Natrium Holdings Limited

Consolidated annual report and financial statements

Registered number 07462734

For the year ended 31 March 2021

Contents

Strategic report

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

Principal activities and business review

The Company 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.

Group turnover for the year was £110,647,000 (2020: £111,919,000). Operational restrictions as a consequence of the Covid-19 pandemic led to delays in the delivery of a number of capital projects, but otherwise the impact was not severe. Despite some supply chain disruption during the final quarter as a consequence of Brexit, export sales increased and accounted for almost 30% of total sales for the year. Demand for sodium bicarbonate was particularly strong throughout the year, with more than half of sales into export markets.

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. A third party joint venture company will fund, own, construct and operate the new facility but the Group will benefit from improved site facilities as well as providing other services to the third party. During the year the Group recognised £1,340,000 of lease income related to the project (2020: £nil).

A fire at the Group's Lostock site in March 2021 affected operations for two weeks. This incident is the subject of an ongoing insurance claim but the results for the year do not include any allowance for the potential recovery of insured losses.

EBITDA for the year was £9,474,000 (2020: £12,958,000), calculated as:

	2021	2020
	£000	£000
Operating profit	**337**	4,249
Depreciation	**9,062**	8,620
Amortisation	**75**	89
	9,474	12,958

The loss on ordinary activities before taxation was £3,494,000 (2020: £208,000 profit).

Future outlook

As described in last year's strategic report, the Group is part way through a restructuring programme involving a series of capital investment projects focused on reducing the variable cost per tonne of manufacturing and enhancing both the safety and efficiency of operational delivery.

Construction of the ground-breaking carbon capture and use plant at the Group's combined heat and power plant at Winnington is close to completion and the facility is expected to be operational by mid-2021. This investment will reduce the Group's carbon emissions, deliver savings in manufacturing costs and provide further support to the Group's plans to grow the sodium bicarbonate business. Front end engineering design work on a new, increased capacity sodium bicarbonate plant at the Group's Winnington site has been completed and the planning consent process is underway.

Strategic report (continued)

Completion of major enabling works for the Energy from Waste plant, together with other substantial capital investments at Lostock will help to deliver increasingly stable and efficient soda ash production.

The directors expect these projects will enable the Group to 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 short to medium term risk to the business is the potential impact of COVID-19. The Group is focused on maintaining operations by reducing the risk of infection wherever possible, in line with the evolving issued government guidance. Market demand for soda ash and sodium bicarbonate is unlikely to collapse for a prolonged period because of the essential end uses which include water treatment, container glass manufacture, food, animal feed and pharmaceuticals. However, the risk of losses due to the inability of customers to pay amounts owed to the Group has increased and the Group is focusing additional attention in this area.

Other than COVID-19, the main risk to the business continues to be the medium to long-term cost of natural gas in the UK. This includes not only the market price of natural gas but also future UK carbon emissions policy. This latter risk has increased following the UK decision to leave the EU as a new UK Emissions Trading Scheme has been established but full details as to how the scheme will operate are not yet available. The Group will continue its close focus on these matters over the coming year by continuing to hedge against the cost of natural gas and engaging proactively with 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")

Group performance is measured 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. The directors believe that these measures represent the Group's KPIs.

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.

Strategic report (continued)

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:

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 BSE. 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 and the European Salt Users' 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
20 May 2021
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 2021.

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 company'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 Workplace, 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 (2020: £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 347,310 tonnes (2020: 352,007 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 122 tonnes (2020: 3,827 tonnes).

The aggregate of:

- 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

was 1,593,068 MWh (2020: 1,608,236 MWh).

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 (2020: 0.79 tonnes).

During the financial year the group has invested at its Lostock site in excess of £2m in a new compressor which will reduce the electrical intensity of the soda ash plant. This is a highly efficient unit which should also increase production. At the same time, the site has invested in a new distiller heater which will reduce steam consumption on the site and reduce the overall carbon footprint of Tata Chemicals Europe Limited's Northwich operations.

On its Winnington site, the group has commenced investment in the installation of UK's first Carbon Capture and Utilisation plant. It will capture 40,000 tonnes of CO2 and use it to produce high grade Sodium Bicarbonate, whilst at the same time reducing site carbon emissions.

Winnington CHP Limited has also invested in a cloud-based energy metering system to measure and target energy reductions and continues to develop a digitisation project which will enable energy savings going forward. This year, digitisation has improved data-driven decision making and increased the CHP efficiency

Dividends

The directors do not recommend the payment of a dividend (2020: £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 themself 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
20 May 2021
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 Consolidated 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 [international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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

KPMG LLP
8 Princes Parade
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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 2021 which comprise the consolidated profit and loss account, the consolidated statement of other comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, the notes to the consolidated financial statements, the company balance sheet, the company statement of cash flows, the company statement of changes in equity 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 2021 and of the group's loss 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, the audit committee, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff including the LTIP and APB targets for management remuneration.
- 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, coke and carbon cost increases on profitability in the year, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment of property, plant and equipment, recognition of deferred tax assets and actuarial assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue recognition is not complex and there is a low volume and value of dispatches around the year end which leads to limited opportunity to manipulate revenue around the cut off period.

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 posted by senior finance management, those posted to unusual offset accounts when posted to revenue and those posted to unusual offset accounts when posted to cash and borrowings accounts.
- Involving actuarial specialists to assess the appropriateness of actuarial assumptions used within the valuation of the Defined Benefit Pension Obligation.

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

- Assessing significant accounting estimates for bias, including estimates related to the recoverability of deferred tax assets, impairment of property plant and equiptment and actuarial assumptions.

Identifying and responding to risks of material misstatement due to non-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, ETS legislation and pension scheme 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 Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, 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 these 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 8, 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.

