

Natrium Holdings Limited

Consolidated annual report and financial statements

Registered number 07462734

For the year ended 31 March 2023

Contents

Strategic report	1
Directors' report	5
Statement of directors' responsibilities in respect of the annual report and the financial statements	8
Independent auditor's report to the members of Natrium Holdings Limited	9
Consolidated profit and loss account	14
Consolidated statement of other comprehensive income	15
Consolidated balance sheet	16
Consolidated statement of changes in equity	18
Consolidated statement of cash flows	19
Notes to the consolidated financial statements	21
Company balance sheet	59
Company statement of changes in equity	60
Company statement of cash flows	61
Notes to the Company financial statements	62

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 acts as an intermediate holding company and provider of finance to its group of trading subsidiaries. The Group's principal activities are the manufacture and sale of sodium carbonate (soda ash), sodium bicarbonate and related products together with the generation and sale of steam and electricity.

The price of natural gas in the UK was high and very volatile throughout the year and the Group was also exposed to significant increases in the cost of other raw materials, packaging and transport. Turnover for the year increased to £207,163,000 (2022: £150,790,000) as world market prices for soda ash and sodium bicarbonate reacted to changes in input costs. Sales pricing included surcharge mechanisms for changes in gas and carbon prices and this enabled the Group to restore and then retain margins which had been lost in the previous year. The Group also benefited from increased volumes of higher margin products and improved returns from export markets due to the weakness of Sterling. The combined heat and power facility at Winnington performed well throughout the year, with sales of electricity to the national grid increasing significantly, more than offsetting the cost of gas used to generate the electricity. Margins were further improved by the crystallisation of some historic gas derivative positions. Surplus carbon dioxide from the carbon capture and use plant was sold into the UK market for the first time.

As noted in last year's report, the Group is a key, long-term participant in an Energy from Waste project at its Lostock site. The Group will benefit from improved site facilities as well as providing other services to the third party owner of the facility. During the year the Group recognised £1,340,000 of lease income related to the project (2022: £1,340,000) and received the final instalments of property, plant and equipment valued at £433,000 (2022: £30,108,000) by way of advance lease payments.

EBITDA for the year was £41,185,000 (2022: £4,752,000), calculated as:

	2023	2022
	£000	£000
Operating profit/(loss)	28,722	(5,835)
Depreciation	12,572	10,568
Amortisation	197	196
Amortisation of government grants	(306)	(177)
	<hr/> 41,185 <hr/>	<hr/> 4,752 <hr/>

The profit on ordinary activities before taxation was £23,450,000 (2022: £10,136,000 loss).

The Group refinanced its main external bank facilities during the year, shortly before the maturity date. These changes have provided the Group with increased liquidity as the existing Term Loan of £80,000,000 has been reduced to £70,000,000 and the £20,000,000 Revolving Credit Facility has been replaced by a £40,000,000 Working Capital Facility.

Future outlook and developments

As described in last year's strategic report, the Group is continuing to deliver a restructuring programme involving a series of projects focused on reducing the total cost per tonne of manufacturing and enhancing both the safety and efficiency of operational delivery.

Strategic report (continued)

The ground-breaking carbon capture and use plant at the Group's combined heat and power facility at Winnington operated successfully throughout the year, reducing the Group's carbon emissions and the cost to the Group of externally supplied carbon dioxide as a raw material for sodium bicarbonate manufacture. These savings are providing vital support to the Group's ambitious plans to become a net zero producer of soda ash and expand its sodium bicarbonate business.

The directors expect these projects and the protection against fluctuating energy prices from selling price surcharge mechanisms will enable the Group to consolidate and strengthen its performance in its key UK markets as well as providing the base for further growth in export sales to Europe and Asia.

Principal risks and uncertainties

The main risk to the business is the cost of energy in the UK. This includes not only the market price of natural gas but also the cost of carbon emissions under the UK Emissions Trading Scheme. During the year, input costs increased significantly but the Group was largely able to pass through the costs to end customers. An extended period of very high energy prices in both the UK and wider world economies could test the resilience of markets in which the Group's customers operate and lead to potential demand destruction. The Group will maintain its close focus on these matters over the coming year by engaging proactively with customers, suppliers and national decision-making bodies.

Financial risk management

The Group's operations expose it to a variety of financial risks that include interest rate risk, foreign currency risk, commodity price risk, liquidity risk, credit risk and capital risk. The Group has in place a risk management programme which seeks to limit the adverse effects on its financial performance where appropriate. Further information is given in Note 27 to the financial statements.

Key performance indicators ("KPIs")

The Group's main financial KPI is EBITDA, which for the year ended 31 March 2023 was £41,185,000 (2022: £4,752,000). The Group also closely monitors fixed cost performance against budget and the previous year. The Group uses a number of other, non-financial KPIs using a 'balanced scorecard' approach. At the start of each financial year the Group sets targets relating to a number of strategic themes, including safety performance, reduction in carbon footprint and operational excellence. 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.

Section 172 (1) Statement

The directors act in good faith to promote the success of the Company and Group taking, inter alia, the following into account:

- the likely consequences of any decision in the long-term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Group.

These factors influenced the strategies followed and decisions made during the year. Details of the group's key stakeholders and how we engage with them are set out below:

Strategic report (continued)

Shareholders

The group is a wholly-owned sub-group of TCE Group Limited and ultimately Tata Chemicals Limited, a company incorporated in India and quoted on the Bombay Stock Exchange. Board and Audit Committee Meetings are held quarterly at the TCE Group Limited level and these meetings provide shareholders with the opportunity to review the actual and forecast financial performance, strategy, risk management, governance, sustainability and ethical standards of the business. These formal meetings are supplemented by regular discussions and updates on a wide range of topics.

Colleagues

The measures taken by the Group to establish and improve employee engagement and the directors' regard for the interests of employees are described in the Directors' Report.

Customers

The Group aims to provide the highest possible level of customer service by delivering high quality products on time and in full and resolving any customer complaints both promptly and fairly. The Group undertakes an annual customer satisfaction survey and uses the feedback from this process to improve the services offered.

Suppliers

The Group develops strategic relationships with key suppliers in order to build mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through regular contract reviews which take into account not only the supply of products and services but also compliance with the governance requirements of the UK Bribery Act and the Modern Slavery Act.

Communities

The Group's approach to corporate social responsibility has four main drivers: the engagement of our colleagues, the engagement of local communities in order to maintain positive public relations, the support of STEM in local educational establishments and the support of wider Tata Group CSR initiatives. We focus our efforts in three main areas: volunteering, fundraising for our corporate charity, St Luke's Hospice, and initiatives with local schools.

External regulators and other stakeholders

The measures taken by the Group to ensure adherence to our environmental responsibilities, energy usage and carbon emissions are described in the Directors' Report. We engage with the government and government regulators through a range of industry consultations and meetings, together with our membership of the Chemical Industries Association.

The Group operates a defined benefit pension scheme which is legally separated from the Group and responsibility for its governance lies with the independent board of trustees. The Group maintains regular contact with the trustees to ensure that interests of the fund members are safeguarded and the requirements of the Pensions Regulator are met.

Strategic report (continued)

By order of the board



J L Abbotts

Director

19 May 2023

Natrium House, Winnington Lane, Northwich, Cheshire, CW8 4GW

Directors' report

The directors present their annual report on the affairs of the Group, together with the audited financial statements for the year ended 31 March 2023.

Directors

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

M J Ashcroft
J L Abbotts
D P W Davies

Employees and employee engagement, including the Group's statement under S172(1)

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

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

The directors have taken a number of measures in order to establish and improve employee engagement. We value the individual contributions made towards the success of the Group by all of our colleagues. We encourage our people to express opinions on how we run our organisation and how we can improve the employee experience and we acknowledge this feedback. We run an annual employee engagement survey and this gives us valuable insight into what our employees value and where we need to put in place action plans to ensure delivery of improvements. Other ways in which we engage with our employees include the use of Yammer, company-wide e-mails, communication meetings, notice boards, newsletters and employee forums, including those that involve our recognised trade unions. We are proud of our on-line training portals and our wellbeing offering, including an employee hotline which can be used to raise concerns anonymously.

Going concern

The directors have concluded that the Group 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 3.3).

Political contributions

No donations were made to any political party during the year (2022: £nil).

Directors' report (continued)

Environment

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

UK Energy use and carbon emissions

The annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from activities for which the Group is responsible involving the combustion of gas or the consumption of fuel for the purposes of transport was 361,399 tonnes (2022: 365,958 tonnes).

The annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity by the Group for its own use, including for the purposes of transport was 121 tonnes (2022: 18 tonnes).

The aggregate of the following was 1,750,534 MWh (2022: 1,775,440 MWh):

- the annual quantity of energy consumed from activities for which the Group is responsible involving the combustion of gas or the consumption of fuel for the purposes of transport; and
- the annual quantity of energy consumed resulting from the purchase of electricity by the Group for its own use, including for the purposes of transport.

The methodology used by the Group to calculate this information is the Greenhouse Gas Protocol.

The carbon emissions per tonne of Soda Ash produced were 0.79 tonnes (2022: 0.77 tonnes).

