr/>	<hr/>
<b>Loss for the financial year</b>		<b>(27,594)</b>	(8,568)
		<hr/> <hr/>	<hr/> <hr/>

The Notes on pages 14 to 43 form an integral part of these financial statements.

All results arose from continuing operations.

**Statement of other comprehensive income**  
*For the year ended 31 March 2018*

	<i>Note</i>	<b>2018</b> <b>£000</b>	2017 £000
<b>Loss for the year</b>		<b>(27,594)</b>	(8,568)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial (losses)/gains on pension schemes	<i>24</i>	<b>13,131</b>	(19,787)
Deferred tax effect of actuarial gains/(losses) on pension schemes	<i>12</i>	<b>(1,133)</b>	2,795
<b>Items that may be reclassified subsequently to profit or loss</b>			
Cash flow hedge gains/(losses) during the year	<i>11</i>	<b>(41)</b>	542
Deferred tax effect of cash flow hedge losses	<i>12</i>	<b>40</b>	(219)
<b>Other comprehensive profit/(loss) for the year, net of income tax</b>		<b>11,997</b>	(16,669)
<b>Total comprehensive loss for the year</b>		<b>(15,597)</b>	(25,237)

The Notes on pages 14 to 43 form an integral part of these financial statements.

## Balance sheet

At 31 March 2018

	Note	2018 £000	2017 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	13	2,349	2,949
Property, plant and equipment	14	54,646	52,788
Deferred tax assets	12	-	25,561
		<hr/>	<hr/>
		56,995	81,298
<b>Current assets</b>			
Inventories	17	8,563	6,347
Trade and other receivables	18	10,391	11,892
Prepayments		648	487
Other current financial assets	22	207	297
Cash and short term deposits	15	1,423	-
		<hr/>	<hr/>
		21,232	19,023
		<hr/>	<hr/>
<b>Total assets</b>		<b>78,226</b>	<b>100,321</b>
<b>Equity and liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	22	(9,000)	(20,000)
Retirement benefit obligations	24	(80,379)	(93,756)
Provisions	21	(2,151)	(2,000)
		<hr/>	<hr/>
		(91,530)	(115,756)
<b>Current liabilities</b>			
Overdraft	15	-	(111)
Trade and other payables	19	(66,947)	(48,246)
Interest-bearing loans and borrowings	22	(4,500)	(4,500)
Other current financial liabilities	22	(12)	(61)
Deferred revenue	20	(977)	(1,202)
Provisions	21	(1,788)	(1,926)
		<hr/>	<hr/>
		(73,774)	(56,046)
		<hr/>	<hr/>
<b>Net current liabilities</b>		<b>(52,542)</b>	<b>(37,023)</b>
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>(165,304)</b>	<b>(171,802)</b>
		<hr/>	<hr/>
<b>Net liabilities</b>		<b>(87,078)</b>	<b>(71,481)</b>
		<hr/>	<hr/>

**Balance sheet (continued)**

		<b>2018</b>	2017
		<b>£000</b>	£000
<b>Equity</b>			
Share capital	25	<b>(17,039)</b>	(17,039)
Retained losses	26	<b>104,188</b>	88,592
Cash flow hedge reserve	26	<b>(71)</b>	(72)
		<hr/>	<hr/>
		<b>87,078</b>	71,481
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>(78,226)</b>	(100,321)
		<hr/> <hr/>	<hr/> <hr/>

The Notes on pages 14 to 43 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 15 June 2018 and were signed on its behalf by:

**J L Abbotts**  
 Director

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

	Share capital (Note 25)	Retained losses (Note 26)	Cash flow hedging reserve (Note 26)	Total deficit
	£000	£000	£000	£000
Balance at 1 April 2016	(17,039)	63,032	251	46,244
Loss for the year	-	8,568	-	8,568
Total comprehensive loss/(income) for the year	-	16,992	(323)	16,669
<b>Total comprehensive loss/(income) for the year</b>	-	25,560	(323)	25,237
Balance at 1 April 2017	(17,039)	88,592	(72)	71,481
Loss for the year	-	27,594	-	27,594
Other comprehensive loss/(income) for the year	-	(11,998)	1	(11,997)
<b>Total comprehensive loss for the year</b>	-	15,596	1	15,597
<b>Balance at 31 March 2018</b>	<b>(17,039)</b>	<b>104,188</b>	<b>(71)</b>	<b>87,078</b>

The Notes on pages 14 to 43 form an integral part of these financial statements.

## Cash flow statement

For the year ended 31 March 2018

	<i>Note</i>	<b>2018</b> £000	2017 £000
<b>Net cash flows from operating activities</b>	27	<b>19,576</b>	7,426
<b>Investing activities</b>			
Purchase of property, plant and equipment		(7,411)	(5,865)
Interest received		9	17
<b>Net cash flows used in investing activities</b>		<b>(7,402)</b>	(5,848)
<b>Financing activities</b>			
Interest paid		(752)	(1,911)
Taxation -group tax relief receipt		1,112	25
Repayment of revolving credit facility		(20,000)	-
Drawdown of revolving credit facility		9,000	-
<b>Net cash from financing activities</b>		<b>(10,640)</b>	(1,886)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,534</b>	(308)
<b>(Overdraft)/cash and cash equivalents at 1 April 2017</b>	15	<b>(111)</b>	197
<b>Cash and cash equivalents/(overdraft) at 31 March 2018</b>	15	<b>1,423</b>	(111)

The Notes on pages 14 to 43 form an integral part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 General information

Tata Chemicals Europe 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, and therefore the company financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and Emissions Trading Allowances that have been measured at fair value on issue. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

Group financial statements have not been prepared as permitted by section 400 of the Companies Act 2006 as the company itself is a wholly owned subsidiary of Tata Chemicals Europe Holdings Limited, a body incorporated in the United Kingdom which prepares consolidated financial statements.

