Company Registration No. 07462734 (England and Wales)

Tata Chemicals Europe Holdings Limited
Consolidated Annual Report and Financial Statements
For The Year Ended 31 March 2017

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

PRINCIPAL ACTIVITES AND BUSINESS REVIEW

The company operates 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, salt and related products, the generation and sale of steam and electricity and the development of cavities for gas storage.

Group turnover for the year was £180,221,000 (2016: £167,397,000). The group maintained its share of UK markets in all its key products during the year. Production of soda ash and sodium bicarbonate increased by 2-3%, continuing the positive trend seen in recent years and accompanied by improved manufacturing efficiencies. Export sales volumes were below 2016 levels but margins improved due to the weakness of Sterling vs Euro and US Dollar. Electricity sales were higher as a result of the full year contribution from the new steam turbine which was commissioned in the third quarter of 2016. The group also benefited from the successful delivery of the final phase of a fixed cost reduction programme which was launched in 2014. The defined benefit pension scheme of Tata Chemicals Europe Limited was closed to future accrual in May 2016.

EBITDA for the year was £26,833,000 (2016: £17,724,000), with underlying profitability improvements across the product range. The profit on ordinary activities before taxation was £11,283,000 (2016: loss of £4,607,000) after taking into account credits in respect of derivative mark-to-market adjustments of £2,473,000 (2016: charges of £3,123,000).

PRIOR YEAR ADJUSTMENT

Restatements have been made to correct the carrying value of fair value adjustments, relating to the acquisition of Cheshire Salt Holdings Limited in January 2011. Accumulated depreciation of £4,086,000 has been charged against prior years, of which £789,000 represents additional depreciation charged to the profit and loss for year ended 31 March 2016.

FUTURE OUTLOOK

The directors expect the group to build on the significant improvements in underlying profitability seen in the current year as it benefits from a reduced fixed cost base and long-term contracts with key customers. Opportunities for growth in sodium bicarbonate and salt sales into Asia have increased as a result of the continuing weakness of Sterling vs US Dollar and a number of projects have been launched, focusing on reducing the variable cost per tonne of manufacturing and enhancing the efficiency of operational delivery.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Note 31 shows the principal risks the group is exposed to and the group's approach to mitigating the risk.

FINANCIAL RISK MANAGEMENT

The group's operations expose it to a variety of financial risks which include interest rate risk, foreign currency risk, commodity price risk, liquidity risk and credit risk. The group has in place a risk management programme which seeks to limit the adverse effects on the financial performance of the group where appropriate.

The group seeks to mitigate commodity price risk through purchasing strategies including the use of contracts for difference to hedge against exposure to fluctuating gas prices. The group manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. The group takes out forward foreign exchange contracts where appropriate. The group also hedges against its interest rate exposure using interest rate swaps when it is considered beneficial to do so. For more detail on risk management policies, please see note 31 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 and environmental performance, growing existing businesses, developing new businesses, delivering better value to customers, operational excellence and engaging a highly performing workforce. For each measure, the actual performance of the business is compared to the target on a regular basis and these reviews help to identify where further action is required. The directors believe that these measures represent the group's KPIs.

By order of the Board

M J Ashcroft
Director
19 May 2017

The directors present their annual report on the affairs of the group, together with the audited financial statements for the year ended 31 March 2017.

DIRECTORS

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

M J Ashcroft

E A Kshirsagar (resigned 10 September 2016)

R Mukundan

J Mulhall

Z Langrana

N Munjee (appointed 01 May 2016)

EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the 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.

POLITICAL CONTRIBUTIONS

No donations were made to any political party during the year (2016: £nil).

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.

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 2.2).

AUDITOR AND STATEMENT OF DISCLOSURE TO THE AUDITOR

Each of the persons 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

DIVIDENDS

The directors do not recommend the payment of a dividend, (2016: same).

By order of the board.

M J Ashcroft
Director
19 May 2017

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and group's and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and group's and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This responsibility statement was approved by the board of directors on 19 May 2017 and is signed on its behalf by.

M J Ashcroft
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATA CHEMICALS EUROPE HOLDINGS LIMITED

FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of Tata Chemicals Europe Holdings Limited for the year ended 31 March 2017, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows, and the related notes 1 to 45. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITOR

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- the group 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 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Anthony Farnworth BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, UK
16 June 2017

TATA CHEMICALS EUROPE HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £'000's	Restated 2016 £'000's
Group revenue and share of joint venture revenue		180,221	167,397
Less: share of joint venture revenue		(589)	(568)
Group revenue	5	179,632	166,829
Cost of sales		(143,561)	(136,640)
Gross profit		36,071	30,189
Sales and distribution costs		(17,119)	(19,085)
Administrative expenses		(8,035)	(8,475)
Other operating income	6	5,156	5,101
Share of operating (loss)/profit of joint venture		(24)	35
		(20,022)	(22,424)
Group operating profit	7	16,049	7,765
Finance income	10	24	27
Finance costs	11	(4,790)	(12,399)
		(4,766)	(12,372)
Group profit/(loss) on ordinary activities before taxation		11,283	(4,607)
Tax on (profit)/loss on ordinary activities	13	(2,211)	951
Group profit/(loss) for the financial year		9,072	(3,656)

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

All results arose from continuing operations.

TATA CHEMICALS EUROPE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £'000's	Restated 2016 £'000's
Group profit/(loss) for the financial year		9,072	(3,656)
Items that will not be reclassified subsequently to profit or loss			
Actuarial (losses)/gains on pension schemes	27	(21,193)	7,071
Deferred tax effect of actuarial losses/(gains) on pension schemes	13	3,034	(2,538)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedge gains/(losses) during the year	12	6,716	(5,681)
Deferred tax effect of cash flow hedge (gains)/losses	13	(1,569)	1,023
Other comprehensive income for the year net of tax		(13,012)	(125)
Total comprehensive loss for the year		(3,940)	(3,781)

The accompanying notes are an integral part of this consolidated Statement of Comprehensive Income.