During the year, Carbon Capture and Use plant commissioned in 2021 at the Group's Winnington site supplied 100% of the carbon dioxide required for the production of its food and pharmaceutical grade sodium bicarbonate and sold surplus carbon dioxide into the market. All of this carbon would otherwise have been emitted to the atmosphere.

Winnington CHP Limited completed a hot hazard path inspection on its baseload gas turbine and a major overhaul on its steam turbine, extending asset life and improving efficiencies, thereby reducing the emissions intensity of power generated by the combined heat and power plant. Both assets were also entered into the T-4 Capacity Market auction under the continued low emissions rules and successfully won an Agreement to enhance GB grid security of supply.

The group signed a Memorandum of Understanding with Vertex Hydrogen for the supply of Blue Hydrogen to Winnington CHP as part of the HyNET cluster, paving the way for step change decarbonisation of the Group's energy supply by the end of the decade.

Dividends

The directors do not recommend the payment of a dividend (2022: £nil).

Directors' report (continued)

Qualifying Third Party Indemnity Provisions

During the year, and at the date of signing this report, the Group maintained liability insurance and third party indemnification provisions for its directors, under which the Group has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company and any of its associated companies.

Financial Instruments

The Group's risk management objectives and policies in relation to the use of financial instruments can be found in Note 27.

Matters covered in the Strategic Report

Future developments and business relationships are covered in the Strategic Report.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

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 Group's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group'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

The auditor, KPMG LLP, will be deemed to be reappointed in accordance with Section 487 of the Companies Act 2006.

By order of the board



J L Abbotts

Director

19 May 2023

Natrium House, Winnington Lane, Northwich, Cheshire, CW8 4GW

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 Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent Company financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company 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 UK-adopted international accounting standards;

assess the Group and parent 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 Group or the parent 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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its 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 Group 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 Natrium Holdings Limited

Opinion

We have audited the financial statements of Natrium Holdings Limited ("the Company") for the year ended 31 March 2023 which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and related notes, including the accounting policies in note 3.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Group 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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Independent auditor's report to the members of Natrium Holdings Limited (continued)

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and TCE Group Limited audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, our overall knowledge of the control environment and the impact of gas and other energy cost increases on profitability in the year, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries to overstate revenue.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those that appeared to be posted on behalf of senior finance management, duplicate journal entries that may have been posted, postings to seldom used accounts, postings containing key words and phrases (such as bribe, fraud, litigation, arbitration, gift, personal, CFO, Director, political, liaison and entertainment) and

Independent auditor's report to the members of Natrium Holdings Limited (continued)

those posted to unusual offset accounts when posted to revenue and those posted to unusual offset accounts when posted to cash and borrowing accounts.

- Performing additional substantive audit testing on sales to customers where there have been significant increases in revenue and £/tonne.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and UK ETS legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditor's report to the members of Natrium Holdings Limited (continued)

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.

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

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 Group and parent 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 Group or the parent 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.

Independent auditor's report to the members of Natrium Holdings Limited (continued)

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.



**William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

8 Princes Parade

Liverpool

L3 1QH

19 May 2023

Consolidated profit and loss account

For the years ended 31 March

	Note	2023 £000	2022 £000
Group revenue	5	207,163	150,790
Cost of sales		(157,283)	(140,058)
Gross profit		49,880	10,732
Selling and distribution expenses		(14,058)	(12,031)
Administrative expenses		(8,676)	(7,342)
Other operating income		1,576	2,806
Group operating profit/(loss)	6	28,722	(5,835)
Finance income	9	1,594	618
Finance costs	10	(6,866)	(4,919)
Net finance costs		(5,272)	(4,301)
Group profit/(loss) before tax		23,450	(10,136)
Taxation	12	2,199	-
Group profit/(loss) for the year		25,649	(10,136)

All of the results shown above relate to continuing operations.

The Notes on page 21 to 58 form an integral part of these financial statements.

Consolidated statement of other comprehensive income

For the years ended 31 March

	Note	2023 £000	2022 £000
Group profit/(loss) after tax		25,649	(10,136)
Items that will not be reclassified to profit or loss			
Remeasurement (losses)/gains on defined benefit pension schemes	24	(11,564)	22,559
Related tax	12	5,442	-
Items that may be reclassified subsequently to profit or loss			
Cash flow hedge (losses)/gains	11	(98,300)	93,918
Related tax	12	18,698	(18,609)
Other comprehensive income		(85,724)	97,868
Total comprehensive (loss)/income		(60,075)	87,732

The Notes on page 21 to 58 form an integral part of these financial statements.

Consolidated balance sheet

At 31 March

<u>Assets</u>	Note	2023 £000	2022 £000
Intangible assets	14	69,108	52,205
Property, plant and equipment	15	125,680	127,353
Deferred tax asset	12	5,797	-
Non-current assets		200,585	179,558
Inventories	17	9,786	8,168
Trade and other receivables	18	90,283	87,462
Prepayments		1,197	3,072
Other current financial assets	23	63	93,377
Deferred tax asset	12	1,933	-
Cash and short term deposits	16	812	9,103
Current assets		104,074	201,182
Total assets		304,659	380,740
<u>Liabilities</u>			
Interest-bearing loans and borrowings	23	(73,740)	(4,304)
Other payables	19	(29,162)	(30,069)
Provisions	22	(9,433)	(9,267)
Government grants	20	(5,158)	(5,464)
Retirement benefit obligations	24	(63,063)	(54,969)
Non-current liabilities		(180,556)	(104,073)
Trade and other payables	19	(66,376)	(78,263)
Interest-bearing loans and borrowings	23	(10,854)	(96,579)
Other current financial liabilities	23	(3,273)	(150)
Government grants	20	(306)	(306)
Deferred revenue	21	(19,094)	(18,761)
Deferred tax liability	12	-	(18,609)
Provisions	22	(38,628)	(27,538)
Current liabilities		(138,531)	(240,206)
Total liabilities		(319,087)	(344,279)
Net (liabilities)/assets		(14,428)	36,461

Continued on page 17

Consolidated balance sheet (continued)

At 31 March

	Note	2023 £000	2022 £000
Equity			
Ordinary share capital	25	39,186	30,000
Preference share capital	25	10,917	10,917
Other reserve	26	(103,418)	(103,418)
Cash flow hedging reserve	26	(393)	79,209
Retained earnings	26	39,280	19,753
		<hr/>	<hr/>
Deficit attributable to owners of the Group		(14,428)	36,461
		<hr/> <hr/>	<hr/> <hr/>

The Notes on pages 21 to 58 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 18 May 2023 and were signed on its behalf on 19 May 2023 by:



J L Abbotts
Director

Consolidated statement of changes in equity

At 31 March

	Ordinary share capital (Note 25) £000	Preference share capital (Note 25) £000	Other reserve (Note 26) £000	Cash flow hedging reserve (Note 26) £000	Retained earnings (Note 26) £000	Total deficit/ equity £000
Balance at 1 April 2021	30,000	10,917	(103,418)	3,900	7,330	(51,271)
Loss for the year	-	-	-	-	(10,136)	(10,136)
Other comprehensive income	-	-	-	75,309	22,559	97,868
Total comprehensive income	-	-	-	75,309	12,423	87,732
Balance at 31 March 2022	30,000	10,917	(103,418)	79,209	19,753	36,461
Profit for the year	-	-	-	-	25,649	25,649
Other comprehensive income	-	-	-	(79,602)	(6,122)	(85,724)
Total comprehensive (loss)/income	-	-	-	(79,602)	19,527	(60,075)
Issue of ordinary shares	9,186	-	-	-	-	9,186
Balance at 31 March 2023	39,186	10,917	(103,418)	(393)	39,280	(14,428)

The Notes on pages 21 to 58 form an integral part of these financial statements.

Consolidated statement of cash flows

For the years ended 31 March

	Note	2023 £000	2022 £000
Profit/(loss) for the year		25,649	(10,136)
Finance income	9	(1,594)	(618)
Finance costs	10	6,866	4,919
Depreciation of property, plant and equipment	15	12,572	10,568
Amortisation of intangible assets	14	197	196
Amortisation of government grants	20	(306)	(177)
Foreign exchange gains	6	(52)	(548)
Other non-cash item: UKETS		11,548	13,323
Taxation		(2,199)	-
		52,681	17,527
(Increase)/decrease in inventories		(1,660)	2,198
Increase in trade, other receivables and prepayments		(8,582)	(39,686)
Increase in trade and other payables		49	63,845
(Decrease)/increase in provisions and employee benefits		(4,953)	71
		37,535	43,955
Purchase of UKETS allowances	40	(18,748)	(18,026)
Net cash from operating activities		18,787	25,929
Net cash used in Investing activities			
Purchase of property, plant and equipment		(8,803)	(14,187)
Grant receipts	20	-	418
Net cash used in investing activities		(8,803)	(13,769)
Cash flows used in financing activities			
Repayment of borrowings		(12,000)	(3,000)
Payment of lease liabilities		(1,738)	(1,656)
Interest paid		(4,827)	(2,482)
Net cash used in financing activities		(18,565)	(7,138)

Continued on page 20

Consolidated statement of cash flows (continued)

For the years ended 31 March	Note	2023 £000	2022 £000
Net (decrease)/increase in cash and cash equivalents		(8,581)	5,022
Effect of exchange rate fluctuations on cash held		290	668
Cash and cash equivalents at 1 April	16	9,103	3,413
Cash and cash equivalents at 31 March	16	812	9,103

The Notes on page 21 to 58 form an integrated part of these financial statements.