W. Meredith

William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

20 May 2021

Consolidated profit and loss account

For the years ended 31 March

	Note	2021 £000	2020 £000
Group revenue	5	**110,647**	111,919
Cost of sales		**(95,621)**	(97,721)
Gross profit		**15,026**	14,198
Selling and distribution expenses		**(9,961)**	(9,147)
Administrative expenses		**(5,291)**	(6,382)
Other operating income	6	**563**	5,580
Group operating profit	6	**337**	4,249
Finance income	9	**581**	855
Finance costs	10	**(4,412)**	(4,896)
Net finance costs		**(3,831)**	(4,041)
Group (loss)/profit before tax		**(3,494)**	208
Taxation	12	**(1,637)**	6
Group (loss)/profit for the year		**(5,131)**	214

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	**2021**	2020
		£000	£000
Group (loss) / profit after tax		**(5,131)**	214
Items that will not be reclassified to profit or loss			
Remeasurement (losses) / gains on defined benefit pension schemes	24	**(19,111)**	17,795
Other		-	(26)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedge gains / (losses)	11	**21,835**	(15,062)
Total comprehensive (loss)/income		**(2,407)**	2,921

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

Consolidated balance sheet

At 31 March

	Note	2021 £000	2020 £000
Assets			
Intangible assets	14	**1,536**	14,604
Property, plant and equipment	15	**92,618**	78,499
Other non-current financial assets	23	**1,625**	17
Deferred tax assets	12	**-**	1,637
Non-current assets		**95,779**	94,757
Inventories	17	**10,327**	8,225
Trade and other receivables	18	**67,219**	62,350
Prepayments		**1,189**	707
Other current financial assets	23	**2,565**	-
Cash and short term deposits	16	**3,413**	4,520
Current assets		**84,713**	75,802
Total assets		**180,492**	170,559
Liabilities			
Interest-bearing loans and borrowings	23	**(86,624)**	(103,619)
Other non-current financial liabilities	23	**(7)**	(6,669)
Provisions	22	**(1,961)**	(2,657)
Government grants	20	**(5,411)**	(4,910)
Retirement benefit obligations	24	**(75,863)**	(55,377)
Non-current liabilities		**(169,866)**	(173,232)
Trade and other payables	19	**(36,704)**	(29,216)
Interest-bearing loans and borrowings	23	**(17,468)**	(5,342)
Other current financial liabilities	23	**(157)**	(11,159)
Government grants	20	**(122)**	(122)
Deferred revenue	21	**-**	(5,190)
Provisions	22	**(7,446)**	(10,162)
Current liabilities		**(61,897)**	(61,191)
Total liabilities		**(231,763)**	(234,423)
Net liabilities		**(51,271)**	(63,864)

Continued on page 17

Consolidated balance sheet (continued)

At 31 March

	Note	2021	2020
Equity		**£000**	£000
Share capital	25	**30,000**	15,000
Preference share capital	25	**10,917**	10,917
Other reserve	26	**(103,418)**	(103,418)
Cash flow hedging reserve	26	**3,900**	(17,937)
Retained earnings	26	**7,330**	31,574
Deficit attributable to owners of the Group		**(51,271)**	(63,864)

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 20 May 2021 and were signed on its behalf by:

J L Abbotts
Director

Consolidated statement of changes in equity

At 31 March

	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 £000
Balance at 1 April 2019	10,000	10,917	(103,418)	(2,875)	14,154	(71,222)
Adoption on initial application of IFRS 16 net of tax	-	-	-	-	(563)	(563)
Adjusted balance at 1 April 2019	10,000	10,917	(103,418)	(2,875)	13,591	(71,785)
Profit for the year	-	-	-	-	214	214
Other comprehensive income	-	-	-	(15,062)	17,769	2,707
Total comprehensive (loss)/gain	-	-	-	(15,062)	17,983	2,921
Issue of ordinary shares	5,000	-	-	-	-	5,000
Balance at 31 March 2020	15,000	10,917	(103,418)	(17,937)	31,574	(63,864)
Loss for the year	-	-	-	-	(5,131)	(5,131)
Other comprehensive income	-	-	-	21,837	(19,113)	2,724
Total comprehensive (loss)/gain	-	-	-	21,837	(24,244)	(2,407)
Issue of ordinary shares	15,000	-	-	-	-	15,000
Balance at 31 March 2021	30,000	10,917	(103,418)	3,900	7,330	(51,271)

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	**2021**	2020
		£000	£000
(Loss)/profit for the year		**(5,131)**	214
Finance income		**(581)**	(855)
Finance costs		**4,412**	4,896
Depreciation of property, plant and equipment		**9,060**	8,620
Amortisation of intangible assets		**197**	210
Amortisation of government grants		**(122)**	(121)
Foreign exchange Losses/(gains)		**364**	(224)
Other non-cash item: EUETS		**4,400**	3,577
Release of demolition provision		-	(1,284)
Taxation		**1,637**	(6)
		14,236	15,027
Increase in inventories		**(2,102)**	(148)
(Increase)/decrease in trade, other receivables and prepayments		**(1,349)**	2,922
Increase/(decrease) in trade and other payables		**2,977**	(9,529)
Increase in provisions and employee benefits		**74**	53
		13,836	8,325
Purchase of EUETS allowances		**(131)**	(383)
Group relief receipt		-	403
Net cash from operating activities		**13,705**	8,345
Net cash used in Investing activities			
Purchase of property, plant and equipment		**(20,976)**	(12,025)
Grant receipts	20	**1,876**	1,871
Net cash from investing activities		**(19,100)**	(10,154)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**15,000**	5,000
(Repayment)/proceeds from borrowings		**(6,000)**	2,000
Payment of lease liabilities		**(1,477)**	(1,148)
Interest paid		**(2,315)**	(2,533)
Net cash used in financing activities		**5,208**	3,319

Consolidated statement of cash flows (continued)

For the years ended 31 March	Note	**2021**	2020
		£000	£000
Net increase in cash and cash equivalents		**(187)**	1,510
Effect of exchange rate fluctuations on cash held		**(920)**	542
Cash and cash equivalents at 1 April	16	**4,520**	2,468
Cash and cash equivalents at 31 March	16	**3,413**	4,520

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 2020 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.