TATA CHEMICALS EUROPE HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2017

			Restated	Restated
		2017	2016	1 April 2015
Assets	**Note**	**£'000's**	**£'000's**	**£'000's**
Non-current assets				
Goodwill	15	19,807	19,807	19,807
Intangible assets	16	13,935	13,909	14,654
Property, plant and equipment	17	104,954	106,096	104,037
Investment in joint venture	18	275	299	266
Other non-current receivables	27	4,324	5,480	1,858
Other non-current financial assets	26	35	-	-
Deferred tax assets	13	25,498	26,267	26,831
		168,828	171,858	167,453
Current assets				
Inventories	19	10,742	15,406	18,601
Trade and other receivables	21	24,165	23,301	26,286
Prepayments		749	1,411	695
Other current financial assets	26	1,178	-	1,214
Cash and short-term deposits	20	232	342	3,137
		37,066	40,460	49,933
Total assets		205,894	212,318	217,386
Equity and liabilities				
Non-current liabilities				
Interest-bearing loans and borrowings	26	(144,783)	(146,764)	-
Other non-current financial liabilities	26	(63)	(1,094)	-
Provisions	25	(2,186)	(4,295)	(7,410)
Government grants	23	(2,150)	(2,272)	(2,230)
Retirement benefit obligations	27	(93,756)	(73,010)	(74,220)
		(242,938)	(227,435)	(83,860)
Current liabilities				
Trade and other payables	22	(37,058)	(43,208)	(48,093)
Interest-bearing loans and borrowings	26	(6,900)	(11,900)	(155,180)
Other current financial liabilities	26	(335)	(7,313)	(785)
Government grant	23	(122)	(122)	-
Deferred revenue	24	(1,539)	(1,372)	(1,704)
Provisions	25	(3,140)	(3,167)	(6,181)
		(49,094)	(67,082)	(211,943)
Net current liabilities		(12,028)	(26,622)	(162,010)
Total liabilities		(292,032)	(294,516)	(295,803)
Net liabilities		(86,138)	(82,198)	(78,417)

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	Note	2017 £'000's	Restated 2016 £'000's	Restated 1 April 2015 £'000's
Equity				
Share capital	28	(10,000)	(10,000)	(10,000)
Other reserve	29	103,418	103,418	103,418
Cash flow hedging reserve	29	(489)	4,658	-
Retained loss	29	(6,791)	(15,878)	(15,001)
Equity attributable to owners of the group		86,138	82,198	78,417
Total equity and liabilities		(205,894)	(212,318)	(217,386)

The accompanying notes are an integral part of these financial statements.

The financial statements of Tata Chemicals Europe Holdings Limited, company registration number 07462734, were approved and authorised for issue by the Board of Directors on 19 May 2017.

Signed on behalf of the Board of Directors by:

M J Ashcroft
Director

TATA CHEMICALS EUROPE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Share capital (note 28) £'000's	Other reserve (note 29) £'000's	Cash flow hedging reserve (note 29) £'000's	Retained losses (note 29) £'000's	Total equity £'000's
Balance at 1 April 2015	(10,000)	103,418	-	(18,298)	75,120
Prior year adjustment (note 36)	-	-	-	3,297	3,297
Restated balance at 1 April 2015	(10,000)	103,418	-	(15,001)	78,417
Loss for the year (Restated - note 27)	-	-	-	3,656	3,656
Total comprehensive (income)/expense for the year	-	-	4,658	(4,533)	125
Total comprehensive loss for the year (Restated - note 27)	-	-	4,658	(877)	3,781
Balance at 1 April 2016	(10,000)	103,418	4,658	(15,878)	82,198
Profit for the year	-	-	-	(9,072)	(9,072)
Total comprehensive (income)/expense for the year	-	-	(5,147)	18,159	13,012
Total comprehensive loss for the year	-	-	(5,147)	9,087	3,940
Balance at 31 March 2017	(10,000)	103,418	(489)	(6,791)	86,138

The accompanying notes are an integral part of this consolidated Statement of Changes in Equity.

TATA CHEMICALS EUROPE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £'000's	Restated 2016 £'000's
Net cash flows from operating activities	30	20,768	11,593
Investing activities			
Purchase of property, plant and equipment		(9,440)	(11,811)
(Expense)/proceeds from disposal of tangible assets		(15)	11
Government grants (paid)/received		(48)	204
Interest received		24	27
Net cash flows used in investing activities		(9,479)	(11,569)
Financing activities			
Interest paid		(3,970)	(5,100)
Proceeds from borrowings		-	5,000
Repayment of borrowings		(7,400)	-
Debt issue costs		(29)	(2,719)
Net cash flows used in financing activities		(11,399)	(2,819)
Net decrease in cash and cash equivalents		(110)	(2,795)
Cash and cash equivalents at beginning of year	20	342	3,137
Cash and cash equivalents at end of year	20	232	342

The accompanying notes are an integral part of this consolidated Statement of Cash Flows.

1 GENERAL INFORMATION

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

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates. "2017" and "2016" throughout refers to the year ended 31 March 2017 and 31 March 2016 respectively.

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of accounting

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards, (IFRS), as adopted by the European Union, therefore the group financial statements comply with Article 4 of the EU IAS Regulation.

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 March 2017.

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.

Interest in a joint venture

The group has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The agreement requires unanimous agreement for financial and operating decisions among the venturers. The group recognises its interest in the joint venture using the equity method. Under the equity method, on initial recognition the investment in the joint venture is shown at cost, and the carrying amount is increased or decreased to recognise the group's share of the profit or loss of the joint venture after the date of acquisition.

2.3 Going concern

At 31 March 2017 the group was funded by a £117,600,000 term loan and a £20,000,000 revolving credit facility provided by a syndicate of lenders led by Standard Chartered Bank and Credit Agricole Corporate and Investment Bank. This facility is repayable on 29 November 2020.

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

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

After reviewing the forecasts, considering reasonably possible uncertainties and making such other enquiries as were necessary, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is calculated as the aggregate of the consideration transferred measured at acquisition date fair value.

Acquisition costs incurred are expensed and included in administrative expenses.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with IAS 39 either in the Profit and Loss Account or as a change to Other Comprehensive Income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the Profit or Loss Account.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

On disposal of a CGU the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.5 Intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised. Goodwill is not amortised, a provision is made for any impairment.

2.5 Intangible assets (continued)

Emissions Trading Allowances

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

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

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

Other intangible assets

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

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

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

Software	2 to 8 years
Mineral rights	140 years

2.6 Property, plant & equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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 income statement as incurred.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

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

Freehold buildings	25 to 50 years
Leasehold improvements	over term of lease
Plant and equipment	2 to 35 years

Assets under construction and freehold land are not depreciated.

2.7 Prior period adjustment

Restatements and reclassifications have been made to correct the carrying value and classification of the fair value adjustments, pertaining to the acquisition of Cheshire Salt Holdings Limited in January 2011. Accumulated depreciation of £4,086,000 has been charged against prior years, of which £789,000 represents additional depreciation charged to the profit and loss for year ended 31 March 2016.