Notes to the consolidated financial statements

(forming part of the financial statements)

1 General information

Natrium Holdings Limited is a private company incorporated in England, United Kingdom, under the Companies Act. The address of the company's registered office is Natrium House, Winnington Lane, Northwich, Cheshire, CW8 4GW.

The financial statements are presented in pounds sterling, which is the Company's and Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

2 Changes in significant accounting policies

A number of new standards are effective from 1 April 2022 but they do not have a material effect on the Group's financial statements.

New and revised IFRS standards in issue but not yet effective.

Revisions to the following standards have been issued but are not yet effective:

- Classification of liabilities as Current or Non-current (IAS 1)
- Non-current Liabilities with Covenants (IAS 1)
- Lease liability in a sale and leaseback (IFRS 16)

None are expected to have a material impact on the Group's financial statements in the period of initial application.

3 Significant accounting policies

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

3.1 Basis of accounting

The consolidated financial statements of the Group have been prepared and approved by the directors in line with UK-adopted International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006. They have been prepared on a historical cost basis, except for the revaluation of financial instruments and Emissions Trading Allowances, as explained in the accounting policies below.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2023.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Notes (continued)

3 Significant accounting policies (continued)

3.3 Going concern

As at 31 March 2023 the Group had consolidated net liabilities of £14,428,000 (2022: net assets £36,461,000). Notwithstanding these net liabilities, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group manages its 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.

The Group refinanced its bank facilities in February 2023. As at 31 March 2023 the Group was funded by a fully drawn down £70,000,000 term loan and £10,000,000 drawn down from a £40,000,000 uncommitted working capital facility, both provided by Bank of America and secured by fixed and floating charges over the assets of the Group and for which Tata Chemicals Limited ("Ultimate Parent") is guarantor. The term loan is repayable in February 2028 and is subject to financial covenants which are tested at the level of the Tata Chemicals Limited group ("the Ultimate Parent Group") and in the event any are breached would result in such amounts owed becoming repayable on demand.

The Group also has access to a trade receivables financing facility of £13,000,000 with Standard Chartered Bank of which £nil was utilised at 31 March 2023 and a reverse forfaiting facility of up to £40,000,000 with Credit Agricole Corporate and Investment Bank of which £36,283,000 was utilised at 31 March 2023. Access to new drawdowns under these facilities may be withdrawn at a month's notice.

The Group meets its day-to-day funding requirements by utilising directly drawn amounts from the facilities described above.

The Ultimate Parent has indicated its intention to provide such support as may be necessary to allow the Group to continue as a going concern for the foreseeable future. In particular, the Ultimate Parent does not intend to seek or cause the repayment of amounts due from the Group to other members of the Ultimate Parent Group.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements (the "Forecasts"). These Forecasts take into consideration the expected continuing impact of very high European energy prices and assume that the uncommitted working capital facility will continue to be available throughout. The directors have also prepared a detailed assessment of a severe but plausible downside scenario arising as a result of further increases in energy prices and other input costs and have considered the impact this would have on the Forecasts. The Forecasts indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds, by utilising the bank facilities described above, to meet its liabilities as they fall due for that period. In the severe but plausible downside scenario, taking account of the scenario where the working capital facility does not continue to be available, the directors consider that the Group will have sufficient funds, by utilising both the other bank facilities and the Ultimate Parent support, to meet its liabilities as they fall due for that period.

The Group is reliant on the support of the Ultimate Parent, as described above. Following discussions with the directors of the Ultimate Parent, the directors of the Group are satisfied that the Ultimate

Notes (continued)

3 Significant accounting policies (continued)

3.3 Going concern (continued)

Parent will be able to provide the support which has been indicated and that bank covenants measured at the Ultimate Parent Group level will continue to be met. As is the case for any entity placing reliance on other related entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company and Group will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

3.4 Intangible assets

Emissions Trading Allowances

The Group participates in UK Emissions Trading Scheme (UKETS). For each calendar year the Group receives an allocation of free 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 purchased allowances are valued at cost. At each period-end the Group estimates its outstanding obligation to surrender allowances. Where the obligation is already matched by allowances either held or purchased forward by the Group, the provision is calculated using the same cost as the allowances. To the extent that the Group has an obligation to surrender allowances in excess of allowances held or purchased forward, the provision is based on market prices at the balance sheet date.

Other intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

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.

The estimated useful lives for current and comparative periods are as follows:

Software	2 to 8 years
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The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Notes (continued)

3 Significant accounting policies (continued)

3.5 Property, plant and equipment

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 cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. 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 Group 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.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold buildings	25 to 50 years
Plant and equipment	2 to 25 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3.6 Investments

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

3.7 Financial instruments

3.7.1 Financial assets

The Group's financial assets include cash, trade and other receivables, and derivative financial assets.

Classification

The Group classifies its financial assets as either:

- those subsequently measured at fair value (either through OCI, or through profit or loss); or
- those measured at amortised cost.

The classification depends on the Group's methodology for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition. Trade receivables are stated net of amounts settled under a no-recourse receivables financing facility with Standard Chartered Bank.

Measurement

At initial recognition, the Group measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. For all other financial assets, transaction costs that are directly attributable to the acquisition of the financial assets are added to the fair value measured on initial recognition.

Notes (continued)

3 Significant accounting policies (continued)

3.7.1 Financial assets (continued)

Subsequent measurement of the asset depends on the Group's methodology for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its financial assets:

a) Amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Any gains or losses are recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate ('EIR') method.

b) Fair value through other comprehensive income ('FVTOCI')

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset's cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are recorded in OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the EIR.

c) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. Any gains or losses are recognised net in profit or loss in the period in which they arise. Interest income from these financial assets is included in finance income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the profit and loss account.

3.7.2 Debt and equity instruments

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

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 Group are recognised when the proceeds are received, net of direct issue costs.

Notes (continued)

3 Significant accounting policies (continued)

3.7.2 Debt and equity instruments (continued)

Financial liabilities

The Group's financial liabilities comprise borrowings, trade payables and other liabilities. These are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the EIR method. The EIR is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period at effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Changes to the carrying amount of a financial liability as a result of renegotiation or modification of terms that do not result in derecognition of the financial liability, is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

3.7.3 Derivatives and hedging activities

In the ordinary course of business, the Group uses certain derivative financial instruments to reduce its exposure to foreign exchange on net cash transactions and commodity price fluctuations (cash flow hedges). When the Group opts to undertake hedge accounting, the Group documents, at the inception of the hedging transaction, the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows or fair values of hedged items. The Group documents its risk management objective, its strategy for undertaking various hedge transactions at the inception of each hedge relationship and how the entity will assess the effectiveness of the hedge. 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.

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.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

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 and accumulated in the hedging reserve.

Notes (continued)

3 Significant accounting policies (continued)

3.7.3 Derivatives and hedging activities (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.

3.7.4 Intra-group financial instruments

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

3.7.5 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.

3.7.6 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.

3.7.7 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate.

3.8 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)

3 Significant accounting policies (continued)

3.9 Revenue

Sale of goods

Operating revenue is derived from the sale of sodium carbonate (soda ash), sodium bicarbonate and related products, together with revenue from the sale of steam, electricity and carbon dioxide. In accordance with IFRS 15 revenue from the sale of goods, steam, electricity and related services is recognised only when the performance obligation is met when control of goods are transferred and when collectability is reasonably assured and at an amount to which the Group expects to be entitled. Any amounts received where the performance obligation has not been met are held as deferred income. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an expense, rather than as an adjustment to the amount of revenue originally recognised.

Interest income

Interest income is recognised when it is probable that the future economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is recognised using the effective interest method, with the effective interest rate being the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to that asset's net carrying amount on initial recognition.

Other operating income

In accordance with IFRS 15, other operating income is recognised only when the performance obligation is met when control of goods are transferred and when collectability is reasonably assured and at an amount to which the Group expects to be entitled. Any amounts received where the performance obligation has not been met are held as deferred income.

3.10 Operating profit

Operating profit is stated before investment income, finance income, finance costs and income tax.

3.11 Tax

The tax expense or credit represents the sum of the net amount arising in respect of current and deferred tax.

Current tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current 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.

Notes (continued)

3 Significant accounting policies (continued)

3.11 Tax (continued)

Deferred tax

Deferred tax arises in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Deferred tax assets are recognised for unutilised tax losses, unutilised tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they 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 is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates 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 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 tax 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.

3.12 Pensions

The Group operates a defined benefit scheme, which is funded with the assets of the scheme held separately from those of the Group, 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 by a qualified actuary 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.

Notes (continued)

3 Significant accounting policies (continued)

3.12 Pensions (continued)

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 Group, nor can they be paid directly to the Group. 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 Group 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.

3.13 Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rate prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are subsequently retranslated at the spot rate prevailing at that 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.