#### 2.2 Going concern

The Company is a subsidiary of Tata Chemicals Europe Holdings Limited ("TCEHL"). TCEHL and its subsidiaries (together the "Group") manage their operations on a Group-wide basis. In particular, the Group's financing and cash requirements are managed on a pooled basis with funds being allocated between companies to meet individual short and medium term requirements. Consequently, the assessment of company's ability to continue as a going concern has been based on a review of the Group as a whole.

As at 31 March 2018 the Group 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 Group. The facilities are repayable in March 2023.

The directors have prepared forecasts of the Group's profitability and cash generation 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 Group's facilities should be sufficient during the period.

In making their assessment the directors have also considered the net liability position of the Group. The deficit arises in part due to the pension liability associated with one of the Group'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, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the company and Group have 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.



## Notes (continued)

### 2 Significant accounting policies (continued)

#### 2.3 Intangible assets

##### *Emissions Trading Allowances*

The company participates in the European Union Emissions Trading Scheme ("EU ETS") administered in the UK by the Environment Agency. In each year the company receives an allocation of allowances which are initially recorded at fair value as an intangible asset with a corresponding deferred income balance that is released over the compliance period. Additional allowances purchased are valued at cost.

At each period end the company estimates the number of allowances which will have to be surrendered back to the Environment Agency in respect of that period. A provision based on the market value of the allowances is charged to the profit and loss account.

The useful economic life of the Emissions Trading Allowances is approximately one year after they are granted as this is when they must be surrendered.

##### *Other intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Identifiable intangible assets are amortised on a straight-line basis over their expected useful lives, as follows:

Software	2 to 8 years
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#### 2.4 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the company derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit and loss account as incurred.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant & equipment is depreciated on a straight-line basis over its expected useful life, as follows:

Freehold buildings	25 to 50 years
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Plant and equipment	2 to 25 years
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Assets under construction and freehold land are not depreciated.

#### 2.5 Inventories

Inventories 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. Cost is calculated using the weighted average method. Net realisable value is based on estimated selling price, less estimated costs of completion and the estimated costs necessary to make the sale. Provision is made for obsolete, slow-moving or defective items where appropriate.

## Notes (continued)

### 2 Significant accounting policies (continued)

#### 2.6 Investments

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

#### 2.7 Financial instruments and hedge accounting

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, 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 cash, trade and other receivables and derivative financial instruments.

###### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

###### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. This category includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in finance income or finance costs in the profit and loss account.

###### *Loans and receivables*

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.

###### *Impairment of 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.

###### *Derecognition of financial assets*

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset to another entity. On derecognition, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that has been recognised in other comprehensive income and accumulated in equity is recognised in the profit and loss account.

## Notes (continued)

### 2 Significant accounting policies (continued)

#### 2.7 Financial instruments and hedge accounting (continued)

##### b) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

##### *Financial liabilities*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings, and derivative financial instruments.

##### *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.

##### c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### d) *Fair value of financial instruments*

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

##### *Derivative financial instruments and hedge accounting*

##### *Initial recognition and subsequent measurement*

The company uses forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the profit and loss account, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which the company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

## Notes (continued)

### 2 Significant accounting policies (continued)

#### 2.7 Financial instruments and hedge accounting (continued)

##### *Derivative financial instruments and hedge accounting (continued)*

##### *Initial recognition and subsequent measurement (continued)*

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

##### *e) Intra group financial instruments*

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other group companies, 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.

#### 2.8 Revenue

##### *Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### *Interest income*

Interest income is recognised when it is probable that the future economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset, to that asset's net carrying amount on initial recognition.

The company has just one reportable segment under IFRS 8. Therefore there is no requirement for a segmental analysis note.

#### 2.9 Operating profit

Operating profit is stated before investment income and finance costs.

## Notes (continued)

### 2 Significant accounting policies (continued)

#### 2.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit and loss account. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable, in the foreseeable future, that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

##### *Value Added Tax (VAT)*

Revenues, expenses and assets are recognised net of the amount of VAT, except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## Notes (continued)

### 2 Significant accounting policies (continued)

#### 2.11 Pensions

The company operates a defined benefit scheme, which is funded with the assets of the scheme held separately from those of the company, in a separate trustee administered fund. The scheme closed to further accrual of benefits on 31 May 2016. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Actuarial gains and losses for the defined benefit plan are recognised in full, in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less past service costs and less the fair value of plan assets out of which the obligation is to be settled. Plan assets are not available to the creditors of the company, nor can they be paid directly to the company. Fair value is based on market price information. The value of any defined benefit asset recognised is restricted to the sum of any past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

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

#### 2.12 Foreign currency

Transactions in foreign currencies are initially recorded by the company at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference. Translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively.

#### 2.13 Provisions

##### General

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

##### Restructuring

Restructuring provisions are only recognised when general recognition criteria for provisions are fulfilled. Additionally, the company needs to have in place a detailed formal plan about the business or part of the business concerned, the location and a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

## Notes (continued)

### 2 Significant accounting policies (continued)

#### 2.14 Leases

##### *Company as lessee*

Finance leases which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit and loss account.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the profit and loss account on a straight-line basis over the lease term.

#### 2.15 Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount, which is assessed on the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The company bases its impairment calculations on detailed budgets and forecasts which are prepared separately for each of the cash generating units ("CGUs") to which the group's individual assets are allocated. These budgets and forecasts generally cover a period of five years. For subsequent periods, a long term growth rate is calculated and applied to projected future cash flows.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit and loss in those expense categories consistent with the function of the impaired asset.

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. 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.