The following standards have been issued but are not yet effective

- Interest rate benchmark Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.
- Further amendments to IFRS 16 Leases.

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 in accordance with International Accounting Standards and in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"). 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 2021.

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 2021 the Company had net liabilities of £61,409,000 (2020: £60,010,000) and the Company and its subsidiaries (the "Group") had consolidated net liabilities of £51,271,000 (2020: £63,864,000). 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.

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

As at 31 March 2021 the Group was funded by a fully drawn down £80,000,000 term loan and £5,000,000 drawn down from a £20,000,000 revolving credit facility, both provided by Bank of America Merrill Lynch and secured by fixed and floating charges over the assets of the Group and for which Tata Chemicals Limited ("Ultimate Parent") is guarantor. The facilities are repayable in March 2023 and are 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. In addition, the Group has short term loans of £12,000,000 from Tata Chemicals International Pte Limited and £4,500,000 from Gusiute Holdings (UK) Limited, both fellow members of the Ultimate Parent Group.

The Group also has access to a trade receivables financing facility of £13,000,000 with Standard Chartered Bank of which £7,176,000 was utilised at 31 March 2021 and a reverse forfaiting facility of up to £15,000,000 with Credit Agricole Corporate and Investment Bank of which £10,846,000 was utilised at 31 March 2021. 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 and the Company 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 adverse economic impact of the COVID-19 pandemic. The directors have also prepared a detailed assessment of a severe but plausible downside scenario arising as a result of the COVID-19 pandemic and have considered the impact this would have on the Forecasts. The Forecasts indicate that, taking account of reasonably possible downsides, the Group and the Company 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, the Forecasts indicate that the Group and the Company will have sufficient funds, by utilising both the bank facilities and the Ultimate Parent support, to meet its liabilities as they fall due for that period.

Notes (continued)

3 Significant accounting policies (continued)

3.3 Going concern (continued)

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 Company are satisfied that the Ultimate Parent will be able to provide the support which has been indicated and, in particular, 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 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

During Calendar Year 2020, the Group participated in the Phase 3 European Union Emissions Trading Scheme ("EUETS"). With effect from 1 January 2021 the UK Government has established an equivalent UK Emissions Trading Scheme ("UKETS") and this applies to installations which were previously subject to EUETS.

EUETS and UKETS are discrete schemes, but operate in a similar way. 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 this 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

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 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 and electricity. 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 EUETS and UKETS. Where these obligations are 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 obligations to surrender allowances in excess of allowances held or purchased forward, the provision 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 Forfaiting**

Reverse forfaiting 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 forfaiting are outstanding at the balance sheet date, an accrual is made for unpaid financing charges.

3.19 **Deferred Income**

Emissions Trading Allowances

Under EUETS, 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 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, revenue growth rates, operating margins and capital expenditure. Further details about the assumptions used are given in Note 16.

Pension benefits

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

The mortality rate is based on publicly available mortality tables for the specific country. COVID-19 has caused a short term increase in deaths in the UK but the excess deaths to date have not generally had a material impact on UK pension scheme liabilities. The future impact of COVID-19 on long term mortality improvements is currently uncertain with potential adverse implications of delayed medical interventions and "long COVID" along with potential positive implications if the surviving population is less "frail" or the pandemic causes improved healthcare initiatives and lifestyle changes. Overall, the Company believes there is insufficient evidence to require an explicit adjustment to the mortality assumption for COVID-19 at this time. 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 26.

Notes (continued)

4 Significant accounting judgments, estimates and assumptions (continued)

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.

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:

	2021	2020
	£000	£000
Soda ash and related products	**91,657**	93,681
Steam and electricity	**18,990**	18,238
	110,647	111,919

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

	2021	2020
	£000	£000
United Kingdom	**83,636**	85,855
Europe	**19,134**	19,021
Rest of World	**7,877**	7,043
	110,647	111,919

Notes (continued)

6 Loss on ordinary activities before tax – Group

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

	Note	2021 £000	2020 £000
Staff costs	8	**(14,080)**	(15,152)
Amortisation of intangibles	14	**(196)**	(210)
Amortisation of government grants	21	**122**	122
Depreciation of property, plant and equipment	15	**(9,062)**	(8,620)
Cost of stock recognised as an expense		**(51,222)**	(54,788)
Net foreign exchange (loss)/ gain		**(364)**	224
Income from Energy from Waste project		**1,340**	2,800
Demolition (costs) / provision release		**(725)**	1,284
Business interruption insurance receipts		**-**	1,458

7 Auditor's remuneration - Group

The analysis of auditor's remuneration is as follows:

	2021 £000	2020 £000
Fees in respect of the audit of the consolidated and parent company Financial Statements, including audit of consolidated returns	**-**	-
Other audit fees, primarily in respect of audits of accounts of subsidiaries	**(221)**	(196)
Total Audit fees	**(221)**	(196)

No remuneration has been paid in relation to non-audit services (2020: £nil)

8 Staff numbers and costs – Group

	2021 Number	2020 Number
Production and operations	**216**	208
Distribution and sales	**27**	27
Administration	**67**	70
	310	305

Notes (continued)