2.8 Investments

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

2.9 Financial instruments and hedge accounting

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

a) Financial assets

Initial recognition and measurement

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

All financial assets are recognised initially at fair value.

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Impairment of financial assets

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

Derecognition of financial assets

The 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 to another entity. On derecognition, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that been recognised in other comprehensive income and accumulated in equity is recognised in the profit and loss account.

2.9 Financial instruments and hedge accounting (continued)

b) Financial liabilities and equity

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

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group determines the classification of its financial liabilities at initial recognition.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

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

Equity instruments

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

c) Offsetting of financial instruments

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

d) Fair value of financial instruments

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

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

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

The fair value of commodity contracts that meet the definition of a derivative as defined by IAS 39 are recognised in the profit and loss in cost of sales.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Profit and Loss Account, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income.

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

2.9 Financial instruments and hedge accounting (continued)

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

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the profit and loss in other operating expenses.

Amounts recognised as other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised.

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.

The group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecasted transactions, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The group uses interest rate swaps as hedges of its exposure to interest rate risk on interest payments.

2.10 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.

2.11 Revenue

Sale of goods

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

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery or collection of the goods.

Sale of steam and electricity

Revenue from the sale of steam and electricity is recognised at the point of metered supply.

2.11 Revenue (continued)

Property income

Property income is recognised on a straight line basis and is included in operating income in the profit or loss due to its operating nature.

Interest revenue

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 accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset, to that asset's net carrying amount on initial recognition.

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

2.12 Operating profit

Operating profit is stated after the share of results of associates but before investment income and finance costs.

2.13 Taxation

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

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

2.13 Taxation (continued)

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.

VAT (Value Added Tax)

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

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

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

2.14 Pensions

The group operated defined benefit schemes, which are funded with the assets of the schemes held separately from those of the group, in separate trustee administered funds, the Brunner Mond Pension Fund (BMPF) and the British Salt Retirement Income and Life Assurance Plan (BSRILA). The BSRILA closed to further accrual of benefits on 31 January 2008. The BMPF closed to new members on 30 June 2003 and closed to future accrual of benefits from 31 May 2016.

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method.

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

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less past service costs and less the fair value of plan assets out of which the obligations are 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 defined contribution schemes under which costs are charged to the profit and loss on the basis of the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2.15 Foreign currency

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

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

2.15 Foreign currency (continued)

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

2.16 Provisions

General

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

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

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

Restructuring

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

Onerous contract

Present obligations arising under onerous contrasts 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.

2.17 Leases

Company as lessee

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

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

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

2.18 Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that the value of an asset or Cash Generating Unit (CGU) 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. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

2.19 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 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based its assumptions and estimates on parameters available when the consolidated 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.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit 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 group is not yet committed or significant future investments that will enhance the asset's performance or the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective group company's domicile. As the group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

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

Pension benefits

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

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

Further details about the assumptions used are given in Note 27.

4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The group has adopted the amendments to IFRSs included in the Annual Improvements to IFRSs 2012-2014 Cycle for the first time in the current year.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at a currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The adoption of this amendment has had no effect on the group's consolidated financial statements.

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

IFRS 9	Financial instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 2 (amendments)	Classification and Measurement of share-based Payment Transactions
IAS 7 (amendments)	Disclosure Initiative
IAS 12 (amendments)	Recognition of Deferred Tax for Unrealised Losses
IFRS 10 and IAS 28 (amendments)	Sale or contribution of Assets between an Investor and its Associates or joint venture.

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

- IFRS 9 will impact both the measurement and disclosures of financial instruments;
- IFRS 15 may have an impact on revenue recognition and related disclosures; and
- IFRS 16 will have an impact on reported assets, liabilities, income statement and cash flows of the company. Furthermore, extensive disclosure will be required by IFRS 16.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

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:

	2017	2016
	£000's	£000's
Soda Ash and related products	96,254	116,229
Salt	37,033	36,838
Steam and electricity	46,345	13,762
	179,632	166,829

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

	2017	2016
	£000's	£000's
United Kingdom	143,391	127,550
Europe	28,944	33,747
Rest of World	7,297	5,532
	179,632	166,829

6 OTHER OPERATING INCOME - GROUP

	2017	2016
	£000's	£000's
Property income	110	101
Activities relating to gas storage operations	5,000	5,000
Other income	46	-
	5,156	5,101

7 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION - GROUP

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

		Restated
	2017	2016
	£000's	£000's
Staff costs (see note 9)	(17,607)	(17,613)
(Loss)/gain on disposal of property, plant and equipment	(15)	11
Amortisation of intangibles (note 16)	(315)	(313)
Amortisation of government grants (note 23)	122	40
Depreciation of property, plant and equipment (note 17)	(10,566)	(9,709)
Cost of stock recognised as an expense	(88,480)	(91,804)
Impairment of stock recognised as an expense	(160)	(200)
Net foreign exchange (loss)/gain	(2,453)	219
Operating lease rentals	(784)	(835)

8 AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	2017	2016
	£000's	£000's
Fees payable to the company's auditor for the audit of the group and company's financial statements, including it's subsidiaries	(77)	(128)
Fees payable to the company's auditor for non-audit services	(26)	(26)

9 STAFF NUMBERS AND COSTS - GROUP

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

	2017	2016
	Number	Number
Production and operations	293	302
Distribution and sales	25	26
Administration	68	69
	386	397

The aggregate remuneration comprised:	2017	2016
	£000's	£000's
Wages and salaries	(15,651)	(15,393)
Social security costs	(1,489)	(1,434)
Other pension costs	(1,668)	(1,767)
Less: capitalised as additions to fixed assets	1,201	981
	(17,607)	(17,613)

Directors' remuneration comprised:	2017	2016
	£000's	£000's
Directors' emoluments	(275)	(294)
Amounts receivable under long-term incentive schemes	(84)	(62)
Company contributions to money purchase pension schemes	(7)	-
Non-executive directors' fees	(21)	(20)
	(387)	(376)

	Number	Number
The number of directors who have retirement benefits accruing under a defined benefit scheme	1	1

Remuneration of the highest paid director

	2017	2016
	£000's	£000's
Aggregate emoluments	(275)	(294)
Amounts receivable under long-term incentive schemes	(84)	(62)
Company contributions to money purchase pension schemes	(7)	-
	(366)	(356)
Accrued pension at the end of the year	(40)	(39)

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

10 FINANCE INCOME - GROUP

	2017	2016
	£000's	£000's
Interest receivable and similar income:		
Bank interest receivable	24	27