## Notes (continued)

### 3 Significant accounting judgments, 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.

#### *Taxes*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### *Pension benefits*

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

Further details about the assumptions used are given in Note 23.



## 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.

The adoption of this amendment has had no effect on the company financial statements.

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 (replacing IAS 39 Financial Instruments: Recognition and Measurement). Endorsed 22 November 2016, applying to the company for year commencing April 2018.
IFRS 15	Revenue from Contracts with Customers (replacing IAS 18 Revenue and IFRIC 13). Endorsed 22 September 2016, applying to the company for year commencing April 2018.
IFRS 16	Leases (replacing IAS 17 Leases). Issued January 2016, applying to the company for year commencing April 2019.

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:

- During the year, a review of IFRS 9 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. Under the new standard, investments will be classified under the new standard at fair value through other comprehensive income, with any resultant unrealised and realised gains or losses going through other comprehensive income. The new single expected credit loss impairment model will be applied in calculating the provision for doubtful debts. The cumulative impact on adoption of this standard is not expected to be significant.
- During the year, a systematic review of IFRS 15 was conducted to ensure that the impact of the new standard is fully understood in advance of the effective date. This involved a portfolio-based contract review to assess the impact of IFRS 15. From this review, no changes to current revenue recognition methods are foreseen.
- In preparation for the adoption of IFRS 16, in the financial statements for the year ending 31 March 2020, management are in the process of assessing the potential impact. A preliminary review of the impact of the changes to IFRS 16 is in progress. The standard is expected to have an impact, with the main impact being on the company's land and buildings and plant and equipment operating leases being recognised on balance sheet. A systematic review will be completed next year to quantify the impact of this new standard.

### 5 Revenue

An analysis of revenue by geographical market is set out below:

	2018 £000	2017 £000
United Kingdom	79,484	91,448
Europe	25,747	24,406
Rest of World	4,924	5,951
	<u>110,155</u>	<u>121,805</u>

**Notes (continued)**

**6 Loss on ordinary activities before taxation**

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

	2018 £000	2017 £000
Staff costs (Note 8)	(13,827)	(13,367)
Amortisation of intangibles (Note 13)	(213)	(232)
Depreciation of property, plant and equipment (Note 14)	(5,553)	(5,517)
Cost of stock recognised as an expense	(69,212)	(79,378)
Net foreign exchange gain/(loss)	37	(2,472)
Operating lease rentals	(593)	(594)
	<u>(138,785)</u>	<u>(142,560)</u>

**7 Auditor's remuneration**

The analysis of auditor's remuneration is as follows:

	2018 £000	2017 £000
Fees payable to the company's auditor for the audit of the company's financial statements	(46)	(47)
	<u>(46)</u>	<u>(47)</u>

Fees payable to KPMG LLP and its associates in the current year and Deloitte LLP and their associates for last year for non-audit services to the company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

**8 Staff numbers and costs**

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

	2018 Number	2017 Number
Production and operations	200	201
Distribution and sales	26	23
Administration	57	62
	<u>283</u>	<u>286</u>

*The aggregate remuneration comprised:*

	2018 £000	2017 £000
Wages and salaries	(12,281)	(11,748)
Social security costs	(1,138)	(1,101)
Other pension costs	(1,523)	(1,418)
Less: capitalised as additions to fixed assets	1,115	900
	<u>(13,827)</u>	<u>(13,367)</u>

**Notes (continued)**

**8 Staff numbers and costs (continued)**

*Directors' remuneration comprised:*

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	(1,184)	(1,060)
Amounts receivable under long-term incentive schemes	(463)	(335)
Company contributions to money purchase pension schemes	(70)	(65)
	<u>(1,717)</u>	<u>(1,460)</u>

	<b>Number</b>	<b>Number</b>
The number of directors who are members of a defined benefit contribution scheme	<u>3</u>	<u>3</u>

*Remuneration of the highest paid director*

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Aggregate emoluments	(309)	(275)
Amounts receivable under long-term incentive schemes	(117)	(84)
Company contributions to money purchase pension schemes	(9)	(7)
	<u>(435)</u>	<u>(366)</u>
Accrued pension at the end of the year	<u>42</u>	<u>40</u>

**9 Finance income**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<i>Interest receivable and similar income:</i>		
Bank interest receivable	9	17
Interest receivable from fellow group undertakings and related parties	-	56
	<u>9</u>	<u>73</u>

**Notes** (continued)

**10 Finance costs**

	<b>2018</b>	2017
	<b>£000</b>	£000
Interest on borrowings	(425)	(466)
Interest payable to fellow group undertakings and related parties	(1,044)	(1,072)
Other interest payable	(3)	(9)
	<hr/>	<hr/>
Total interest payable	(1,472)	(1,547)
Interest income on pension scheme assets (Note 24)	5,748	6,641
Interest cost on pension scheme defined benefit obligation (Note 24)	(8,060)	(9,175)
Other finance costs	(328)	(361)
	<hr/>	<hr/>
Total finance costs	(4,112)	(4,442)
	<hr/> <hr/>	<hr/> <hr/>

**11 Components of other comprehensive income**

	<b>2018</b>	2017
	<b>£000</b>	£000
Cash flow hedges:		
Gains/(losses) arising during the year		
Currency forward contracts	1	(218)
Reclassification adjustments for (losses)/gains included in profit or loss	(42)	760
	<hr/>	<hr/>
	(41)	542
	<hr/> <hr/>	<hr/> <hr/>

**12 Tax**

The components of tax income/(expense) for the years ended 31 March 2018 and 31 March 2017 are:

<b>Profit and loss account</b>	<b>2018</b>	2017
	<b>£000</b>	£000
<i>Current tax:</i>		
Current tax receipt for group loss relief	1,112	25
<i>Deferred tax:</i>		
Relating to origination and reversal of temporary differences	(24,468)	(2,973)
	<hr/>	<hr/>
<b>Tax expense reported in the profit and loss account</b>	<b>(23,356)</b>	<b>(2,948)</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

**12 Tax (continued)**

Statement of other comprehensive income	2018 £000	2017 £000
<i>Items that will be reclassified subsequently to the profit and loss account:</i>		
Tax effect of net losses/(gains) on cash flow hedges	40	(219)
<i>Items that will not be reclassified subsequently to the profit and loss account:</i>		
Tax effect of actuarial gains and losses on pension schemes	(1,133)	2,795
<b>Tax (expense)/income reported in other comprehensive income</b>	<b>(1,093)</b>	<b>2,576</b>

The differences between the total tax credit 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	(4,238)	(5,620)
Tax on loss on ordinary activities at the average UK corporation tax rate for the year 19% (2017: 20%)	805	1,124
Tax effects of:		
Income not taxable for tax purposes	94	70
Group relief given at nil charge	(2,229)	(3,299)
Group relief given and charged	1,112	25
Movement on pension - temporary differences	174	(204)
Other temporary differences	(23,312)	(664)
<b>Total tax charge for the year</b>	<b>(23,356)</b>	<b>(2,948)</b>

The UK government has substantively enacted the Finance Bill 2016, giving rise to the following reductions in the headline rate of UK corporation tax: 19% from 1 April 2018 to 31 March 2020 and 17% from 1 April 2020. The net deferred tax liability has been calculated on the basis of a rate of 17% since temporary differences are generally expected to reverse after 1 April 2020.

Deferred tax	2018 £000	2017 £000
Deferred tax relates to the following:		
Decelerated capital allowances	-	9,519
Pension	-	16,031
Non-cash element of general provisions	-	11
<b>Net deferred tax assets</b>	<b>-</b>	<b>25,561</b>

A potential deferred tax asset of £30,746,000 for tax losses, decelerated capital allowances, and non-cash elements of pension and other provisions (2017: £5,319,000; tax losses) has not been recognised because there is no certainty that the asset will crystallise in the foreseeable future.

**Notes (continued)**

**13 Intangible assets**

	EU ETS £000	Software £000	Total £000
<b>Deemed cost</b>			
At 1 April 2017	1,690	2,076	3,766
Granted during the year	1,303	-	1,303
Surrendered during the year	(1,690)	-	(1,690)
<b>At 31 March 2018</b>	<b>1,303</b>	<b>2,076</b>	<b>3,379</b>
<b>Amortisation</b>			
At 1 April 2017	-	(817)	(817)
Charge for the year	-	(213)	(213)
<b>At 31 March 2018</b>	<b>-</b>	<b>(1,030)</b>	<b>(1,030)</b>
<b>Net book value</b>			
<b>At 31 March 2018</b>	<b>1,303</b>	<b>1,046</b>	<b>2,349</b>
At 31 March 2017	1,690	1,259	2,949

**14 Property, plant and equipment**

	Freehold land and buildings £000	Plant and equipment £000	Assets under construction £000	Total £000
<b>Cost</b>				
At 1 April 2017	17,064	98,371	3,290	118,725
Additions	-	1,211	6,200	7,411
Disposals	-	(1,103)	-	(1,103)
Transfers	-	2,783	(2,783)	-
<b>At 31 March 2018</b>	<b>17,064</b>	<b>101,262</b>	<b>6,707</b>	<b>125,033</b>
<b>Depreciation</b>				
At 1 April 2017	(6,369)	(59,568)	-	(65,937)
Charge for the year	(110)	(5,443)	-	(5,553)
Eliminated on disposal	-	1,103	-	1,103
<b>At 31 March 2018</b>	<b>(6,479)</b>	<b>(63,908)</b>	<b>-</b>	<b>(70,387)</b>
<b>Net book value</b>				
<b>At 31 March 2018</b>	<b>10,585</b>	<b>37,354</b>	<b>6,707</b>	<b>54,646</b>
At 31 March 2017	10,695	38,803	3,290	52,788

**Notes** (continued)

**14 Property, plant and equipment** (continued)

Freehold land amounting to £7,999,000 has not been depreciated (2017: £7,999,000).

All property, plant and equipment is subject to a fixed charge as described in Note 22 (b).

At 31 March 2018 plant and equipment included assets originally acquired under finance leases with a net book value of £689,000 (2017: £791,000).

At 31 March 2018 the company had commitments of £2,847,000 (2017: £592,000) relating to the purchase of property, plant and equipment.

**15 Cash and short-term deposits and overdraft**

	<b>2018</b>	2017
	<b>£000</b>	£000
Cash/(overdraft) at bank and in hand	<b>1,423</b>	(111)

**16 Investments**

The company has a £1 shareholding in its subsidiary undertaking, Winnington CHP Limited (2017: same). Winnington CHP Limited is wholly owned by the company and is incorporated in the United Kingdom. Its principal activity is the generation and sale of steam and electricity. The accounts can be obtained from the registrar of Companies, Crown Way, Cardiff.

**17 Inventories**

	<b>2018</b>	2017
	<b>£000</b>	£000
Raw materials and consumables	<b>5,310</b>	2,898
Work in progress	<b>43</b>	37
Finished goods and goods for resale	<b>3,210</b>	3,412
	<b>8,563</b>	6,347

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

All inventory is subject to a first charge as described in Note 22 (b).