8 Staff numbers and costs – Group (continued)

The aggregate remuneration comprised:

	2021	2020
	£000	£000
Wages and salaries	**(13,786)**	(13,894)
Social security costs	**(1,404)**	(1,303)
Other pension costs	**(1,134)**	(1,069)
Less: capitalised as additions to fixed assets	**2,244**	1,114
	(14,080)	(15,152)

Directors' remuneration comprised:

	2021	2020
	£000	£000
Directors' emoluments	**(1,466)**	(1,278)
Amounts receivable under long-term incentive schemes	**(243)**	(432)
Group contributions to money purchase pension schemes	**(73)**	(76)
Non-executive directors' fees	**(3)**	(2)
	(1,785)	(1,788)

	Number	Number
Number of directors who have retirement benefits accruing under a defined benefit scheme	**3**	3

Remuneration of the highest paid director

	2021	2020
	£000	£000
Aggregate emoluments	**(360)**	(290)
Amounts receivable under long-term incentive schemes	**(58)**	(109)
Group contributions to money purchase pension schemes	**(12)**	(12)
	(430)	(411)
Accrued pension at the end of the year	**45**	44

It is not possible to disclose the amounts paid for qualifying services by entity within the Group.

Notes (continued)

9 Finance income – Group

	Note	2021 £000	2020 £000
Bank interest receivable		**2**	9
Interest receivable from related parties	29	**579**	846
		581	855

10 Finance costs – Group

	Note	2021 £000	2020 £000
Interest on borrowings		**(1,226)**	(1,936)
Interest payable to related parties	29	**(647)**	(270)
Amortisation of deferred finance costs		**(282)**	(282)
Other interest expense		**(310)**	(304)
Total interest expense		**(2,465)**	(2,792)
Interest income on pension scheme assets	24	**5,272**	5,504
Interest cost on pension scheme defined benefit obligations	24	**(6,573)**	(7,220)
Other finance costs		**(646)**	(388)
Total finance costs		**(4,412)**	(4,896)

11 Components of other comprehensive income – Group

	2021 £000	2020 £000
Cash flow hedges:		
Gains/(losses) arising during the year:		
Currency forward contracts	**1,059**	(742)
Commodity forward contracts	**12,609**	(22,964)
Reclassification adjustments for (losses)/gains included in profit or loss	**8,167**	8,644
	21,835	(15,062)

Notes (continued)

12 Tax – Group

Amount recognised in consolidated profit or loss

	2021 £000	2020 £000
Current tax receipt for Group loss relief	-	6
Deferred tax: Origination and reversal of temporary differences	(1,637)	-
Tax (charge)/credit reported in profit or loss	(1,637)	6

The charge for the year can be reconciled to the loss before tax as follows:

	2021 £000	2020 £000
(Loss)/Profit before tax on continuing operations	(3,494)	208
Tax on loss on ordinary activities at the average UK corporation tax rate for the period at 19% (2020: 19%)	664	(40)
Tax effects of:		
Income not allowable for tax purposes	594	(97)
Group relief received at nil charge	105	(294)
Group loss relief received and charged – prior year	-	6
Movement on previously recognised deferred tax asset	(1,637)	-
Movement on unrecognised deferred tax asset	(1,544)	164
Utilisation of tax losses	181	267
Current tax credit for the year on continuing operations	(1,637)	6

The standard rate of corporation tax applied to reported profit is 19% (2020: 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%. The net deferred tax liability has been calculated on the basis of a rate of 19%.

Deferred tax

	Decelerated capital allowances £000	Tax losses £000	Cashflow hedge £000
At 1 April 2020	972	665	-
Charge / (credit) to profit or loss	(332)	(665)	(640)
At 31 March 2021	640	-	(640)

Notes (continued)

12 Tax – Group (continued)

A potential deferred tax asset of £43,400,000 (2020: £33,175,000) for tax losses, decelerated capital allowances, lease income not taxable, and non-cash elements of pension and other provisions 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 £16,399,000 (2020: £6,460,000). 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

	EUETS Allowances £000	Software £000	Total £000
Deemed cost			
At 1 April 2020	13,977	2,076	16,053
Surrendered during the year	(13,003)	-	(13,003)
Purchased during the year	131	-	131
At 31 March 2021	**1,105**	**2,076**	**3,181**
Amortisation			
At 1 April 2020	-	(1,449)	(1,449)
Charge for the year	-	(196)	(196)
At 31 March 2021	**-**	**(1,645)**	**(1,645)**
Net book value			
At 31 March 2021	**1,105**	**431**	**1,536**
At 31 March 2020	13,977	627	14,604

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 2020	23,480	129,140	12,709	165,329
Additions	1,928	7,779	13,510	23,217
Disposals	(473)	(1,990)	-	(2,463)
Transfers	-	4,664	(4,664)	-
At 31 March 2021	**24,935**	**139,593**	**21,555**	**186,083**
Accumulated depreciation				
At 1 April 2020	(9,055)	(77,775)	-	(86,830)
Charge for the year	(1,220)	(7,842)	-	(9,062)
Reassessment of right-of-use	-	(36)	-	(36)
Eliminated on disposal	473	1,990	-	2,463
At 31 March 2021	**(9,802)**	**(83,663)**	**-**	**(93,465)**
Net book value				
At 31 March 2021	**15,133**	**55,930**	**21,555**	**92,618**
At 31 March 2020	14,425	51,365	12,709	78,499

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

Right-of-use	Land and buildings £000	Plant and equipment £000	Total £000
At 1 April 2020	4,065	603	4,668
Additions to right-of-use assets	1,930	311	2,241
Depreciation charge for the year	(1,108)	(303)	(1,411)
Reassessment in the year	-	(36)	(36)
At 31 March 2021	**4,887**	**575**	**5,462**

Freehold land amounting to £7,999,000 (2020: £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. 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, revenue growth rates, operating margins and capital expenditure. The discount rate used is based on the weighted average cost of capital for forecast purposes. The rate used to discount the forecast cash flows is 7.0% (2020: 7.75%). Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. Residual growth was set at 2.00%. Operating margins are based on past performance and management's expectations for the future. 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.