11 FINANCE COSTS - GROUP

	2017	2016
	£000's	**£000's**
Interest payable and similar charges:		
Interest on borrowings	(3,254)	(3,892)
Interest payable to related parties	(296)	(223)
Amortisation of deferred finance costs	(397)	(1,868)
Other interest payable	(279)	(284)
	(4,226)	(6,267)

	2017	2016
	£000's	**£000's**
Other finance costs:		
Interest income on pension scheme assets (note 27)	7,633	7,271
Interest cost on pension scheme defined benefit obligations (note 27)	(9,973)	(9,654)
Net gain/(loss) on financial assets/liabilities at fair value through profit or loss	2,473	(3,123)
Other finance costs	(697)	(626)
	(564)	(6,132)
Total finance costs	(4,790)	(12,399)

12 COMPONENTS OF OTHER COMPREHENSIVE INCOME - GROUP

	2017	2016
	£000's	**£000's**
Cash flow hedges:		
Gains/(losses) arising during the year		
Currency forward contracts	(218)	(253)
Commodity forward contracts	1,852	(8,306)
Reclassification adjustments for gains included in profit or loss	5,082	2,878
	6,716	(5,681)

13 TAX - GROUP

The components of tax (expense)/income for the years ended 31 March 2017 and 31 March 2016 are:

Consolidated Profit and Loss Account	2017	2016
	£000's	**£000's**
Current tax:		
Group consortium relief	25	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(2,236)	951
Tax (expenses)/income reported in the Profit and Loss Account	(2,211)	951

13 TAX - GROUP (CONTINUED)

	2017	2016
Consolidated Statement of Other Comprehensive Income	**£000's**	**£000's**
Items that will be reclassified subsequently to the profit and loss account:		
Tax effect of net (gains)/losses on cash flow hedges	(1,569)	1,023
Items that will not be reclassified subsequently to the profit and loss account:		
Tax effect of actuarial gains and losses on pension schemes	3,034	(2,538)
Tax income/(expense) reported in Other Comprehensive Income	1,465	(1,515)

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

	2017	Restated 2016
	£000's	**£000's**
Profit/(loss) before tax	11,283	(4,607)
(Tax on profit)/credit on loss on ordinary activities at the average UK corporation tax rate for the year 20% (2016: 20%)	(2,257)	921
Tax effects of:		
Income not allowable for tax purposes	108	4
Group relief received at nil charge	730	607
Utilisation of tax losses brought forward	333	709
Group consortium relief	25	-
Movement on pension - temporary differences	(226)	(246)
Other temporary differences	(924)	(1,044)
Total tax (charge)/credit for the year	(2,211)	951

The UK government has substantively enacted per the Finance Bill 2016, the following reductions in the headline rate of UK corporation tax: 19% from 1 April 2017 to 31 March 2020 and 17% from 1 April 2020. The net deferred tax liability has been calculated on the basis of a rate of 17% since temporary differences are generally expected to reverse after 1 April 2020.

Deferred tax

Deferred tax relates to the following:

	2017	2016
	£000's	**£000's**
Accelerated depreciation for tax purposes	10,572	12,800
Pension	15,296	12,426
Non cash element of general provisions	13	18
Revaluation of cash flow hedges	(383)	1,023
Net deferred tax assets	25,498	26,267

A potential deferred tax asset for losses of £8,506,000 (2016: £10,882,000) has not been recognised because in the opinion of the directors there is no certainty as to the timing of utilisation of these losses.

14 LOSS ATTRIBUTABLE TO THE COMPANY

The loss for the financial year dealt within the financial statements of the parent company, Tata Chemicals Europe Holdings Limited, was £5,234,000 (2016: £7,641,000). 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.

15 GOODWILL

	Goodwill £000's
Deemed cost	
At 1 April 2016 and 31 March 2017	19,807
Amortisation	
At 1 April 2016 and 31 March 2017	-
Net book value	
At 31 March 2017 and 31 March 2016	19,807

The goodwill arose on the acquisition of Cheshire Salt Holdings Limited (CSHL) and its subsidiaries. CSHL forms one Cash Generating Unit (CGU). The group tests goodwill annually for impairment, or more frequently, if there are indications that goodwill 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 in line with that used by Tata Chemicals Limited, the ultimate parent company, based on the weighted average cost of capital for forecast purposes. It is anticipated that sales volumes will remain at a similar level to the current year and there will be no significant changes in selling prices or costs. The group prepares cash flow forecasts derived from the most recent financial budgets for the next five years and extrapolates pre-tax cash flows for the following five years based on a nil growth rate, thereafter a 2% growth rate. The rate used to discount the forecast cash flows is 7.75% (2016: same).

16 INTANGIBLE ASSETS - GROUP

	EU ETS Allowances £000's	Mineral rights £000's	Software £000's	Total £000's
Deemed cost				
At 1 April 2015	2,306	11,450	2,031	15,787
Reclassifications	-	489	-	489
Restated cost at 1 April 2015	2,306	11,939	2,031	16,276
Transfers	-	-	45	45
Granted during the year	1,831	-	-	1,831
Purchased during the year	890	-	-	890
Surrendered during the year	(3,198)	-	-	(3,198)
At 1 April 2016	1,829	11,939	2,076	15,844
Granted during the year	2,139	-	-	2,139
Purchased during the year	826	-	-	826
Surrendered during the year	(2,624)	-	-	(2,624)
At 31 March 2017	2,170	11,939	2,076	16,185
Amortisation				
At 1 April 2015	-	(1,268)	(354)	(1,622)
Charge for the year	-	(82)	(231)	(313)
At 1 April 2016	-	(1,350)	(585)	(1,935)
Charge for the year	-	(82)	(233)	(315)
At 31 March 2017	-	(1,432)	(818)	(2,250)
Carrying amount				
At 31 March 2017	2,170	10,507	1,258	13,935
At 31 March 2016	1,829	10,589	1,491	13,909
At 31 March 2015	2,306	10,671	1,677	14,654

Reclassifications relate to the correction of the carrying value and classification of the fair value adjustments, pertaining to the acquisition of Cheshire Salt Holdings Limited in January 2011. £489,000 of the fair value adjustment pertained to mineral rights, and the corresponding reclassifications are made to tangible fixed assets, with a NBV impact of nil (see note 17).

Transfers relate to the prior year conversion to IFRS, and the recognition of capitalised software from a tangible to an intangible fixed asset.