3.14 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Notes (continued)

3 Significant accounting policies (continued)

3.14 Provisions (continued)

Emissions Trading Allowances

At each period-end the Group estimates its outstanding obligation to surrender allowances under UKETS. Where this obligation is already matched by free or purchased allowances, the provision is calculated using the same cost or deemed cost as the allowances. To the extent that the Group has an obligation to surrender allowances in excess of free and purchased allowances, the residual shortfall is based on market prices at the balance sheet date.

3.15 Leases

Group as lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (lease terms of 12 months or less) and leases of low value assets. For these exceptions, the Group recognises lease payments as operating expenses on a straight line basis over the terms of the leases.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the rate implicit in the lease or, where this is not readily determined, by the incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter of lease term or useful life of the underlying asset. IAS 36 is applied to determine whether a right-of-use asset is impaired and how to account for this.

Group as lessor

The Group recognises lease payments receivable under operating leases as income on a straight-line basis over the lease term as part of 'other operating income'.

3.16 Impairment of non-financial assets

The Group 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 Group 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.

Notes (continued)

3 Significant accounting policies (continued)

3.16 Impairment of non-financial assets (continued)

The Group 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.

3.17 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

3.18 Reverse Forfeiting

Reverse forfeiting is a financing mechanism initiated by the Group under which a supplier sells a receivable due from the Group to a third party, for immediate settlement. As part of the arrangement, the Group benefits from an extended credit period in return for a financing charge. Where this arrangement does not result in payment terms significantly in excess of normal credit terms, does not result in the Group paying significantly increased finance charges, does not require the Group to provide additional collateral or a guarantee and does not result in the cancellation of the original invoice, the base value of the invoice continues to be recognised in trade payables. Where purchase invoices which have been subject to reverse forfeiting are outstanding at the balance sheet date, an accrual is made for unpaid financing charges.

3.19 Deferred Income

Emissions Trading Allowances

Under UKETS, for each calendar year the Group receives an allocation of free allowances which are initially recorded at fair value as intangible assets with a corresponding deferred income balance that is released on a straight line basis over the calendar year.

4 Significant accounting judgments, estimates and assumptions

In preparing these Group consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Notes (continued)

4 Significant accounting judgments, estimates and assumptions (continued)

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 Group 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 Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment arises 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 Group's forecast for the next five years and do not include restructuring activities to which the Group is not yet committed or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rates, EBITDA and capital expenditure. Further details about the assumptions used are given in Note 15.

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.

Volatility in the UK gilt and bond markets, the value of Sterling and RPI and CPI inflation have impacted the investment asset allocation, hedging strategy and funding levels.

The Group has early adopted the CMI 2022 projections of future improvements in mortality by increasing the weighting factors applied to the mortality base tables. This has resulted in a small decrease in the defined benefit obligation.

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 24.

Taxes

Deferred tax assets are recognised for unutilised tax losses, unutilised tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they 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.

Notes (continued)

4 Significant accounting judgments, estimates and assumptions (continued)

Complex contracts

Revenue from complex contracts is only recognised on the transfer of control of goods or services to a customer at an amount to which the Group expects to be entitled. Significant management judgement may be required for the Group to determine when to recognise the revenue, and at what amount. In order to do this the Group follows the IFRS 15 five-step model.

- (i) Identify the contract
- (ii) Identify the performance obligations in the contract
- (iii) Determine the transaction price
- (iv) Allocate the transaction price to performance obligations in the contract.
- (v) Recognise revenue as and when a performance obligation is satisfied.

5 Revenue – Group

An analysis of the Group's revenue, all as a result of continuing operations, by class of business is set out below:

	2023 £000	2022 £000
Soda ash and related products	147,437	99,342
Steam and electricity	59,726	51,448
	<u>207,163</u>	<u>150,790</u>

An analysis of the Group's revenue by geographical market is set out below:

	2023 £000	2022 £000
United Kingdom	163,150	120,547
Europe	31,559	20,762
Rest of World	12,454	9,481
	<u>207,163</u>	<u>150,790</u>

Notes (continued)

6 Profit/(loss) on ordinary activities before tax – Group

Profit/(loss) on ordinary activities from continuing operations before tax is stated after (charging)/crediting:

	Note	2023 £000	2022 £000
Staff costs	8	(17,261)	(14,763)
Amortisation of intangibles	14	(197)	(196)
Amortisation of government grants	20	306	177
Depreciation of property, plant and equipment	15	(12,572)	(10,568)
Cost of stock recognised as an expense		(64,506)	(50,046)
Net foreign exchange gain		52	548
Lease income		1,340	1,340
Business interruption insurance receipt		222	-
		<u> </u>	<u> </u>

7 Auditor's remuneration - Group

The analysis of auditor's remuneration is as follows:

	2023 £000	2022 £000
Other audit fees, primarily in respect of audits of accounts of subsidiaries	(232)	(220)
	<u> </u>	<u> </u>

No remuneration has been paid in relation to non-audit services (2022: £nil).

8 Staff numbers and costs – Group

	2023 Number	2022 Number
Production and operations	174	201
Distribution and sales	27	26
Administration	62	62
	<u> </u>	<u> </u>
	263	289

Notes (continued)

8 Staff numbers and costs – Group (continued)

The aggregate remuneration comprised:

	2023 £000	2022 £000
Wages and salaries	(15,252)	(13,776)
Social security costs	(1,679)	(1,355)
Other pension costs	(989)	(1,108)
Less: capitalised as additions to fixed assets	659	1,476
	<u>(17,261)</u>	<u>(14,763)</u>

Directors' remuneration comprised:

	2023 £000	2022 £000
Directors' emoluments	(1,372)	(1,464)
Amounts receivable under long-term incentive schemes	(59)	(49)
Group contributions to money purchase pension schemes	(84)	(73)
Non-executive directors' fees	(11)	(10)
	<u>(1,526)</u>	<u>(1,596)</u>

	Number	Number
Number of directors who have retirement benefits accruing under a defined benefit scheme	<u>1</u>	<u>3</u>

Remuneration of the highest paid director

	2023 £000	2022 £000
Aggregate emoluments	(375)	(363)
Amounts receivable under long-term incentive schemes	(27)	(12)
Group contributions to money purchase pension schemes	(12)	(12)
	<u>(414)</u>	<u>(387)</u>
Accrued pension at the end of the year	<u>49</u>	<u>47</u>

Notes (continued)

9 Finance income – Group

	Note	2023 £000	2022 £000
Bank interest receivable		44	-
Interest receivable from related parties	30	1,550	618
		<u>1,594</u>	<u>618</u>

10 Finance costs – Group

	Note	2023 £000	2022 £000
Interest on borrowings		(3,147)	(1,133)
Interest payable to related parties	30	(256)	(448)
Amortisation of deferred finance costs		(301)	(288)
Other interest expense		(195)	(225)
		<u>(3,899)</u>	<u>(2,094)</u>
Total interest expense		(3,899)	(2,094)
Interest income on pension scheme assets	24	6,475	4,813
Interest cost on pension scheme defined benefit obligations	24	(7,957)	(6,407)
Other finance costs		(1,485)	(1,231)
		<u>(6,866)</u>	<u>(4,919)</u>

11 Components of other comprehensive income – Group

	2023 £000	2022 £000
Cash flow hedges:		
Gains/(losses) arising during the year:		
Currency forward contracts	(282)	(1,205)
Commodity forward contracts	(51,849)	141,300
Reclassification adjustments for (gains)/losses included in profit or loss	(46,169)	(46,177)
	<u>(98,300)</u>	<u>93,918</u>

Notes (continued)

12 Tax – Group

<u>Amount recognised in consolidated profit or loss</u>	2023	2022
	£000	£000
Deferred tax: Origination and reversal of temporary differences	2,199	-
<hr/>		
<u>Amount recognised in consolidated other comprehensive income</u>		
Items that may be reclassified subsequently to profit or loss:		
Deferred tax: Origination and reversal of temporary differences	24,140	(18,609)
<hr/>		
The charge for the year can be reconciled to the loss before tax as follows:		
	2023	2022
	£000	£000
Profit/(loss) before tax on continuing operations	23,450	(10,136)
Tax on (profit)/loss on ordinary activities at the average UK corporation tax rate for the period at 19% (2022: 19%)	(4,456)	1,926
Tax effects of:		
Income not taxable for tax purposes	171	(114)
Expenses super deductible for tax purposes	245	-
Group relief (given)/received at nil charge	399	(1,024)
Movement on previously unrecognised deferred tax assets	5,354	(981)
Utilisation of tax losses	486	193
<hr/>		
Total tax credit	2,199	-
<hr/>		

The standard rate of corporation tax applied to reported profit is 19% (2022: 19%) following the substantive enactment of the Finance Act 2017. The UK government latest legislation sets the headline rate of UK corporation tax at 19%. An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The net deferred tax asset has been calculated on the basis of a rate of 25%.

The following are the major deferred tax assets recognised by the Group.