**Notes (continued)**

**18 Trade and other receivables**

	2018 £000	2017 £000
Amount receivable for the sale of goods	9,043	11,261
Allowance for doubtful debts	(1)	(1)
Amounts owed by group undertakings and related parties (Note 30)	380	215
Other receivables	969	417
	<b>10,391</b>	<b>11,892</b>

Trade receivables are non-interest bearing and are generally on 30-90 day terms. All customers are credit checked before acceptance. Trade receivables are classified as loans and receivable and measured at amortised cost. The Directors consider that the carrying value of trade and other receivables is approximately equal to the fair value.

The ageing analysis of trade receivables was as follows:

	Total £000	Current £000	<31 days £000	31-60 days £000	61-90 days £000	91-120 days £000	>120 days £000
31 March 2018	9,043	7,335	1,157	502	(1)	57	(7)
31 March 2017	11,261	10,824	431	29	7	-	(30)

As at 31 March 2018, trade receivables with an invoice value of £1,000 (2017: £1,000) were impaired and fully provided for. The provision for doubtful debts is made where specific signs of impairment exist, such as the customer going into administration.

The ageing analysis of impaired trade receivables was as follows:

	Total £000	Current £000	<31 days £000	31-60 days £000	61-90 days £000	91-120 days £000	>120 days £000
31 March 2018	(1)	-	-	-	-	-	(1)
31 March 2017	(1)	-	-	-	-	-	(1)

£000

**Movement in allowance for doubtful debts**

Balance at 1 April 2017 and 31 March 2018 (1)

**19 Trade and other payables**

	2018 £000	2017 £000
Trade payables	(5,360)	(5,292)
Other taxation and social security	(779)	(1,121)
Other creditors	(412)	(288)
Amounts owed to group undertakings and related parties (Note 30)	(54,186)	(34,994)
Accruals and deferred income	(5,760)	(6,551)
	<b>(66,497)</b>	<b>(48,246)</b>

Trade payables are non-interest bearing and are typically settled 60 days following the end of the month of supply. The terms and conditions relating to related parties are described in Note 29. The Directors consider that the carrying value of trade and other receivables is approximately equal to the fair value.



**Notes (continued)**

**20 Deferred revenue**

	2018 £000	2017 £000
<i>EU ETS allowances</i>		
At 1 April	(1,202)	(1,065)
Received during the year	(1,303)	(1,603)
Released to profit and loss	1,528	1,466
	<u>(977)</u>	<u>(1,202)</u>

**21 Provision for liabilities**

	Restructuring £000	Power facilities closure £000	Carbon emissions £000	Total £000
At 1 April 2017	(445)	(1,284)	(2,197)	(3,926)
Non-current	(178)	(1,284)	(538)	(2,000)
Current	(267)	-	(1,659)	(1,926)
	<u>(445)</u>	<u>(1,284)</u>	<u>(2,197)</u>	<u>(3,926)</u>
Charged to profit and loss	-	-	(1,938)	(1,938)
Paid/utilised during the year	267	-	1,658	1,925
	<u>(178)</u>	<u>(1,284)</u>	<u>(2,477)</u>	<u>(3,939)</u>
Non-current	(178)	-	(1,973)	(2,151)
Current	-	(1,284)	(504)	(1,788)
	<u>(178)</u>	<u>(1,284)</u>	<u>(2,477)</u>	<u>(3,939)</u>

The restructuring provision recognises costs to be incurred following the closure of the Winnington soda ash and calcium chloride plants. The company expects to fully utilise the remaining provision within the next year.

The power facilities closure provision recognises committed expenditure to demolish the redundant power facilities owned by the company. The company expects to complete the demolition work within ten years.

The carbon emissions provision recognises the obligation to surrender allowances to the Environment Agency in respect of the 2017 calendar year and the first three months of the 2018 calendar year. The surrender in respect of the 2017 calendar year took place in April 2018. The surrender in respect of the 2018 calendar year is expected to take place in March 2019.

**Notes (continued)**

**22 Other current and non-current financial assets and liabilities**

**a) Other financial assets**

	<b>2018</b>	2017
	<b>£000</b>	£000
<b>Financial instruments at fair value through profit or loss</b>		
Cash flow hedges		
Foreign exchange forward contracts	<b>207</b>	297
	<hr/>	<hr/>
Total other financial assets	<b>207</b>	297
	<hr/>	<hr/>
Total current	<b>207</b>	297
Total non-current	-	-
	<hr/>	<hr/>

**b) Other financial liabilities**

	<b>2018</b>	2017
	<b>£000</b>	£000
<b>Financial instruments at fair value through other comprehensive income</b>		
Cash flow hedges		
Foreign exchange forward contracts	<b>(12)</b>	(61)
	<hr/>	<hr/>
Total other financial liabilities	<b>(12)</b>	(61)
	<hr/>	<hr/>
Total current	<b>(12)</b>	(61)
Total non-current	-	-
	<hr/>	<hr/>

**Interest-bearing loans and borrowings**

	<b>Interest rate</b>	<b>Maturity</b>	<b>2018</b>	2017
	<b>%</b>		<b>£000</b>	£000
<b>Falling due within one year</b>				
Short term loan from related party (Note 29)	6	On demand	<b>(4,500)</b>	(4,500)
			<hr/>	<hr/>
<b>Total current interest-bearing loans and borrowings</b>			<b>(4,500)</b>	(4,500)
			<hr/>	<hr/>
<b>Falling due after one year:</b>				
Revolving credit facility	LIBOR + 1.99	Nov 2020	-	(20,000)
Revolving credit facility	LIBOR + 1.15	Mar 2023	<b>(9,000)</b>	-
			<hr/>	<hr/>
<b>Total non-current interest-bearing loans and borrowings</b>			<b>(9,000)</b>	(20,000)
			<hr/>	<hr/>

## Notes (continued)

### 23 Other current and non-current financial assets and liabilities (continued)

#### b) Other financial liabilities (continued)

Interest payable is normally settled monthly throughout the financial year. The company intends to hold these liabilities to maturity.