17 PROPERTY, PLANT AND EQUIPMENT - GROUP

	Freehold land and buildings £000's	Plant and equipment £000's	Assets under construction £000's	Total £000's
Cost				
At 1 April 2015	35,143	150,376	6,543	192,062
Reclassifications	1,008	(1,439)	-	(431)
Restated cost at 1 April 2015	36,151	148,937	6,543	191,631
Additions	-	6,282	5,529	11,811
Disposals	-	(1,591)	-	(1,591)
Transfers	-	5,055	(5,100)	(45)
At 31 March 2016	36,151	158,683	6,972	201,806
Additions	-	5,824	3,616	9,440
Disposals	-	(1,647)	-	(1,647)
Transfers	-	6,045	(6,045)	-
At 31 March 2017	36,151	168,905	4,543	209,599
Depreciation				
At 1 April 2015	(15,933)	(68,305)	-	(84,238)
Reclassifications	(3,361)	3,302	-	(59)
Restatement	-	(3,297)	-	(3,297)
Restated depreciation at 1 April 2015	(19,294)	(68,300)	-	(87,594)
Charge for the year	(489)	(9,220)	-	(9,709)
Eliminated on disposal	-	1,593	-	1,593
At 31 March 2016	(19,783)	(75,927)	-	(95,710)
Charge for the year	(446)	(10,120)	-	(10,566)
Eliminated on disposal	-	1,631	-	1,631
At 31 March 2017	(20,229)	(84,416)	-	(104,645)
Carrying amount				
At 31 March 2017	15,922	84,489	4,543	104,954
At 31 March 2016	16,368	82,756	6,972	106,096
At 31 March 2015	16,857	80,637	6,543	104,037

17 PROPERTY, PLANT AND EQUIPMENT - GROUP (CONTINUED)

Restatements and reclassifications relate to the correction of the carrying value and classification of the fair value adjustments, pertaining to the acquisition of Cheshire Salt Holdings Limited in January 2011. Accumulated depreciation of £4,086,000 has been charged against prior years, of which £789,000 represents additional depreciation charged to the profit and loss for year ended 31 March 2016.

Transfers relate to the prior year conversion to IFRS, and the recognition of capitalised software from a tangible to an intangible fixed asset.

Freehold land amounting to £13,990,000 has not been depreciated (2016: £13,990,000).

All property, plant and equipment is subject to a first charge to secure the group's bank term loan and revolving credit facility.

At 31 March 2017 plant and equipment included assets held under finance leases with a net book value of £791,000 (2016: £893,000). Leased assets are pledged as security for the related financial lease liabilities.

At 31 March 2017 the group had commitments of £686,000 (2016: £485,000) relating to the purchase of property, plant and equipment.

18 INVESTMENT IN JOINT VENTURE - GROUP

The group holds 50% (2016: 50%) of the ordinary shares and voting rights of The Block Salt Company Limited, a private limited company incorporated in England, whose principal activity is the manufacture and sale of salt products.

The following table illustrates summarised financial information of the group's investment in The Block Salt Company Limited. The summarised financial information below represents amounts accounted for under the equity method as described in note 2.

	2017	2016
	£000's	£000's
Fixed assets	26	-
Current assets	360	337
Current liabilities	(111)	(38)
Carrying amount of the investment	275	299

19 INVENTORIES - GROUP

	2017	2016
	£000's	£000's
Raw materials and consumables	4,862	6,600
Work-in-progress	43	54
Finished goods and goods for resale	5,837	8,752
	10,742	15,406

There is no material difference between the Balance Sheet value of inventories and their replacement cost.

All inventory is subject to a first charge to secure the group's bank term loan and revolving credit facility.

20 CASH AND SHORT-TERM DEPOSITS - GROUP

	2017	2016
	£000's	£000's
Cash at bank and in hand	232	342

21 TRADE AND OTHER RECEIVABLES - GROUP

	2017 £000's	2016 £000's
Trade receivables	17,891	15,940
Allowance for doubtful debts	(15)	(40)
Amounts owed by related parties (note 34)	146	149
Amounts due from joint ventures (note 34)	79	75
Other receivables	5,027	5,486
Taxation and social security	1,037	1,691
	24,165	23,301

Trade receivables are non-interest bearing and are generally on 30-60 day terms. All customers are credit checked before acceptance. For the purpose of financial instrument recognition, trade receivables are classified as loans and receivables and measured at amortised cost. The directors consider that the carrying value of trade and other receivables is approximately equal to the fair value.

As at 31 March 2017, trade receivables with an invoice value of £15,000 (2016: £40,000) were impaired and fully provided for. The provision for doubtful debts is made where specific signs of impairment exist, such as the customer going into administration.

The ageing analysis of trade receivables was as follows:

	Total £000's	Current £000's	< 30 days £000's	30-60 days £000's	61-90 days £000's	91-120 days £000's	> 120 days £000's
31 March 2017	17,853	16,998	884	44	9	(49)	(33)
31 March 2016	15,913	11,634	4,402	(170)	(130)	43	134

The ageing analysis of impaired trade receivables was as follows:

	Total £000's	Current £000's	< 30 days £000's	30-60 days £000's	61-90 days £000's	91-120 days £000's	> 120 days £000's
31 March 2017	(15)	-	-	-	-	-	(15)
31 March 2016	(40)	-	(4)	-	(2)	(2)	(32)

Movement in allowance for doubtful debts	**£000's**
Balance at 1 April 2016	(40)
Debts written off against allowance	30
Increase in allowance for doubtful debts	(5)
Balance at 31 March 2017	(15)

22 TRADE AND OTHER PAYABLES - GROUP

	2017 £000's	2016 £000's
Trade payables	(13,476)	(15,455)
Other taxation and social security	(412)	(414)
Other creditors	(1,543)	(304)
Amounts owed to related parties (note 34)	(9,137)	(11,404)
Accruals and deferred income	(12,490)	(15,630)
	(37,058)	(43,207)

22 TRADE AND OTHER PAYABLES - GROUP (continued)

Trade payables are non-interest bearing and are typically settled 60 days following the end of the month of supply. The terms and conditions relating to joint ventures and other related parties are described in Note 34. The carrying value approximates the fair value.

23 GOVERNMENT GRANTS - GROUP

	2017 £000's	2016 £000's
At 1 April	(2,394)	(2,230)
Received during the year	-	(204)
Released to profit and loss	122	40
At 31 March	(2,272)	(2,394)

	2017 £000's	2016 £000's
Current	(122)	(122)
Non-current	(2,150)	(2,272)
	(2,272)	(2,394)

A government grant has been received in respect of the project to install a new steam turbine at the group's Combined Heat and Power station in Northwich. At the Balance Sheet date there were no unfilled conditions attached to the grant (2016: same). The group is subject to a 10 year monitoring period, commencing March 2014, during which the grant may be repayable if certain conditions are not met. These conditions include continuous operation of the turbine and a specified Good Quality Combined Heat and Power (GQCHP) efficiency rating.