	Non-taxable income £000	Non-trade losses £000	Retirement benefit £000	Cashflow hedge £000	Total £000
At 1 April 2022	-	-	-	(18,609)	(18,609)
Credit to profit or loss	11	2,188	-	-	2,199
Credit to other comprehensive income	-	-	5,442	18,698	24,140
<hr/>					
At 31 March 2023	11	2,188	5,442	89	7,730
<hr/>					
Current					1,933
Non-current					5,797
<hr/>					

Notes (continued)

12 Tax – Group (continued)

A partial recognition approach has been adopted for deferred tax reflecting the probability that future taxable profits will be available against which they can be utilised. The Group has made the assessment of future taxable profits using the 5 year forecasts described in Note 15 together with additional analysis of when temporary tax differences are expected to unwind. In order to recognise the inherent uncertainty in long term forecasts the Group has adopted a tapered approach to deferred tax recognition. For the first two years of the forecasts deferred tax is recognised in full, tapering down to zero after the end of the forecast period.

A potential deferred tax asset of £36,809,000 (2022: £44,596,000) for tax losses, decelerated capital allowances, and lease income not taxable has not been recognised because it is not considered probable that the asset will crystallise in the foreseeable future.

13 Loss attributable to the Company

The loss for the financial year dealt within the financial statements of the parent Company, Natrium Holdings Limited, was £2,785,000 (2022: £1,461,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company.

14 Intangible assets - Group

	UKETS		Total £000
	Allowances £000	Software £000	
Deemed cost			
At 1 April 2022	51,970	2,076	54,046
Granted during the year	25,890	-	25,890
Purchased during the year	18,748	-	18,748
Surrendered during the year	(27,538)	-	(27,538)
At 31 March 2023	69,070	2,076	71,146
Amortisation			
At 1 April 2022	-	(1,841)	(1,841)
Charge for the year	-	(197)	(197)
At 31 March 2023	-	(2,038)	(2,038)
Net book value			
At 31 March 2023	69,070	38	69,108
At 31 March 2022	51,970	235	52,205

Notes (continued)

15 Property, plant and equipment – Group

	Land and buildings £000	Plant and equipment £000	Assets under construction £000	Total £000
Cost				
At 1 April 2022	28,513	189,366	10,268	228,147
Additions	786	5,309	4,804	10,899
Disposals	(248)	(15,127)	-	(15,375)
Transfers	2,671	(167)	(2,504)	-
At 31 March 2023	31,722	179,381	12,568	223,671
Accumulated depreciation				
At 1 April 2022	(10,096)	(90,698)	-	(100,794)
Charge for the year	(1,761)	(10,811)	-	(12,572)
Eliminated on disposal	248	15,127	-	15,375
At 31 March 2023	(11,609)	(86,382)	-	(97,991)
Net book value				
At 31 March 2023	20,113	92,999	12,568	125,680
At 31 March 2022	18,417	98,668	10,268	127,353

Property, plant and equipment includes right-of-use assets with carrying amounts as follows:

	Land and buildings £000	Plant and equipment £000	Total £000
Right-of-use			
At 1 April 2022	4,685	256	4,941
Additions to right-of-use assets	786	355	1,141
Depreciation charge for the year	(1,388)	(332)	(1,720)
Reassessment in the year	-	9	9
At 31 March 2023	4,083	288	4,371

Freehold land amounting to £7,999,000 (2022: £7,999,000) has not been depreciated.

Notes (continued)

15 Property, plant and equipment – Group (continued)

The Group tests property, plant and equipment annually for impairment, or more frequently if there are indications that assets might be impaired. For impairment testing purposes, the CGU comprises the whole of the Natrium Group Limited group due to the close inter-dependencies between the group's operations. The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, EBITDA and capital expenditure. The discount rate used is based on the weighted average cost of capital for forecast purposes and is a post tax discount rate. The rate used to discount the forecast cash flows is 7.5% (2022: 6.0%). EBITDA was projected taking into account actual recent performance and estimated growth for the next five years. Residual growth was set at 2.0%. Annual capital expenditure is based on experience of management and planned sustenance capital expenditure. Sensitivity analysis on the key assumptions has been performed and the Company does not expect a reasonably possible change in the key assumptions to have a material impact on the impairment review. In the unlikely event that there is both no growth in EBITDA from historic levels in the next five years and sustenance capital expenditure is significantly higher than forecast throughout the period, the recoverable amount of the CGU could reduce to a level which is close to its carrying value.

All property, plant and equipment is subject to fixed charges as described in Note 23(b).

At 31 March 2023 the Group had commitments of £2,038,000 (2022: £1,647,000) relating to the purchase of property, plant and equipment.

16 Cash and short-term deposits - Group

	2023 £000	2022 £000
Cash at bank and in hand	812	9,103

17 Inventories - Group

	2023 £000	2022 £000
Raw materials and consumables	4,971	4,257
Work in progress	28	29
Finished goods and goods for resale	4,787	3,882
	<u>9,786</u>	<u>8,168</u>

There is no material difference between the balance sheet value of inventories and their replacement cost. All inventory is subject to a floating charge to secure borrowings of the Group as described in Note 23(b).

Notes (continued)

18 Trade and other receivables – Group

	Note	2023 £000	2022 £000
Amount receivable for the sale of goods		31,650	21,214
Allowance for doubtful debts		(8)	(264)
Amounts owed by group undertakings and related parties	30	53,026	52,692
Other taxation and social security		849	1,195
Other receivables and accrued income		4,766	12,625
		90,283	87,462

Trade receivables are stated net of £nil (2022: £1,750,000) which had been received by the Group under a no recourse receivables financing facility with Standard Chartered Bank.

Trade receivables are non-interest bearing and are generally on 30-90 day terms. All customers are credit checked before acceptance. As at 31 March 2023, trade receivables with an invoice value of £8,000 (2022: £264,000) were impaired and fully provided for.

The Group writes off a trade receivable when there is information indicating that there is no realistic prospect of recovery from the debtor.

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 2023	31,650	29,035	2,630	(210)	43	5	147
31 March 2022	21,214	19,635	1,377	172	16	(18)	32

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 2023	(8)	-	-	-	-	-	(8)
31 March 2022	(264)	-	(264)	-	-	-	-

Movement in allowance for doubtful debts

	£000
Balance at 1 April 2022	(264)
Decrease in allowance for doubtful debts	256
Balance at 31 March 2023	(8)

Notes (continued)

19 Trade and other payables

	Note	2023 £000	2022 £000
Trade payables		(43,253)	(47,714)
Tax and social security		(1,111)	(426)
Other creditors		(30,845)	(32,334)
Amounts owed to group undertakings and related parties	30	(758)	(4,683)
Accruals and deferred income		(19,571)	(23,175)
		<u>(95,538)</u>	<u>(108,332)</u>
Current		<u>(66,376)</u>	<u>(78,263)</u>
Non-current		<u>(29,162)</u>	<u>(30,069)</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Trade payables are non-interest bearing and are typically settled 63 days following the end of the month of supply. The terms and conditions relating to related parties are described in Note 30. The directors consider that the carrying value of trade and other payables is approximately equal to the fair value.

Included within trade payables are purchase invoices totalling £36,283,000 (2022: £26,424,000) which are subject to reverse forfaiting arrangements. Unpaid financing charges of £288,000 (2022: £126,000) have been recognised in respect of these invoices.

20 Government grants

	2023 £000	2022 £000
At 1 April	(5,770)	(5,533)
Credited to profit and loss	306	177
Amounts received in the year net of associated costs	-	(414)
At 31 March	<u>(5,464)</u>	<u>(5,770)</u>
Current	<u>(306)</u>	<u>(306)</u>
Non-current	<u>(5,158)</u>	<u>(5,464)</u>

The Group was been awarded a grant of £4,178,000 by the Department of Business, Energy & Industrial Strategy (BEIS) to build an industrial-scale Carbon Capture & Utilisation, Demonstration Plant at its Winnington site. The grant is subject to a series of conditions.

In 2014 the Group received a government eRGF grant in respect of the project to install a new steam turbine at the Group's combined heat and power facility in Winnington. At the balance sheet date there were no unfilled conditions attached to the grant.

Notes (continued)

21 Deferred revenue

	2023
	£000
UKETS allowances	
At 1 April	(18,761)
Allowances received during the year	(25,458)
Credited to profit and loss	25,125
	(19,094)
At 31 March	(19,094)

22 Provision for liabilities – Group

	Carbon emissions
	£000
At 1 April 2022:	
Current	(27,538)
Non-current	(9,267)
	(36,805)
Charged to profit and loss	(38,795)
Utilised during the year	27,539
	(48,061)
At 31 March 2023	(48,061)
Current	(38,628)
Non-current	(9,433)
	(48,061)

At 31 March 2023 the carbon emissions provision recognises the obligation to surrender allowances to the Environment Agency under the UK Emissions Trading Scheme in respect of the 2022 calendar year and the first three months of the 2023 calendar year. The surrender in respect of the 2021 calendar year took place in April 2022. The deadlines for surrendering allowances in respect of the 2022 and 2023 calendar year are 30 April 2023 and 30 April 2024 respectively.