#### Revolving credit facility (RCF)

The RCF was refinanced in March 2018 by Bank of America Merrill Lynch. The RCF is secured and has a maximum draw down of £20,000,000.

#### Collateral

Bank of America Merrill Lynch, as Security Trustee, holds a debenture with the group of companies headed by Tata Chemicals Europe Holdings Limited and including the company. The particulars of this charge are:

- i) Legal mortgage over all freehold land; and
- ii) Fixed and floating charges over all present and future business, undertaking and assets which are not effectively mortgaged.

#### c) Hedging activities and derivatives

##### Cash flow hedges

At 31 March 2018, the company held foreign currency forward contracts, designated as hedges of expected Euro cash receipts for which the company has highly probable forecast transactions. The terms of the foreign currency forward contracts match the terms of the hedged items. The hedged Euro cash inflows are expected to occur within one year. There were no highly probable transactions for which hedge accounting has been claimed that have not occurred and no significant element of hedge ineffectiveness requiring recognition in the profit and loss account. The carrying value as at 31 March 2018 was an asset of £207,000 and a liability of £12,000 (2017 asset: £297,000, liability: £61,000).

The following table details the forward currency contracts outstanding at the year end:

	Average rate		Notional value	
	2018	2017	2018 £000	2017 £000
Sell Euros	1.1317	1.1399	18,745	13,686
Buy United States Dollars	-	1.2226	-	2,454

#### d) Fair value measurement

The fair value of derivatives is calculated using level 1 inputs. Derivatives are valued using the discounted cash flow model. Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.

#### e) Sensitivity analysis

##### Foreign exchange forward contracts

No sensitivity analysis is prepared as the company does not expect a 10% increase or decrease in exchange rates to have a material impact on the financial statements.

**Notes** (continued)

**24 Retirement benefit schemes**

*a) Defined contribution scheme*

The company operates a defined contribution scheme for all qualifying employees, under which costs are charged to the profit and loss account on the basis of contributions payable. The assets of the scheme are held separately from those of the company in funds under the control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions.

The contributions for the year amounted to:

	<b>2018</b>	2017
	<b>£000</b>	£000
Employer contributions	<b>(687)</b>	(546)

As at 31 March 2018, contributions of £179,000 (2017: £193,000) were due in respect of the current reporting period but not paid over to the schemes.

*b) Defined benefit scheme*

Tata Chemicals Europe Limited operated a defined benefit scheme for qualifying employees, the Brunner Mond Pension Fund (BMPF). The scheme closed to new members on 30 June 2003 and closed to future accrual of benefits from 31 May 2016.

The defined benefit scheme provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided is defined by the Trust Deed and Rules and depends on members' length of service and their salary. Pensions in payment are generally updated in line with the retail and consumer price indices, subject to caps defined by the rules. Assets are held in trusts and governed by local regulations, as is the composition of the trustee board and nature of its relationship with the company.

The defined benefit scheme is administered by a fund that is legally separated from the company. Responsibility for governance of the scheme lies with the board of trustees. The board of trustees must be composed of representatives of the company and scheme participants in accordance with the scheme rules and every three years the board of trustees reviews the level of funding for the scheme as required by legislation. Such a review includes the asset-liability matching strategy and investment risk management policy and is used to determine the schedule of contributions payable by and agreed with the company.

*Risks*

Through its defined benefit pension scheme the company is exposed to a number of risks. The most significant risks are as follows:

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Inflation risk	If inflation is greater than assumed, the cost of benefits will increase as pension increases and deferred revaluations are linked to inflation.

**Notes (continued)**

**24 Retirement benefit schemes (continued)**

*Risks (continued)*

These risks are mitigated by:

- Taking advice from independent qualified actuaries and other professional advisers
- Monitoring of changes in the funding position, with reparatory action where appropriate
- Investment policies which include a high degree of hedging against changes in liabilities
- Caps on inflationary increases to protect the scheme against extreme inflation

The amounts recognised in the profit and loss account are as follows:

	2018 £000	2017 £000
Current service cost	-	(144)
Net interest costs:		
Interest cost on defined benefit obligation	(8,060)	(9,175)
Interest income on plan assets	5,748	6,641
Administrative expenses	(242)	(314)
	(2,554)	(2,992)
	(2,554)	(2,992)

The amounts recognised in the statement of comprehensive income are as follows:

	2018 £000	2017 £000
Remeasurements of the net defined benefit liability or asset:		
Effect of changes in financial assumptions	14,557	(57,025)
Effect of changes in demographic assumptions	-	(4,917)
(Return) on plan assets (excluding interest income)	(1,427)	42,155
	13,130	(19,787)
	13,130	(19,787)

Movements in the fair value of plan assets are as follows:

	2018 £000	2017 £000
At 1 April	234,241	194,258
Interest income	5,748	6,641
Cash flows:		
Employer contributions	2,800	2,033
Contributions from scheme members	-	51
Benefits paid	(11,201)	(10,522)
Administrative expenses paid from plan assets	(242)	(314)
Insurance premium for risk benefits	-	(61)
Remeasurements:		
Return on plan assets (excluding interest income)	(1,426)	42,155
	229,920	234,241
At 31 March	229,920	234,241

**Notes (continued)**

**24 Retirement benefit schemes (continued)**

Movements in the defined benefit obligation are as follows:

	2018 £000	2017 £000
At 1 April 2017	(327,997)	(267,268)
Current service cost	-	(144)
Interest cost	(8,060)	(9,175)
Cash flows:		
Benefits paid	11,201	10,522
Contributions from scheme members	-	(51)
Insurance premium for risk benefits	-	61
Remeasurements:		
Effect of changes in financial assumptions	14,557	(57,025)
Effect of changes in demographic assumptions	-	(4,917)
At 31 March 2018	<u>(310,299)</u>	<u>(327,997)</u>

The details of plan assets and liabilities are as follows:

	2018 £000	2017 £000
Cash and cash equivalents	754	144
Equity instruments	23,525	24,039
Debt instruments (excluding LDI)	103,655	101,105
Real estate	3,774	6,247
Alternatives	9,953	9,687
LDI instruments*	88,259	93,019
Total fair value of assets	<u>229,920</u>	<u>234,241</u>
Defined benefit obligation	<u>(310,299)</u>	<u>(327,997)</u>
Net pension liability recognised in the balance sheet	<u>(80,379)</u>	<u>(93,756)</u>

\*Liability Driven Investment - assets chosen to match changes in the value of the scheme's liabilities.