All property, plant and equipment is subject to fixed charges as described in Note 24(b).

At 31 March 2021 the Group had commitments of £5,101,000 (2020: £10,108,000) relating to the purchase of property, plant and equipment.

16 Cash and short-term deposits - Group

	2021	2020
	£000	£000
Cash at bank and in hand	**3,413**	4,520

17 Inventories - Group

	2021	2020
	£000	£000
Raw materials and consumables	**3,508**	3,098
Work in progress	**23**	42
Finished goods and goods for resale	**6,796**	5,085
	10,327	8,225

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	2021 £000	2020 £000
Amount receivable for the sale of goods		**9,220**	10,317
Allowance for doubtful debts		**(4)**	(204)
Amounts owed by group undertakings and related parties	29	**54,043**	48,445
Other taxation and social security		**657**	-
Other receivables		**3,303**	3,792
		67,219	62,350

Trade receivables are stated net of £7,175,000 (2020: £7,205,000) which had been received by the Group Company 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 2021, trade receivables with an invoice value of £4,000 (2020: £204,000) 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 2021	**9,220**	**7,510**	**1,876**	**(93)**	**(83)**	**(10)**	**20**
31 March 2020	10,317	7,342	2,554	65	(87)	(1)	444

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 2021	**(4)**	-	-	-	-	-	**(4)**
31 March 2020	(204)	-	-	-	-	-	(204)

Movement in allowance for doubtful debts	**£000**
Balance at 1 April 2020	(204)
Debts written off against allowance	200
Balance at 31 March 2021	(4)

Notes (continued)

19 Trade and other payables

	Note	2021 £000	2020 £000
Trade payables		**(18,089)**	(14,142)
Tax and social security		**(54)**	(872)
Other creditors		**(3,513)**	(1,028)
Amounts owed to group undertakings and related parties	29	**(5,250)**	(5,140)
Accruals and deferred income		**(9,798)**	(8,034)
		(36,704)	(29,216)

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 £10,872,000 (2020: £6,300,000) which are subject to reverse forfaiting arrangements. Unpaid financing charges of £34,000 (2020: £23,000) have been recognised in respect of these invoices.

20 Government grants

	2021 £000	2020 £000
At 1 April	**(5,032)**	(2,029)
Credited to profit and loss	**122**	121
Amounts received in the year	**(623)**	(3,124)
At 31 March	**(5,533)**	(5,032)
Current	**(122)**	(122)
Non-current	**(5,411)**	(4,910)

The Group has been awarded a grant of up to £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. During the year the Group received instalments of the grant amounting to £623,000.

In 2014 the Company received a government eRGF grant in respect of the project to install a new steam turbine at the Company'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

	2021
EUETS/UKETS allowances	**£000**
At 1 April	**(5,190)**
Credited to profit and loss	**5,190**
At 31 March	**-**

22 Provision for liabilities – Group

	Carbon emissions
At 1 April 2020:	**£000**
Non-current	(2,657)
Current	(10,162)
	(12,819)
Charged to profit and loss	(9,590)
Paid/utilised during the year	13,002
At 31 March 2021	**(9,407)**
Non-current	**(1,961)**
Current	**(7,446)**

At 31 March 2021 the carbon emissions provision recognises the obligation to surrender allowances to the Environment Agency under the European Union Emissions Trading Scheme in respect of the 2020 calendar year and under the UK Emissions Trading Scheme in respect of the first three months of the 2021 calendar year. The surrender under the European Union Emissions Trading Scheme in respect of the 2019 calendar year took place in April 2020. The deadlines for surrendering allowances in respect of the 2020 and 2021 calendar year are 30 April 2021 and 30 April 2022 respectively.

Notes (continued)

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

a) Other financial assets

Financial instruments at fair value through profit or loss	2021 £000	2020 £000
Foreign exchange forward contract derivative assets - External	656	17
Gas contracts for difference derivative assets – Intragroup (Note 29)	492	-
Gas contracts for difference derivative assets - External	3,042	-
Other financial assets	4,190	17
Current	2,565	-
Non-current	1,625	17

b) Other financial liabilities

Financial instruments at fair value through profit or loss	2021 £000	2020 £000
Foreign exchange forward contract derivative liabilities – External	-	(420)
Gas contracts for difference derivative liabilities – Intragroup (Note 29)	(157)	(17,408)
Gas contracts for difference derivative liabilities - External	(7)	-
Other financial liabilities	(164)	(17,828)
Current	(157)	(11,159)
Non-current	(7)	(6,669)

Interest-bearing loans and borrowings (including lease liabilities)

Falling due within one year	Interest rate %	Maturity	2021 £000	2020 £000
Lease liabilities	Various	0-17 years	(1,244)	(842)
Short term loan from related party (Note 29)	6	On demand	(4,500)	(4,500)
Short term loan from related party (Note 29)	LIBOR + 3.42	On demand	(12,000)	-
Less: unamortised debt issue costs			276	-
Total current interest-bearing loans and borrowings			(17,468)	(5,342)
Falling due after one year				
Lease liabilities	Various	0-17 years	(4,901)	(4,454)
Term loan	LIBOR + 1.15	March 2023	(80,000)	(80,000)
Revolving credit facility	LIBOR + 1.15	March 2023	(2,000)	(20,000)
Less: unamortised debt issue costs			277	835
Total non-current interest-bearing loans and borrowings			(86,624)	(103,619)

Notes (continued)

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

b) Other financial liabilities (continued)

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.