Notes (continued)

23 Other current and non-current financial assets and liabilities - Group

a) Derivative assets and liabilities

Gross balances in respect of all contract for difference transactions

	2023	2022
	£000	£000
Financial instruments at fair value through profit or loss		
Foreign exchange forward contract derivative assets - External	53	149
Gas contracts for difference on behalf of Group – by wider group (Note 30)	352	-
Gas contracts for difference on behalf of Group - External	10	93,228
Gas contracts for difference – Amounts owed by wider group (Note 30)	2,636	-
	<hr/>	<hr/>
Gross assets	3,051	93,377
	<hr/>	<hr/>

	2023	2022
	£000	£000
Financial instruments at fair value through profit or loss		
Foreign exchange forward contract derivative liabilities – External	(264)	(150)
Gas contracts for difference on behalf of Group – External	(373)	-
Gas contracts for difference on behalf of wider group – External	(2,636)	-
Gas contracts for difference on behalf of Group – by wider Group (Note 30)	(133)	-
	<hr/>	<hr/>
Gross liabilities	(3,406)	(150)
	<hr/>	<hr/>

Contract for difference balances included on the face of the balance sheet

	2023	2022
	£000	£000
Financial instruments at fair value through profit or loss		
Foreign exchange forward contract derivative assets - External	53	149
Gas contracts for difference on behalf of Group - External	10	93,228
	<hr/>	<hr/>
Total other current financial assets	63	93,377
	<hr/>	<hr/>

	2023	2022
	£000	£000
Financial instruments at fair value through profit or loss		
Foreign exchange forward contract derivative liabilities – External	(264)	(150)
Gas contracts for difference on behalf of Group – External	(373)	-
Gas contracts for difference on behalf of wider group – External	(2,636)	-
	<hr/>	<hr/>
Total other current financial liabilities	(3,273)	(150)
	<hr/>	<hr/>

Notes (continued)

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

b) Other financial liabilities (continued)

Interest-bearing loans and borrowings (including lease liabilities)

	Interest rate	Maturity	2023	2022
Falling due within one year	%		£000	£000
Lease liabilities	Various	0-16 years	(1,368)	(1,369)
Short term loan from related party (Note 30)	6	On demand	-	(4,500)
Term loan	SONIA + 1.15	March 2023	-	(80,000)
Revolving credit facility	SONIA + 1.15	March 2023	-	(11,000)
Working capital facility	SONIA + 1.15	Uncommitted	(10,000)	-
Less: unamortised debt issue costs			514	290
Total current interest-bearing loans and borrowings			(10,854)	(96,579)
Falling due after one year				
Term loan	SONIA + 1.35	March 2028	(70,000)	-
Lease liabilities	Various	0-16 years	(3,740)	(4,304)
Total non-current interest-bearing loans and borrowings			(73,740)	(4,304)

During the year the Group was provided with a £40,000,000 uncommitted working capital facility by Bank of America. In February 2023, the Group refinanced its existing term loan and revolving credit facilities with Bank of America to a new £70,000,000 term loan with Bank of America.

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

The Group has applied IFRS16. Contracts entered into by the Group on certain property, motor vehicles and items of machinery contain leases and the Group has recognised these as lease liabilities, with a corresponding right of use asset. There are no restrictions placed upon the Group by entering into these leases.

Collateral

Bank of America, as Security Trustee, holds a debenture with the Group. The particulars of this charge are:

- i) Legal mortgage over all freehold land with the exception of approximately 147 acres of disused land at the Group's Winnington site, security over which has been granted to the trustees of the Group's defined benefit pension fund as part of the December 2020 triennial actuarial review which was completed in October 2021; and
- ii) Fixed and floating charges over all present and future business, undertaking and assets which are not effectively mortgaged.

Notes (continued)

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

c) Hedging activities and derivatives

Currency risk

At 31 March 2023, the Group held foreign currency forward contracts, designated as hedges of expected Euro and USD net cash receipts for which the Group has highly probable forecast transactions. The terms of the foreign currency forward contracts match the terms of the hedged items. The hedged Euro and USD net cash inflows are expected to occur within two years. 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 2023 was an asset of £53,000 (2022: £149,000) and a liability of £264,000 (2022: £150,000).

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

	Average rate		Notional value	
	2023	2022	2023	2022
			£000	£000
Sell Euros	1.1751	1.1192	5,106	3,217
Sell US Dollars	1.2432	1.4375	3,865	1,670

Commodity price risk

In accordance with the Group's risk management policy, natural gas contracts for difference are used to reduce the volatility of cash flows associated with highly probable forecast gas purchases due to the fluctuations in gas prices. As such these contracts for difference have been designated as cash flow hedges. The contracts are intended to hedge the volatility of the purchase price of gas for a period up to three years based on existing contracts of the Group and British Salt Limited. The terms of the contracts match the terms of the hedged items. 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 counterparties for these contracts for difference are either the Group or British Salt Limited, a fellow wider group undertaking. Where British Salt Limited enters into contracts for difference with external third parties to facilitate the hedging activities of the Group. Any gains or losses incurred by British Salt Limited are immediately recharged to the Group and all financial assets and liabilities in respect of the third party contracts are matched by equivalent amounts payable to or receivable from the Group (Note 23a). The Group has presented these intercompany amounts receivable or payable on the face of the balance sheet as other financial assets and other financial liabilities, to better reflect the nature of the transactions. The carrying value of these contracts for difference as at 31 March 2023 was an asset of £352,000 (2022:£nil) and a liability of £133,000 (2022:£nil).

Hedging activities where the Group is not the ultimate beneficiary

During the year the Group was counterparty to natural gas contracts for difference which were entered into to enable a fellow wider group undertaking, British Salt Limited, to conduct its hedging activities. These were not designated as hedging instruments. Any gains and losses were immediately recharged to British Salt Limited. The financial assets and liabilities in respect of these contracts were matched by equivalent amounts payable to or receivable from British Salt Limited. The carrying value of these external contracts for difference as at 31 March 2023 was an asset of £nil (2022: £nil) and a liability of £2,636,000 (2022: £nil).

Notes (continued)

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

d) Fair value measurement

The fair value of cash flow hedge derivatives is calculated using the discounted cash flow model. The cash flow hedges are level 2 financial instruments, based on the valuation technique used to determine fair value. 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

The following table details the Group's sensitivity to a 10% increase and decrease in the natural gas price per therm. The table shows the potential impact to the fair value of the gas contracts for difference held on the balance sheet:

Asset/(liability)	2023 £000	2022 £000
Based on actual price per therm	(144)	93,228
10% increase in price per therm	1,231	104,021
10% decrease in price per therm	(1,520)	82,435

24 Retirement benefit schemes

a) Defined contribution scheme

The Group 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 Group 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 Group are reduced by the amount of forfeited contributions.

The contributions for the year amounted to:

	2023 £000	2022 £000
Employer contributions	955	1,036

As at 31 March 2023, contributions of £78,000 (2022: £82,000) were due in respect of the current reporting period but not paid over to the schemes.

b) Defined benefit scheme

The Group operates 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.

Notes (continued)

24 Retirement benefit schemes (continued)

b) Defined benefit scheme (continued)

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 Group.

The defined benefit scheme is administered by a fund that is legally separated from the Group. Responsibility for governance of the scheme lies with the board of trustees. The board of trustees must be composed of representatives of the Group 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 Group.

The UK pensions market is regulated by the Pensions Regulator whose statutory objectives and regulatory powers are described on its website, www.thepensionregulator.gov.uk.

Risks

Through its defined benefit pension scheme the Group 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.

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

Notes (continued)

24 Retirement benefit schemes (continued)

b) Defined benefit scheme (continued)

The amounts recognised in profit or loss are as follows:

	2023 £000	2022 £000
Net interest costs:		
Interest cost on defined benefit obligation	(7,957)	(6,407)
Interest income on plan assets	6,475	4,813
Administrative expenses	(373)	(371)
	<u>(1,855)</u>	<u>(1,965)</u>

The amounts recognised in other comprehensive income are as follows:

	2023 £000	2022 £000
Actuarial (gain)/loss from:		
Changes in demographic assumptions	2,685	1,950
Changes in financial assumptions	79,853	19,270
Experience adjustments	(10,701)	(5,425)
Return on plan assets (excluding net interest income)	(83,401)	6,764
	<u>(11,564)</u>	<u>22,559</u>

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

	2023 £000	2022 £000
At 1 April	234,891	235,047
Interest income	6,475	4,813
Employer contributions	5,325	300
Benefits paid	(11,358)	(11,662)
Administrative expenses paid from plan assets	(373)	(371)
Remeasurements gain:		
Return on plan assets (excluding interest income)	(83,401)	6,764
At 31 March	<u>151,559</u>	<u>234,891</u>

Notes (continued)

24 Retirement benefit schemes (continued)

b) Defined benefit scheme (continued)

Movements in the defined benefit obligation are as follows:

	2023	2022
	£000	£000
At 1 April	(289,860)	(310,910)
Interest cost	(7,957)	(6,407)
Benefits paid	11,358	11,662
Remeasurements gains/(losses) arising from:		
Changes in demographic assumptions	2,685	1,950
Changes in financial assumptions	79,853	19,270
Experience adjustments	(10,701)	(5,425)
At 31 March	(214,622)	(289,860)

The details of plan assets and liabilities are as follows:

	2023	2022
	£000	£000
Cash and cash equivalents	2,244	1,029
Equity instruments	13,545	27,698
Debt instruments (excluding LDI)	86,982	145,666
LDI instruments*	48,788	60,498
Total fair value of assets	151,559	234,891
Defined benefit obligation	(214,622)	(289,860)
Net pension liability recognised in the balance sheet	(63,063)	(54,969)

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

Scheme assets either have a quoted market price in an active market or are stale priced funds.