24 DEFERRED REVENUE - GROUP

	2017	2016
EU ETS allowances	£000's	£000's
At 1 April	(1,372)	(1,704)
Received during the year	(2,052)	(1,829)
Released to profit and loss	1,885	2,161
At 31 March	(1,539)	(1,372)

25 PROVISION FOR LIABILITIES - GROUP

	Restructuring £000's	Power facilities closure £000's	Carbon emissions £000's	Total £000's
At 1 April 2016	(2,875)	(1,284)	(3,303)	(7,462)
Non-current	(2,347)	(1,284)	(664)	(4,295)
Current	(528)	-	(2,639)	(3,167)
	(2,875)	(1,284)	(3,303)	(7,462)
(Charged) to profit and loss	-	-	(2,932)	(2,932)
Paid/utilised during the year	2,430	-	2,638	5,068
At 31 March 2017	(445)	(1,284)	(3,597)	(5,326)
Non-current	(178)	(1,284)	(724)	(2,186)
Current	(267)	-	(2,873)	(3,140)
	(445)	(1,284)	(3,597)	(5,326)

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

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

The carbon emissions provision recognises the obligation to surrender allowances to the Environment Agency in respect of the 2016 calendar year and the first three months of the 2017 calendar year. The surrender in respect of the 2016 calendar year took place in April 2017. The surrender in respect of the 2017 calendar year is expected to take place in April 2018.

26 OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS AND LIABILITIES - GROUP

a) Other financial assets

	2017 £000's	2016 £000's
Financial instruments at fair value through profit or loss		
Cash flow hedges		
Foreign exchange forward contracts	298	-
Gas swap contracts	915	-
Total other financial assets	1,213	-
Total current	1,178	-
Total non-current	35	-

26 OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS AND LIABILITIES - GROUP (CONTINUED)

b) Other financial liabilities	2017 £'000's	2016 £'000's
Financial instruments at fair value through other comprehensive income		
Cash flow hedges		
Foreign exchange forward contracts	(61)	(338)
Gas contracts for difference	(337)	(8,069)
Total other financial liabilities	(398)	(8,407)
Total current	(335)	(7,313)
Total non-current	(63)	(1,094)

Interest-bearing loans and borrowings

	Interest rate %	Maturity	2017 £'000's	2016 £'000's
Falling due within one year:				
Short term loan	LIBOR + 3	Apr 2016	-	(5,000)
Term loan	LIBOR + 1.99	Nov 2017	(2,400)	(2,400)
Short term loan from related party (Note 34)	6	On demand	(4,500)	(4,500)
Total current interest-bearing loans and borrowings			(6,900)	(11,900)

	Interest rate %	Maturity	2017 £'000's	2016 £'000's
Falling due after one year:				
Term loan	LIBOR + 1.99	Nov 2020	(115,200)	(117,600)
Revolving credit facility	LIBOR + 1.99	Nov 2020	(20,000)	(20,000)
Less: unamortised debt issue costs			1,334	1,753
Non-cumulative redeemable preference shares	8	Jan 2021	(10,917)	(10,917)
Total non-current interest-bearing loans and borrowings			(144,783)	(146,764)

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

Term loan and revolving credit facility

These loans were refinanced with a syndicate of lenders led by Standard Chartered Bank and Credit Agricole Corporate and Investment Bank in November 2015. The interest rate is LIBOR + 1.99% (2016: LIBOR +1.99%). The loans are secured and are repayable in full by November 2020. The revolving credit facility has a maximum draw down of £20,000,000.

26 OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS AND LIABILITIES - GROUP (CONTINUED)

Non-cumulative redeemable preference shares

At 31 March 2017 there were 17,500,000 non-cumulative redeemable preference shares in issue. Each share has a par value of $1. To the extent that they are payable dividends on the non-cumulative redeemable preference shares accrue at the rate of 8% per annum in respect of the nominal value of the preference shares. The shares are redeemable at par in January 2021. The preference shares rank ahead of the ordinary shares in the event of a liquidation. The same shares were in issue at 31 March 2016. In 2015, the redemption date was extended from January 2016 to January 2021.

Collateral

Standard Chartered Bank, as Security Trustee, holds a debenture with the group as Security Trustee under the terms of the Facilities Agreement entered into in November 2015 comprising the group's term loan and revolving credit facility. The particulars of this charge are:

a) Legal mortgage over all freehold land.

b) Fixed charge over any right, title or interest which it has now or may subsequently acquire to or in any other Land. Fixed charge over all Plant and Machinery, shares and distribution rights, book and investments and related non-trading debts and (associated benefits, rights and security), bank accounts (except escrow accounts), intellectual property rights, goodwill, uncalled capital, insurance policies and assigned agreements.

c) Floating charge over all present and future business, undertaking and assets which are not effectively mortgaged.

c) Hedging activities and derivatives

Cash flow hedges

Currency risk

At 31 March 2017, the group held foreign currency forward contracts, designated as hedges of expected Euro cash receipts and USD cash payments 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 EUR cash inflows and USD cash outflows are expected to occur within one year. There were no highly probable transactions for which hedge accounting has been claimed that have not occurred and no significant element of hedge ineffectiveness requiring recognition in the profit and loss account. The carrying value as at 31 March 2017 was an asset of £298,000 and a liability of £61,000 (2016 liability: £338,000).

	Average rate		**Notional value**	
	2017	**2016**	**2017**	**2016**
			£000's	**£000's**
Sell Euros	1.1399	1.3097	13,686	8,107
Buy United States Dollars	1.2226	-	2,454	-

26 OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS AND LIABILITIES - GROUP (CONTINUED)

Commodity price risk

In accordance with the group's risk management policy, natural gas contracts for difference are expected 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 were designated as cash flow hedges. The contracts are intended to hedge the volatility of the purchase price of gas for a period up to two years based on existing contracts to supply soda ash to customers. 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 2017 was a net asset of £578,000 (2016: liability £8,069,000).

d) Fair value measurement

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

e) Sensitivity analysis

Foreign exchange forward contracts

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

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)	
	2017	**2016**
	£'000's	**£'000's**
Based on actual price per therm	578	(8,069)
10% increase in price per therm	2,630	(6,544)
10% decrease in price per therm	(1,476)	(9,594)

27 PENSION ARRANGEMENTS - GROUP

a) Defined contribution schemes

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 company in funds under the control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions.