Interest payable is normally settled monthly throughout the financial year. The Group intends to hold these liabilities to maturity. The revolving credit facility has a maximum draw down of £20,000,000.

Collateral

The term loan and revolving credit facility have been financed by Bank of America Merrill Lynch (BAML). BAML, as Security Trustee, holds a debenture with the Group and including 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 2017 triennial actuarial review which was completed in March 2019; and

ii) Fixed and floating charges over all present and future business, undertaking and assets which are not effectively mortgaged.

c) Hedging activities and derivatives

Currency risk

At 31 March 2021, 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/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 2021 was an asset of £656,000 and a liability of £nil. (2020 asset: £17,000, liability: £420,000).

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

	Average rate		Notional value	
	2021	2020	**2021**	2020
			£000	£000
Sell Euros	**1.1271**	1.1299	**8,073**	5,310
Sell US Dollars	**1.2676**	1.3075	**4,733**	8,260

Notes (continued)

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

c) Hedging activities and derivatives (continued)

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 Tata Chemicals Europe Limited to supply soda ash and sodium bicarbonate to customers, and, by implication, the requirement for Tata Chemicals Europe Limited to purchase steam and electricity from the Group. 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 carrying value as at 31 March 2021 was an asset of £3,534,000 (2020: £nil) and a liability of £164,000 (2020: £17,408,000).

The counterparty for some of these contracts for difference is British Salt Limited, a fellow group undertaking. 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 Company (Note 23). 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.

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

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

Gas contracts for difference

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)	**2021**	2020
	£000	£000
Based on actual price per therm	**3,370**	(17,408)
10% increase in price per therm	**7,191**	(13,736)
10% decrease in price per therm	**(451)**	(21,081)

Notes (continued)

22 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:

	2021	2020
	£000	£000
Employer contributions	**1,074**	1,032

As at 31 March 2021, contributions of £90,000 (2020: £88,000) 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.

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.

Notes (continued)

24 **Retirement benefit schemes** (continued)

b) **Defined benefit scheme** (continued)

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

The amounts recognised in profit or loss are as follows:

	2021	2020
	£000	£000
Net interest costs:		
Interest cost on defined benefit obligation	**(6,573)**	(7,220)
Interest income on plan assets	**5,272**	5,504
Administrative expenses	**(314)**	(353)
Past service costs	**(60)**	-
	(1,675)	(2,069)

The amounts recognised in other comprehensive income are as follows:

	2021	2020
	£000	£000
Actuarial (gain)/loss from:		
Changes in financial assumptions	**(33,126)**	17,465
Experience adjustments	**3,311**	-
Return on plan assets (excluding net interest income)	**10,704**	330
	(19,111)	17,795

Notes (continued)

24 Retirement benefit schemes (continued)

b) Defined benefit scheme (continued)

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

	2021 £000	2020 £000
At 1 April	**229,606**	234,862
Interest income	**5,272**	5,504
Employer contributions	**300**	508
Benefits paid	**(10,521)**	(11,245)
Administrative expenses paid from plan assets	**(314)**	(353)
Remeasurements gain:		
Return on plan assets (excluding interest income)	**10,704**	330
At 31 March	**235,047**	229,606

Movements in the defined benefit obligation are as follows:

	2021 £000	2020 £000
At 1 April	**(284,983)**	(306,473)
Interest cost	**(6,573)**	(7,220)
Past service costs	**(60)**	
Benefits paid	**10,521**	11,245
Remeasurements (gains)/losses arising from:		
Changes in demographic assumptions	**(33,126)**	-
Changes in financial assumptions	**3,311**	17,465
Experience adjustments	-	-
At 31 March	**(310,910)**	(284,983)

The details of plan assets and liabilities are as follows:

	2021 £000	2020 £000
Cash and cash equivalents	**3,037**	30,235
Equity instruments	**28,883**	23,837
Debt instruments (excluding LDI)	**130,436**	101,509
Alternatives	-	1,822
LDI instruments*	**72,691**	72,203
Total fair value of assets	**235,047**	229,606
Defined benefit obligation	**(310,910)**	(284,983)
Net pension liability recognised in the balance sheet	**(75,863)**	(55,377)

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

Notes (continued)

24 **Retirement benefit schemes** (continued)

b) **Defined benefit scheme** (continued)

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

	2021	2020
	£000	£000
Actual return on plan assets	**15,976**	5,834

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.

The triennial actuarial valuation of the Group's defined benefit pension scheme, as at 31 December 2017, was completed in March 2019. 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. These development proceeds will replace the Group's regular deficit reduction payments during the 3 years ending 31 March 2022.

Following a High Court ruling in November 2020, defined benefit pensions schemes are required to address any inequalities in guaranteed minimum pensions payable to male and female scheme members for pre-2018 transfer values. The past service costs of £60,000 represents the Company's best estimate of the likely impact. No new obligations have been created for post October 2018 transfers.