	2023	2022
	£000	£000
Actual return on plan assets	(76,926)	11,577

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 Group regularly monitor the performance of the scheme's investment strategies.

On a triennial basis the funding position of the scheme is reviewed and a schedule of contributions is agreed.

Notes (continued)

24 Retirement benefit schemes (continued)

b) Defined benefit scheme (continued)

The triennial actuarial valuation of the Group's defined benefit pension scheme, as at 31 December 2020, was completed in October 2021 and was updated for the purposes of these financial statements to 31 March 2022 by a qualified independent actuary. As part of the deficit recovery plan, the Group granted the pension fund trustees security over approximately 147 acres of land at the Group's Winnington site, which has been largely disused since the cessation of soda ash and calcium chloride production in January 2014. The intention is to redevelop this land and use the proceeds to reduce the deficit in the pension fund over an expected 10 year period.

Funding requirements and deficit contributions are formally set out in the Statement of Funding Principles, Schedule of Contributions and Recovery Plan agreed between the trustees and the Group. The Group expect to pay £5.1million contributions over the year to 31 March 2024, which is in line with the agreed schedule of Contribution.

The weighted average duration of the defined benefit obligation of the scheme at 31 March 2023 and expected benefit payments in future years are as follows:

Weighted average duration (in years)	13
	2023
Expected total benefit payments:	£000
Year 1	11,560
Year 2	11,838
Year 3	12,122
Year 4	12,413
Year 5	12,711
Next 5 years	68,279

The actuarial report used for these financial statements was prepared as at 31 March 2023 by a qualified independent actuary. The significant weighted-average assumptions to determine defined benefit obligation were as follows:

	2023	2022
Discount rate	4.90%	2.80%
Rate of price inflation (RPI)	3.20%	3.75%
Rate of price inflation (CPI)	2.80%	3.40%
Rate of pension increases (RPI 5%)	3.00%	3.35%

Assumed life expectancy on retirement at age 65:

	2023	2022
	Years	Years
Member retiring today (age 65)		
Male	21.6	21.9
Female	23.9	24.2
Member retiring in 25 years (age 40)		
Male	23.3	23.6
Female	25.8	26.1

Notes (continued)

24 Retirement benefit schemes (continued)

b) Defined benefit scheme (continued)

Sensitivity analysis

The sensitivity analysis below assumes changes in individual assumptions whilst 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.

Present value of defined benefit obligations

	2023 £000	2022 £000
Discount rate -50 basis points	(227,994)	(312,302)
Discount rate +50 basis points	(202,506)	(268,611)
Price inflation rate -50 basis points	(207,043)	(278,669)
Price inflation rate +50 basis points	(222,139)	(304,057)
Post-retirement life expectancy -1 year	(221,166)	(312,831)
	<u> </u>	<u> </u>

25 Called-up share capital

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

	2023 £000	2022 £000
Authorised, issued and fully paid		
39,186,210 ordinary shares of £1 each	39,186	30,000
17,500,000 preference shares of \$1 each	10,917	10,917
	<u> </u>	<u> </u>
	50,103	40,917
	<u> </u>	<u> </u>

To the extent that they are payable, dividends on the preference shares accrue at the rate of 8% per annum in respect of the nominal value of the shares. The shares are not subject to a fixed redemption date and therefore classified as share capital in the financial statements. The preference shares rank ahead of the ordinary shares in the event of a liquidation.

On 13 March 2023 the Company issued £9,186,210 ordinary shares of £1 each at cost to the Company's immediate parent undertaking TCE Group Limited.

26 Reserves – Group

The other reserve is the result of the merger accounting in respect of the merger with Brunner Mond Group Limited in the period ended 31 March 2012. The reserve represents the difference arising on consolidation between the value of the investment in Brunner Mond Group Limited held in the financial statements of Natrium Holdings Limited which was initially acquired, and the nominal value of the share capital of Brunner Mond Group Limited. The reserve is non-distributable.

Notes (continued)

26 Reserves – Group (continued)

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

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss only when the hedged transaction impacts the profit or loss.

27 Financial risk management and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The Group has trade and other receivables and cash that derive directly from its operations.

The Group is exposed to interest rate risk, foreign currency risk, commodity price risk, liquidity risk, capital risk and credit risk.

The Group's senior management oversees the management of these risks, supported by an audit committee of framework which extends up to the level of the ultimate parent company and advises on financial risks and the appropriate financial risk governance framework for the Group. The audit committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and the Group's risk appetite. The Group's overall strategy remains unchanged from 2022.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market rates relates primarily to the Group's long-term debt obligations with floating interest rates. The short-term borrowings of the Group do not have a significant fair value or cash flow interest rate risk due to their short tenure.

During the year, the Group did not enter into any interest rate hedges, however this type of risk mitigation could be considered in the future if required. No sensitivity analysis is prepared as the Group does not expect changes in the sterling SONIA rate to have a material impact on the financial statements.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Euro		United States Dollar	
	2023	2022	2023	2022
	£000	£000	£000	£000
Assets	4,166	4,704	1,738	2,474
Liabilities	(620)	(2,365)	-	-

Where appropriate, the Group manages its foreign currency risk by hedging forecast cash flows using forward contracts as described in Note 23(c).

Notes (continued)

27 Financial risk management and policies (continued)

Commodity risk

Commodity risk is the risk that the purchase price of commodities will fluctuate. The Group's exposure relates largely to the purchase of natural gas and gas. Where appropriate, the Group manages its commodity risk by hedging forecast purchases of natural gas using contract for difference arrangements. Where appropriate, the Group manages its commodity risk by entering into long term contractual agreements with suppliers of coke.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, a working capital facility, reverse forfaiting and receivables financing. Bank loan agreements were renewed in February 2023 and have a term of 5 years.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The trade receivables of the Group are typically unsecured and derived from sales made to a large number of independent customers. Credit reference agencies are used to gain ratings and provide credit recommendations. If there is no credit rating of the customers available, the Group reviews the creditworthiness of its customers based on their financial position, past experience and other factors. The credit period provided by the Group to its customers generally ranges from 0-90 days.

The credit risk related to trade receivables is mitigated by taking out credit insurance and requiring counterparty bank guarantees or letters of credit when considered necessary; by setting appropriate payment terms; and by setting and monitoring internal limits on exposure to individual customers. Since no single customer accounts for more than 10% of the revenue of the Group, there is no substantial concentration of credit risk.

Capital risk management

The capital structure of the Group consists of net debt (borrowings less bank balances) and equity (issued share capital, reserves and retained earnings). Borrowings comprise mainly secured bank debt and facilities. The Group is not subject to any externally imposed capital requirements.

The Group manages its borrowings in order to ensure that each of its trading companies is able to continue operating as a going concern, whilst minimising the overall cost and risk to the wider bank group.

28 Contingencies – Group

The Group is subject to certain claims from customers/vendors for potential non-compliance with contractual matters and ongoing litigations. In the opinion of management, after taking appropriate legal advice, the amounts are presently not determinable and any liability is not expected to have a material effect and has not been included within the financial statements at this stage.

Notes (continued)

29 Leases – Group

Group as lessee

Right-of-use assets are presented as part of property, plant and equipment (Note 15).

Amounts recognised in the profit or loss

	2023	2022
	£000	£000
- Interest expense on lease liabilities	(98)	(111)

Amounts recognised in the statement of cashflow

	2023	2022
	£000	£000
- Total cash outflows for leases	(1,738)	(1,656)

Operating leases

During the year £1,340,000 (2022: £1,340,000) was recognised as rental income by the Group.

The following table sets out a maturity analysis of lease consideration to be recognised, showing the undiscounted lease consideration to be recognised after the reporting date:

	2023	2022
	£000	£000
Less than one year	1,321	1,321
Between one and two years	1,321	1,321
Between two and three years	1,321	1,321
Between three and four years	1,321	1,321
Between four and five years	1,321	1,321
More than five years	41,998	43,319
	48,603	49,924

30 Related party transactions - Group

Balances and transactions between the Group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties are disclosed below, in addition to being disclosed in trade and other receivables, trade and other payables, and other financial assets and liabilities.