The contributions for the year amounted to:

	Tata Chemicals Europe Ltd		**British Salt Ltd**	
	2017	**2016**	**2017**	**2016**
	£000's	**£000's**	**£000's**	**£000's**
Employer contributions	(546)	(550)	(250)	(227)

As at 31 March 2017, contributions of £nil (2016: £nil) were due in respect of the current reporting period but not paid over to the schemes.

27 PENSION ARRANGEMENTS - GROUP (CONTINUED)

(b) Defined benefit schemes

The group also operated two defined benefit schemes: the Brunner Mond Pension Fund (BMPF) and the British Salt Retirement Income and Life Assurance Plan (BSRILA). The BSRILA closed to further accrual of benefits on 31 January 2008. The BMPF closed to new members on 30 June 2003 and closed to future accrual of benefits from 31 May 2016.

The defined benefit schemes provide 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 of each scheme and depends on members' length of service and their salary. Pensions in payment are generally updated in line with the retail price index, 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 schemes are administered by separate funds that are legally separated from the company. Responsibility for governance of each scheme lies with the board of trustees. The board of trustees must be composed of representatives of the group and schemes participants in accordance with legislation. Every three years the board of trustees reviews the level of funding for the schemes as required by legislation. Such a review includes the asset-liability matching strategy and investment risk management policy. The board of trustees and the group agree the group's contribution based on the results of this review. UK legislation requires the group to clear any deficit (on a valuation basis agreed between the group and the trustees) over an appropriate timeframe.

Net employee defined benefit (liability)/surplus

	2017	2016
	£'000's	£'000's
Tata Chemicals Europe Limited BMPF	(93,756)	(73,010)
British Salt Limited BSRILA	4,324	5,480
Total	(89,432)	(67,530)

Risks

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

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

These risks are mitigated by:

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

27 PENSION ARRANGEMENTS - GROUP (CONTINUED)

(b) Defined benefit schemes (continued)

The amounts recognised in the Profit and Loss Account are as follows:

	BMPF 2017 £'000's	BSRILA 2017 £'000's	BMPF 2016 £'000's	BSRILA 2016 £'000's
Current service cost	(144)	-	(915)	-
Net Interest costs:				
Interest cost on defined benefit obligation	(9,175)	(798)	(8,880)	(774)
Interest income on plan assets	6,641	992	6,330	941
Administrative expenses	(314)	(84)	(269)	(57)
	(2,992)	110	(3,734)	110

The amounts recognised in the Statement of Comprehensive Income are as follows:

	BMPF 2017 £'000's	BSRILA 2017 £'000's	BMPF 2016 £'000's	BSRILA 2016 £'000's
Remeasurements of the net defined benefit liability or asset:				
Effect of changes in demographic assumptions	(4,917)	-	-	-
Effect of changes in financial assumptions	(57,025)	(4,649)	13,852	1,246
Effect of experience adjustments	-	(50)	454	-
Return on plan assets (excluding interest income)	42,155	3,293	(7,436)	(1,101)
Adjustments for timing of contributions remitted	-	-	56	-
	(19,787)	(1,406)	6,926	145

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

	BMPF 2017 £'000's	BSRILA 2017 £'000's	BMPF 2016 £'000's	BSRILA 2016 £'000's
At 1 April	194,258	28,669	201,793	29,923
Interest income	6,641	992	6,330	941
Cash flows:				
Employer contributions	2,033	140	3,248	-
Contributions from scheme members	51	-	208	-
Benefits paid	(10,522)	(790)	(9,543)	(1,037)
Administrative expenses paid from plan assets	(314)	(84)	(269)	(57)
Insurance premia for risk benefits	(61)	-	(73)	-
Remeasurements:				
Return on plan assets (excluding interest income)	42,155	3,293	(7,436)	(1,101)
At 31 March	234,241	32,220	194,258	28,669

27 PENSION ARRANGEMENTS - GROUP (CONTINUED)

(b) Defined benefit schemes (continued)

Movements in the defined benefit obligation are as follows:

	BMPF 2017 £'000's	BSRILA 2017 £'000's	BMPF 2016 £'000's	BSRILA 2016 £'000's
At 1 April	(267,268)	(23,189)	(281,187)	(24,698)
Current service cost	(144)	(798)	(915)	-
Interest cost	(9,175)		(8,880)	(774)
Cash flows:				
Benefits paid	10,522	790	9,543	1,037
Contributions from scheme members	(51)	-	(208)	-
Insurance premia for risk benefits	61	-	73	-
Remeasurements:				
Effect of changes in demographic assumptions	(57,025)	-	-	1,246
Effect of changes in financial assumptions	(4,917)	(4,649)	13,852	-
Effect of changes in experience adjustments	-	(50)	454	-
At 31 March	(327,997)	(27,896)	(267,268)	(23,189)

The details of plan assets and liabilities are as follows:

	BMPF 2017 £'000's	BSRILA 2017 £'000's	BMPF 2016 £'000's	BSRILA 2016 £'000's
Cash and cash equivalents	144	115	152	-
Equity instruments	24,039	-	20,507	-
Debt instruments (excluding LDI)	101,105	-	84,653	-
Real estate	6,247	-	6,090	-
LDI instruments*	93,019	32,105	75,031	28,669
Alternatives	9,687	-	7,825	-
Total fair value of assets	234,241	32,220	194,258	28,669
Defined benefit obligation	(327,997)	(27,896)	(267,268)	(23,189)
Net pension (liability)/asset recognised in the balance sheet	(93,756)	4,324	(73,010)	5,480

*Liability Driven Investment - assets chosen to match changes in the value of the scheme's liabilities.
All of the scheme assets have a quoted market price in an active market.

	BMPF 2017 £000's	BSRILA 2017 £000's	BMPF 2016 £000's	BSRILA 2016 £000's
Actual return/(loss) on plan assets	48,796	4,285	(1,106)	(160)

27 PENSION ARRANGEMENTS - GROUP (CONTINUED)

(b) Defined benefit schemes (continued)

The group ensures that for each scheme 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 group's 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 schemes is reviewed and a schedule of contributions is agreed.

The last valuation of the BMPF was carried out as at June 2016 and a schedule of contributions is currently being produced. The company expects to pay contributions of £2,800,000 over the year to 31 March 2018.
A schedule of contributions was agreed between the trustees and the company in respect of the BSRILA following the June 2016 valuation. The company expects to pay contributions of £240,000 over the year to 31 March 2018.