All of the scheme assets have a quoted market price in an active market.

	2018 £000	2017 £000
Actual return on plan assets	<u>4,322</u>	<u>48,796</u>

The trustees ensure that the investment position is managed within a framework that considers the scheme's liability profile, funding position, expected return of the various asset classes and the need for diversification. Within this framework, the trustees' objective is to ensure that sufficiently liquid assets are available to meet benefit payments and the scheme's assets achieve a return that is consistent with the assumptions made by the trustees in determining the funding of the scheme. The trustees and company regularly monitor the performance of the scheme's investment strategies.

**Notes** (continued)

**24 Retirement benefit schemes** (continued)

The last valuation of the BMPF was carried out as at December 2014, and the company expects to pay contributions of £2,800,000 over the year to 31 March 2019 based on the schedule of deficit recovery payments agreed at that time. The next valuation, at 31 December 2017, is underway and is scheduled for completion by 31 March 2019.

The weighted average duration of the defined benefit obligation of the scheme at 31 March 2018 and expected benefit payments in future years are as follows:

<b>Weighted average duration (in years)</b>	<b>17</b>
	<b>2018</b>
	<b>£000</b>
Expected total benefit payments:	
Year 1	10,392
Year 2	10,630
Year 3	10,874
Year 4	11,124
Year 5	11,380
Next 5 years	60,942

The actuarial report, used for these financial statements, was prepared as at 31 March 2018 by a qualified independent actuary. The significant weighted-average assumptions to determine defined benefit obligation were as follows:

	<b>2018</b>	<b>2017</b>
	%	%
Discount rate	2.65	2.50
Rate of price inflation (RPI)	3.00	3.10
Rate of price inflation (CPI)	2.00	2.10
Rate of pension increases (RPI 5%)	2.90	3.05
Rate of pension increases (CPI)	2.00	2.10

	<b>2018</b>	<b>2017</b>
	Years	Years
Assumed life expectancy on retirement at age 65:		
Member retiring today (age 65)		
Male	22.5	22.4
Female	25.3	25.2
Member retiring in 25 years (age 40)		
Male	24.9	24.8
Female	27.7	27.6

*Sensitivity analyses*

The sensitivity analyses below are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

**Notes** (continued)

**24 Retirement benefit schemes** (continued)

*Present value of defined benefit obligations*

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Discount rate -25 basis points	<b>(323,435)</b>	(342,615)
Discount rate +25 basis points	<b>(297,954)</b>	(314,284)
Price inflation rate -25 basis points	<b>(302,663)</b>	(319,250)
Price inflation rate +25 basis points	<b>(316,509)</b>	(338,393)
Post-retirement life expectancy +1 year	<b>(320,441)</b>	(338,922)
Post-retirement life expectancy -1 year	<b>(300,225)</b>	(317,179)
	<u><u>          </u></u>	<u><u>          </u></u>

**25 Called-up share capital**

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

<b>Authorised, issued and fully paid</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
17,038,995 ordinary shares of £1 each	<b>(17,039)</b>	(17,039)
	<u><u>          </u></u>	<u><u>          </u></u>

**26 Net liabilities**

Retained earnings represents cumulative profits or losses net of dividends paid and other adjustments.

The cash flow hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

<b>Cash flow hedge reserve</b>	<b>2018</b>
	<b>£000</b>
Balance at 1 April 2017	(72)
Cash flow hedge losses during the year	41
Deferred tax effect of cash flow hedge losses	(40)
	<u>          </u>
<b>Balance at 31 March 2018</b>	<b>(71)</b>
	<u><u>          </u></u>



**Notes (continued)**

**27 Reconciliation of operating loss to operating cash flows**

	2018 £000	2017 £000
Operating loss	(135)	(1,251)
Depreciation of property, plant and equipment	5,553	5,517
Amortisation of intangible assets	213	232
Realised (gains)/losses on forward exchange contracts	-	(39)
	5,631	4,459
Operating cash flow before movements in working capital		
(Increase)/decrease in inventories	(2,216)	4,521
Decrease in trade, other receivables and prepayments	1,318	9,383
Increase/(decrease) in trade and other payables	16,944	(6,408)
Decrease/(increase) in EU ETS intangible assets	387	(271)
Increase/(decrease) in provisions	280	(353)
Adjustment for pension funding	(2,501)	(1,475)
Utilisation of exceptional provision	(267)	(2,430)
	19,576	7,426
Net cash from operating activities		

**28 Contingent liabilities**

The company, together with certain of its fellow group undertakings, has guaranteed the amounts borrowed under its banking facilities as described in Note 22 (b). At 31 March 2018 the amount guaranteed was £89,000,000 (2017: £137,600,000).