The weighted average duration of the defined benefit obligation of the scheme at 31 March 2021 and expected benefit payments in future years are as follows:

Weighted average duration (in years)	**15**

	2021
Expected total benefit payments:	£000
Year 1	**10,774**
Year 2	**11,034**
Year 3	**11,300**
Year 4	**11,572**
Year 5	**11,851**
Next 5 years	**63,678**

Notes (continued)

24 Retirement benefit schemes (continued)

b) Defined benefit scheme (continued)

The actuarial report used for these financial statements was prepared as at 31 March 2021 by a qualified independent actuary. The significant weighted-average assumptions to determine defined benefit obligation were as follows:

	2021	2020
Discount rate	**2.1%**	2.35%
Rate of price inflation (RPI)	**3.1%**	2.50%
Rate of price inflation (CPI)	**2.7%**	1.95%
Rate of pension increases (RPI 5%)	**3.1%**	2.50%
Rate of pension increases (CPI)	**2.7%**	1.95%

Assumed life expectancy on retirement at age 65:

	2021 Years	2020 Years
Member retiring today (age 65)		
Male	**21.9**	21.9
Female	**24.1**	24.0
Member retiring in 25 years (age 40)		
Male	**23.8**	23.7
Female	**26.2**	26.1

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

	2021 £000	2020 £000
Discount rate -25 basis points	**(323,437)**	(296,190)
Discount rate +25 basis points	**(299,326)**	(274,424)
Price inflation rate -25 basis points	**(304,201)**	(277,780)
Price inflation rate +25 basis points	**(320,437)**	(292,502)
Post-retirement life expectancy +1 year	**(323,308)**	(295,176)
Post-retirement life expectancy -1 year	**(298,901)**	(274,873)

Notes (continued)

25 Called-up share capital

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

	2021	2020
	£000	£000
Authorised, issued and fully paid		
30,000,000 (2020: 15,000,000) ordinary shares of £1 each	**(30,000)**	(15,000)
17,500,000 preference shares of $1 each	**(10,917)**	(10,917)
	(40,917)	(25,917)

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 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 4 September 2020 the Company issued 7,000,000 ordinary shares of £1 each at cost. On 12 March 2021 the Company issued a further 8,000,000 ordinary shares of £1 each, also at cost.

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.

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 2020.

Notes (continued)

27 Financial risk management and policies (continued)

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 enters 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 LIBOR 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	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Assets	**3,404**	2,445	**1,234**	1,041
Liabilities	**(155)**	(1,209)	**(2)**	(42)

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

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 revolving credit facility and debt factoring. Bank loan agreements were renewed in March 2018 and have a term of 5 years.

Notes (continued)

27 Financial risk management and policies (continued)

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 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

	2021	2020
	£000	£000
Leases under IFRS 16:		
- Interest expense on lease liabilities	**(121)**	(115)
- Expenses relating to short term or low value leases	**-**	(34)
	(121)	(149)

Amounts recognised in the statement of cashflow

	2021	2020
	£000	£000
Leases under IFRS 16:		
- Total cash outflows for leases	**(1,553)**	(1,148)

Notes (continued)

28 Leases – Group (continued)

Leases – Group as lessor

Operating leases

During the year £1,340,000 (2020: £nil) 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:

	2021	2020
	£000	£000
Less than one year	**1,321**	-
Between one and two years	**1,321**	-
Between two and three years	**1,321**	-
Between three and four years	**1,321**	-
Between four and five years	**1,321**	-
More than five years	**44,640**	-
	51,245	-

29 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:

Trading transactions		**Sales to related parties**	**Purchases from related parties**	**Amounts owed by related parties**	**Amounts owed to related parties**
		£000	**£000**	**£000**	**£000**
Companies which were part of the wider Tata Chemicals Limited group:					
TCNA (UK) Limited	**2021**	**-**	**(1,664)**	**-**	**(279)**
	2020	-	(2,133)	-	(93)
Tata Chemicals North America Inc	**2021**	**505**	**-**	**165**	**-**
	2020	465	-	135	-
British Salt Limited	**2021**	**1.335**	**-**	**212**	
	2020	1,531	-	304	-
Tata Chemicals International Pte Limited	**2021**	**25**	**-**	**-**	**-**
	2020	8	-	-	-
Gusiute Holdings (UK) Limited	**2021**	**-**	**-**	**-**	**(2,000)**
	2020	-	-	-	(2,000)

Notes (continued)

29 Related party transactions - Group (continued)

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:				
Gusiute Holdings (UK) Limited	**2021**	**(270)**	**(2,160)**	**(4,500)**
	2020	(270)	(1,890)	(4,500)
Tata Chemicals International Pte Limited	**2021**	**(377)**	**(36)**	**(12,000)**
	2020	-	-	-

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	**2021**	**579**	**-**	**47,326**
	2020	846	-	46,747

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 – operating costs	**2021**	**9,570**	**(2,805)**	**-**	**(190)**
	2020	9,694	(4,145)	1,254	-
British Salt Limited – Advance payment for EUETS allowances	**2021**	**6,340**	**(6,340)**	**6,340**	-
	2020	-	-	-	-
British Salt Limited – intercompany derivatives	**2021**	**-**	**(8,414)**	**492**	**(562)**
	2020	-	(26,052)	-	(18,561)
Tata Chemicals Limited	**2021**	**-**	**(388)**	**-**	**(180)**
	2020	-	(283)	-	(4)
Homefield Pvt UK Limited	**2021**	**12**	**-**	**-**	
	2020	7	-	5	-

Notes (continued)

29 **Related party transactions - Group** (continued)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding trading balances at the year end are unsecured and will be settled in cash. Within the Group, interest is generally charged at a rate that matches the rate paid on external loans and borrowings. Interest is charged monthly on the loan owed to Gusiute Holdings (UK) Limited at 6% per annum. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2020: £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.

30 **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 2021 was Tata Chemicals Limited, a company incorporated in India. The largest group in which the results of the Company are consolidated is that of Tata Chemicals Limited. Copies of the accounts are available from the Company Secretary, Tata Chemicals Limited, Bombay House, Mumbai, India.