Notes (continued)

30 Related party transactions - Group

Trading transactions		Sales to related parties £000	Purchases from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
Companies which were part of the wider Tata Chemicals Limited group:					
Tata Chemicals North America Inc	2023	700	-	214	-
	2022	591	(8)	251	-
British Salt Limited	2023	1,707	-	-	-
	2022	1,262	-	133	-
Tata Chemicals International Pte Limited	2023	-	-	-	-
	2022	35	-	19	-
Gusiate Holdings (UK) Limited	2023	-	-	-	-
	2022	-	-	-	(2,000)

Loans from related parties		Interest charged by related party £000	Accrued interest owed to related parties £000	Amounts owed to related parties £000
Companies which were part of the wider Tata Chemicals Limited group:				
Gusiate Holdings (UK) Limited	2023	(256)	-	-
	2022	(270)	(2,430)	(4,500)
Tata Chemicals International Pte Limited	2023	-	-	-
	2022	(178)	-	-

Loans to related parties		Interest charged to related party £000	Accrued interest owed by related party £000	Amounts owed by related party £000
Companies which were part of the wider Tata Chemicals Limited group:				
TCE Group Limited	2023	1,550	-	49,493
	2022	618	-	47,943

Notes (continued)

30 Related party transactions - Group

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
Companies which were part of the wider Tata Chemicals Limited group:					
British Salt Limited	2023	10,503	(3,154)	73	(458)
– operating costs and Group VAT pooling	2022	9,597	(2,780)	-	(7)
British Salt Limited	2023	-	(18,746)	-	-
– UK ETS allowances	2022	-	(11,688)	-	-
British Salt Limited	2023	8,228	-	3,246	(133)
– intercompany derivatives	2022	20,704	(405)	4,346	-
Tata Chemicals Limited	2023	-	(401)	-	(167)
	2022	-	(311)	-	(239)
Homefield Pvt UK Limited	2023	-	(9)	-	-
	2022	15	-	-	(7)

Terms and conditions of transactions with related parties

Outstanding trading balances at the year end are unsecured and will be settled in cash. Within the Group, interest is generally charged at a rate that matches the rate paid on external loans and borrowings. Interest was charged monthly on the loan owed to Gusiute Holdings (UK) Limited at 6% per annum. This was charged until March 2023 when the loan was settled. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2022: £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

The only transaction with key management personnel in the year was directors' remuneration, which is disclosed in Note 8.

31 Ultimate controlling party – Group

The Group's immediate parent undertaking is TCE Group Limited, a company incorporated in England.

The ultimate parent company in the year to 31 March 2023 was Tata Chemicals Limited, a company incorporated in India. The smallest and largest group in which the results of the Group 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.

Company balance sheet

At 31 March

	Note	2023	2022
<u>Assets</u>		£000	£000
Non-current assets - Investments	34	9,186	-
Current assets - Trade and other receivables	35	85,407	96,148
Total assets		94,593	96,148
<u>Liabilities</u>			
Non-current liabilities - Interest-bearing loans and borrowings	37	(69,486)	-
Trade and other payables	36	(81,576)	(79,308)
Interest-bearing loans and borrowings	37	-	(79,710)
Current liabilities		(81,576)	(159,018)
Total liabilities		(151,062)	(159,018)
Net liabilities		(56,469)	(62,870)
<u>Equity</u>			
Ordinary share capital	38	39,186	30,000
Preference share capital	38	10,917	10,917
Retained losses	39	(106,572)	(103,787)
Equity attributable to owners of the Company		(56,469)	(62,870)

The Notes on page 62 to 65 form an integral part of these financial statements.

The financial statements of Natrium Holdings Limited were approved by the board of directors on 18 May 2023 and were signed on 19 May 2023 its behalf by:



J L Abbotts
 Director

Company statement of changes in equity

For the years ended 31 March

	Ordinary Share capital (Note 38) £000	Preference share capital (Note 38) £000	Retained losses (Note 39) £000	Total deficit £000
Balance at 1 April 2021	30,000	10,917	(102,326)	(61,409)
Loss for the year	-	-	(1,461)	(1,461)
Balance at 31 March 2022	30,000	10,917	(103,787)	(62,870)
Issue of share capital	9,186	-	-	9,186
Loss for the year	-	-	(2,785)	(2,785)
Balance at 31 March 2022	39,186	10,917	(106,572)	(56,469)

The Notes on page 62 to 65 form an integral part of these financial statements.

Company statement of cash flows

For the years ended 31 March

	Note	2023 £000	2022 £000
Loss for the year		(2,785)	(1,461)
Finance income		(3,014)	(1,247)
Finance costs		5,799	2,708
		<hr/>	<hr/>
		-	-
Decrease in trade, other receivables and prepayments		10,676	1,017
Increase/(decrease) in trade and other payables		2,268	(36)
		<hr/>	<hr/>
		12,944	981
Interest paid		(2,944)	(981)
		<hr/>	<hr/>
Net cash from operating activities		10,000	-
		<hr/>	<hr/>
Cash flows used in financing activities			
Repayment of borrowings		(10,000)	-
		<hr/>	<hr/>
Net cash used in financing activities		(10,000)	-
		<hr/>	<hr/>
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at 1 April		-	-
		<hr/>	<hr/>
Cash and cash equivalents at 31 March		-	-
		<hr/> <hr/>	<hr/> <hr/>

The Notes on page 62 to 65 form an integral part of these financial statements.

Notes to the Company financial statements

32 Significant accounting policies – Company

The Company has adopted the same accounting policies as the Group, as detailed in Note 3. These have been consistently applied to all periods presented in the company financial statements.

33 Significant accounting judgements, estimates and assumptions – Company

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that effect 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

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year

34 Investments – Company

	Shares in subsidiaries £000
Cost	
At 1 April 2022	20,000
Additions	9,186
	29,186
Impairment	
At 1 April 2022 and at 31 March 2023	(20,000)
	-
Net book value	
At 31 March 2022	-
	-
At 31 March 2023	9,186

On 13 March 2023, the Company acquired 91,862,100 £0.10 ordinary shares issued by Brunner Mond Group Limited, a wholly owned subsidiary.

The Company conducts periodic impairment reviews which take place at least annually for each investment held. Following a review at 31 March 2023, the company concluded that no additional impairment was required of its investment in Brunner Mond Group Limited.

Notes (continued)

34 Investments – Company (continued)

The Company's subsidiary undertakings at 31 March 2023 are set out below:

	Country of incorporation	Principal activity	% of share capital held
Brunner Mond Group 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, electricity and carbon dioxide	100*
Northwich Resource Management Limited	England	Dormant	100*

* Indirect shareholding

All subsidiary accounts can be obtained from the registered office, Natrium House, Winnington Lane, Northwich, Cheshire, CW8 4GW.

35 Trade and other receivables - Company

	2023 £000	2022 £000
Amounts owed by group undertakings (Note 40)	85,407	96,148

36 Trade and other payables - Company

	2023 £000	2022 £000
Amount owed to group undertakings (Note 40)	(81,522)	(78,969)
Accruals and deferred income	(54)	(339)
	(81,576)	(79,308)

Notes (continued)

37 Other current and non-current financial assets and liabilities – Company

	Interest rate %	Maturity	2023 £000	2022 £000
Term loan	SONIA + 1.35	March 2028	(70,000)	(80,000)
Less: unamortised debt issue costs			514	290
Total interest-bearing loan and borrowings			(69,486)	(79,710)
Current			-	(79,710)
Non-current			(69,486)	-

Interest payable is normally settled monthly throughout the financial year. In February 2023, the Company refinanced its existing term loan with Bank of America to a new £70,000,000 term loan with Bank of America.

Term loan

Bank of America, as Security Trustee, holds a debenture with the Group headed by the Company. The particulars of this charge are:

- i) Legal mortgage over all freehold land with the exception of approximately 147 acres of disused land at the Group's Winnington site, security over which has been granted to the trustees of the Group's defined benefit pension fund as part of the December 2020 triennial actuarial review which was completed in October 2021; and
- ii) Fixed and floating charges over all present and future business, undertaking and assets which are not effectively mortgaged.

38 Called-up share capital – Company

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

	2023 £000	2022 £000
Authorised, issued and fully paid		
39,186,210 (2022: £30,000,000) ordinary shares of £1 each	39,186	30,000
17,500,000 preference shares of \$1 each	10,917	10,917
	50,103	40,917

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 on the Preference shares accrue at the rate of 8% per annum in respect of the nominal value of the shares. The shares are not subject to a fixed redemption date and therefore classified as share capital in the financial statements. The preference shares rank ahead of the ordinary shares in the event of a liquidation.

On 13 March 2023 the Company issued 9,186,210 ordinary shares of £1 each at cost to the Company's immediate parent undertaking TCE Group Limited.

Notes (continued)

39 Reserves – Company

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

40 Related party transactions – Company

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 received from related parties £000	Interest charged by related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
Companies which were subsidiaries:					
Tata Chemicals Europe Limited	2023	1,464	-	35,914	-
	2022	629	-	48,204	-
Brunner Mond Group Limited	2023	-	(2,553)	-	(81,522)
	2022	-	(1,017)	-	(78,969)
Companies which were part of the wider Tata Chemicals Limited group:					
TCE Group Limited	2023	1,550	-	49,493	-
	2022	617	-	47,944	-

The Brunner Mond Pension Fund is also considered to be a related party. Further information in respect of transactions during the year are shown in Note 24.

Terms and conditions of transactions with related parties

Outstanding trading balances at the year-end are unsecured and will be settled in cash. Within the Natrium Holdings Limited subgroup interest is charged at a rate that matches the rate paid on external receivables or payables. For the year ended 31 March 2023 the Company has not recorded any impairment of receivables relating to amounts owed by the related parties (2022: £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.