**29 Operating lease arrangements**

*Operating lease commitments - company as lessee*

The company has entered into commercial leases on certain motor vehicles, items of machinery and office premises. The leases for motor vehicles and items of machinery have an average life of between three and five years, while the office premises is nineteen years. There are no renewal or purchase options included in the contracts. There are no restrictions placed upon the company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2018 £000	2017 £000
Within one year	(484)	(546)
After one year but not more than five years	(895)	(943)
More than five years	(2,898)	(3,046)
	(4,277)	(4,535)

**Notes** *(continued)*

**30 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:

**Trading transactions**

	Sales to related parties £000	Purchases from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
<i>Companies which were part of the Tata Chemicals Europe Holdings Limited subgroup</i>				
Winnington CHP Limited				
<b>2018</b>	-	<b>(27,888)</b>	-	-
2017	-	(26,830)	-	-
British Salt Limited*				
<b>2018</b>	<b>1,081</b>	-	-	-
2017	1,278	-	92	(30)
<i>Companies which were part of the wider Tata Chemicals Limited group</i>				
TCNA (UK) Limited				
<b>2018</b>	<b>484</b>	<b>(19,839)</b>	<b>48</b>	<b>(1,659)</b>
2017	616	(23,850)	37	(4,420)
Tata Chemicals North America Inc				
<b>2018</b>	<b>323</b>	-	<b>26</b>	-
2017	313	(5,007)	86	-
Tata Chemicals International Pte Limited				
<b>2018</b>	<b>22</b>	<b>(118)</b>	-	<b>(743)</b>
2017	-	(296)	-	(4,496)
Gusiute Holdings (UK) Limited				
<b>2018</b>	-	-	-	<b>(2,000)</b>
2017	-	-	-	(2,000)
British Salt Limited*				
<b>2018</b>	<b>97</b>	-	<b>123</b>	-
2017	-	-	-	-

**Notes (continued)**

**30 Related party transactions (continued)**

<b>Loans from related parties</b>	<b>Interest charged by related party in the year £000</b>	<b>Accrued interest owed to related party £000</b>	<b>Amounts owed to related party £000</b>
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*Companies which were part of the Tata Chemicals Europe Holdings Limited subgroup*

Tata Chemicals Europe Holdings Limited			
<b>2018</b>	-	(108)	(35,519)
2017	-	(202)	(5,865)
Winnington CHP Limited			
<b>2018</b>	-	(162)	(8,275)
2017	-	-	(2,285)
British Salt Limited*			
<b>2018</b>	-	(386)	-
2017	-	(304)	(14,600)

*Companies which were part of the wider Tata Chemicals Limited group*

Gusiute Holdings (UK) Limited			
<b>2018</b>	(270)	(1,350)	(4,500)
2017	(270)	(1,080)	(4,500)

<b>Loans to related parties</b>	<b>Interest charged to related party in the year £000</b>	<b>Accrued interest owed by related party £000</b>	<b>Amounts owed from related party £000</b>
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*Companies which were part of the Tata Chemicals Europe Holdings Limited subgroup*

Winnington CHP Limited			
<b>2018</b>	-	-	-
2017	-	56	-

**Notes** (continued)

**30 Related party transactions** (continued)

**Expenses and recharges**

	Recharges to related parties £000	Recharges from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
<i>Companies which were part of the Tata Chemicals Europe Holdings Limited subgroup</i>				
British Salt Limited*				
<b>2018</b>	<b>6,163</b>	-	-	-
2017	6,546	-	-	-
Winnington CHP Limited				
<b>2018</b>	<b>1,410</b>	<b>(655)</b>	<b>45</b>	-
2017	1,537	(422)	-	-
Tata Chemicals Europe Holdings Limited				
<b>2018</b>	<b>3,849</b>	-	-	-
2017	3,653	-	-	-
<i>Companies which were part of the wider Tata Chemicals Limited group</i>				
British Salt Limited*				
<b>2018</b>	<b>612</b>	-	<b>130</b>	-
2017	-	-	-	-
Tata Chemicals North America Inc				
<b>2018</b>	<b>33</b>	-	<b>5</b>	-
2017	-	-	-	-
Tata Chemicals Limited				
<b>2018</b>	-	<b>(325)</b>	<b>3</b>	<b>(56)</b>
2017	3	(284)	3	(188)
Homefield Pvt UK Limited				
<b>2018</b>	-	-	-	<b>(84)</b>
2017	15	-	-	(30)
<i>Companies which were part of the wider Tata Group</i>				
Tata Limited				
<b>2018</b>	-	-	-	-
2017	-	(11)	-	-

\*Prior to 9 March 2018, British Salt Limited was a member of the Tata Chemicals Europe Holdings Limited subgroup. On 9 March 2018, Tata Chemicals Europe Holdings Limited sold its investment in British Salt Limited to its immediate parent company, Homefield 2 UK Limited.

## Notes (continued)

### 30 Related party transactions (continued)

#### *Terms and conditions of transactions with related parties*

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding trading balances at the year end are unsecured and will be settled in cash. Within the Tata Chemicals Europe Holdings Limited subgroup interest is generally charged at a rate that matches the rate paid on external loans and borrowings. Interest is charged monthly on the loan owed to Gusiute Holdings (UK) Limited at 6% per annum. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the company has not recorded any impairment of receivables relating to amounts owed by related parties (2017: £nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

#### *Transactions with key management personnel*

There were no transactions with key management personnel in the year. Directors' remuneration is disclosed in Note 8.

### 31 Ultimate controlling party

The company's immediate parent undertaking is Brunner Mond Group Limited, a company incorporated in England. The smallest group in which the results of the company are consolidated is that of Tata Chemicals Europe Holdings Limited, a company incorporated in England. Copies of the accounts are available from the registrar of Companies, Crown Way, Cardiff.

The ultimate parent company in the year to 31 March 2018 was Tata Chemicals Limited, a company incorporated in India. The largest 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.