Company balance sheet
At 31 March

	Note	2021 £000	2020 £000
Assets			
Non-current assets - Investments	32	**-**	-
Current assets - Trade and other receivables	33	**96,184**	96,460
Total assets		**96,184**	96,460
Liabilities			
Non-current liabilities - Interest-bearing loans and borrowings	35	**(79,447)**	(79,165)
Current liabilities - Trade and other payables	34	**(78,146)**	(77,305)
Total liabilities		**(157,593)**	(156,470)
Net liabilities		**(61,409)**	(60,010)
Equity			
Share capital	36	**30,000**	15,000
Preference share capital	36	**10,917**	10,917
Retained losses	37	**(102,326)**	(85,927)
Equity attributable to owners of the Company		**(61,409)**	(60,010)

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 20 May 2021 and were signed on its behalf by:

JLAbbotts

J L Abbotts
Director

Company statement of cash flows

For the years ended 31 March

	Note	2021 £000	2020 £000
Loss for the year		**(16,399)**	(6,460)
Finance income		**(1,185)**	(1,775)
Finance costs		**2,584**	3,235
		(15,000)	(5,000)
(Increase) in trade, other receivables and prepayments		**1,461**	1,579
Increase in trade and other payables		**(36)**	-
		(13,575)	(3,421)
Interest paid		**(1,425)**	(1,579)
Net cash from operating activities		**(15,000)**	(5,000)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**15,000**	5,000
Debt issue costs		**-**	-
Net cash from financing activities		**15,000**	5,000
Net decrease/(increase) in cash and cash equivalents		**-**	-
Cash and cash equivalents at 1 April		**-**	-
Cash and cash equivalents at 31 March		**-**	-

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

Company statement changes in equity

For the years ended 31 March

	Share capital (Note 36) £000	Retained losses (Note 37) £000	Total deficit £000
Balance at 1 April 2019	20,917	(79,467)	(58,550)
Issue of share capital	5,000	-	5,000
Loss for the year	-	(6,460)	(6,460)
Balance at 31 March 2020	25,917	(85,927)	(60,010)
Issue of share capital	15,000	-	15,000
Loss for the year	-	(16,399)	(16,399)
Balance at 31 March 2021	**40,917**	**(102,326)**	**(61,409)**

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

Notes to the Company financial statements

31 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

The 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, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities to which the Company is not yet committed or significant future investments that will enhance the asset's performance or the CGU being tested. The recoverable amount is most sensitive to the discount rates, revenue growth rates, operating margins and capital expenditure. Sensitivity analysis on the key assumptions has been performed and the Group does not expect a reasonable possible change in the key assumptions to have a material impact on the impairment review.

32 Investments – Company

	Shares in subsidiaries £000
Cost	
At 1 April 2020	5,000
Additions	15,000
At 31 March 2021	20,000
Impairment	
At 1 April 2020	(5,000)
Impairment charge	(15,000)
At 31 March 2021	(20,000)
Net book value	
At 1 April 2020 and 31 March 2021	-

Notes (continued)

32 Investments – Company (continued)

On 4 September 2020 and 12 March 2021, the Company acquired 70,000,000 £0.10 ordinary shares and 80,000,000 £0.10 ordinary shares respectively 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 2021, the company concluded that the carrying value of its investment in Brunner Mond Group Limited was overstated by £15,000,000 and accordingly an impairment charge was recognised for this amount.

The Company's subsidiary undertakings at 31 March 2021 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 and electricity	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.

33 Trade and other receivables - Company

	2021	2020
	£000	£000
Amounts owed by group undertakings (Note 39)	**96,184**	96,460

34 Trade and other payables - Company

	2021	2020
	£000	£000
Amount owed to group undertakings (Note 39)	**(77,952)**	(76,998)
Accruals and deferred income	**(194)**	(307)
	(78,146)	(77,305)

Notes (continued)

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

	Interest rate %	Maturity	2021 £000	2020 £000
Term loan	LIBOR + 1.15	March 2023	**(80,000)**	(80,000)
Less: unamortised debt issue costs			**553**	835
Total interest-bearing loan and borrowings			**(79,447)**	(79,165)
Current			**-**	-
Non-current			**(79,447)**	(79,165)

Interest payable is normally settled monthly throughout the financial year.

Term loan

The term loan and revolving credit facility have been financed by Bank of America Merrill Lynch (BAML). BAML, 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 2017 triennial actuarial review which was completed in March 2019; and

ii) Fixed and floating charges over all present and future business, undertaking and assets which are not effectively mortgaged.

36 Called-up share capital – Company

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

Authorised, issued and fully paid	2021 £000	2020 £000
30,000,000 (2020: 15,000,000) ordinary shares of £1 each	**(30,000)**	(15,000)
17,500,000 preference shares of $1 each	**(10,917)**	(10,917)
	(40,917)	(25,917)

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 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 4 September 2020 the Company issued 7,000,000 ordinary shares of £1 each at cost. On 12 March 2021 the Company issued a further 8,000,000 ordinary shares of £1 each, also at cost.

Notes (continued)

37 Reserves – Company

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

38 Contingencies – Company

The Company, together with certain of its fellow group undertakings, has guaranteed the amounts borrowed under the Group's banking facilities as described in Note 23(b). At 31 March 2021 the amount guaranteed was £82,000,000 (2020: £100,000,000).

39 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	**2021**	**425**	**-**	**48,843**	**-**
	2020	635	-	33,721	-
Brunner Mond Group Limited	**2021**		**(954)**	**-**	**(77,952)**
	2020	-	(1,403)	-	(76,998)
Winnington CHP Limited	**2021**	**182**	**-**	**15**	**-**
	2020	295	-	15,993	-
Companies which were part of the wider Tata Chemicals Limited group:					
TCE Group Limited	**2021**	**579**	**-**	**47,326**	**-**
	2020	846	-	46,747	-

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 2021 the Company has not recorded any impairment of receivables relating to amounts owed by the related parties (2020: £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.