The weighted average duration of the defined benefit obligation of the schemes at 31 March 2017 and expected benefit payments in future years are as follows:

	BMPF	**BSRILA**
Weighted average duration (in years)	17	16
Expected total benefit payments:	**£000's**	**£000's**
Year 1	10,781	774
Year 2	11,048	792
Year 3	11,321	809
Year 4	11,600	827
Year 5	11,887	845
Next 5 years	63,990	4,517

The actuarial report's used for these financial statements, were prepared as at 31 March 2017 by a qualified independent actuary. The significant weighted-average assumptions to determine defined benefit obligations were as follows:

	2017	**2017**	**2016**	**2016**
	BMPF	**BSRILA**	**BMPF**	**BSRILA**
Discount rate	2.50%	2.50%	3.50%	3.50%
Rate of price inflation (RPI)	3.10%	3.10%	2.85%	2.85%
Rate of price inflation (CPI)	2.10%	2.10%	2.15%	2.15%
Rate of pension increases (LPI 5%)	3.05%	3.05%	2.80%	2.80%
Rate of pension increases (LPI 2.5%)	2.20%	2.20%	2.05%	2.05%
Assumed life expectancy on retirement at age 65:				
Member retiring today (age 65)				
Male	22.4	21.8	21.7	21.7
Female	25.2	25.1	25.0	25.0
Member retiring in 25 years (age 40)				
Male	24.8	24.1	24.0	24.0
Female	27.6	27.5	27.4	27.4

27 PENSION ARRANGEMENTS - GROUP (CONTINUED)

(b) Defined benefit schemes (continued)

Sensitivity analyses

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

Present value of defined benefit obligations	BMPF 2017 £000's	BSRILA 2017 £000's	BMPF 2016 £000's	BSRILA 2016 £000's
Discount rate -25 basis points	(342,615)	(29,079)	(278,330)	(24,150)
Discount rate +25 basis points	(314,284)	(26,785)	(256,878)	(22,284)
Price inflation rate -25 basis points	(319,250)	(27,202)	(260,139)	(22,555)
Price inflation rate +25 basis points	(338,393)	(28,697)	(276,113)	(23,903)
Post-retirement life expectancy +1 year	(338,922)	(28,820)	(274,679)	(23,838)
Post-retirement life expectancy -1 year	(317,179)	(26,978)	(259,851)	(22,542)

28 CALLED-UP SHARE CAPITAL - GROUP

Authorised, issued and fully paid	2017 £000's	2016 £000's
10,000,000 ordinary shares of £1 each	(10,000)	(10,000)

The group has one class of ordinary shares which carry no right to fixed income.

29 RESERVES - GROUP

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

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

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

Cashflow hedge reserve	£000's
Balance at 1 April 2016	4,658
Cash flow hedge gains/(losses) during the year	(6,716)
Deferred tax effect of cash flow hedge (gains)/losses	1,569
Balance at 31 March 2017	(489)

30 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS - GROUP

	2017 £000's	Restated 2016 £000's
Operating profit	16,049	7,765
Depreciation of property, plant and equipment	10,566	9,709
Amortisation of intangible assets	315	313
Amortisation of government grants	(122)	(40)
Loss/(gain) on disposal of property, plant and equipment	15	(11)
Realised (gains)/losses on forward exchange contracts	(39)	32
Operating cashflows before movement in working capital	26,784	17,768
Decrease in inventories	4,664	3,195
(Increase)/decrease in trade, other receivables and prepayments	(387)	4,126
Decrease in trade and other payables	(6,368)	(5,843)
(Increase)/decrease in EU ETS intangible assets	(340)	479
Increase/(decrease) in provisions	295	(729)
Adjustment for pension funding	(1,475)	(2,002)
Utilisation of exceptional provision	(2,430)	(5,401)
Net cash inflow from taxation	25	-
Net cash from operating activities	20,768	11,593

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - GROUP

The group's principal financial liabilities, other than derivatives and defined benefit pension schemes, 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 and credit risk.

The group's senior management oversees the management of these risks, supported by an Audit Committee that 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 group risk appetite.

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.

Where appropriate, the group manages its interest rate risk by using interest rate swaps in which the group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

Interest rates

No sensitivity analysis is prepared as the group does not expect a 0.5% increase or decrease in the sterling LIBOR rate to have a material impact on the financial statements.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - GROUP (CONTINUED)

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**	
	2017	**2016**	**2017**	**2016**
	£'000's	**£'000's**	**£'000's**	**£'000's**
Assets	2,645	2,076	1,242	1,388
Liabilities	(3,958)	(1,594)	(4,542)	(8,334)

Where appropriate, the group manages its foreign currency risk by hedging forecast cash flows in the next 12 months.

Commodity price risk

The group is affected by the price volatility of certain commodities. Its operating activities require the ongoing production of steam and electricity and therefore require a continuous supply of natural gas. Due to potential volatility in the price of natural gas, the group has put in place a risk management strategy whereby the cost of natural gas is hedged for up to 24 months in advance.

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 November 2015 and have a tenor of 5 years.

Credit risk

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

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

Capital risk management

The capital structure of the group consists of net debt (borrowings less bank balances) and equity (issued share capital, reserves and retained earnings). Borrowings comprise mainly secured bank debt, supplemented by additional facilities provided by the wider ultimate parent company group. The group is not subject to any externally imposed capital requirements.

32 OPERATING LEASE COMMITMENTS - GROUP

Operating lease commitments — group as lessee

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

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

	2017 £'000's	2016 £'000's
Within one year	(682)	(912)
After one year but not more than five years	(1,093)	(1,228)
More than five years	(3,046)	(3,242)
	(4,821)	(5,382)

33 CONTINGENCIES - GROUP

There were no contingencies at 31 March 2017.

34 RELATED PARTY TRANSACTIONS - GROUP

Balances and transactions between the company and its subsidiaries, 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 and joint venture £000's	Purchases from related parties and joint venture £000's	Amounts owed by by related parties and joint venture £000's	Amounts owed to to related parties and joint venture £000's
Joint venture in which the group is a venturer					
The Block Salt Company Limited	2017	837	-	79	-
	2016	864	-	75	-
Companies which are part of the wider Tata Chemicals Limited group					
TCNA (UK) Limited	2017	616	(23,850)	37	(4,420)
	2016	509	(5,061)	72	(2,921)
Tata Chemicals North America Inc	2017	313	(5,007)	85	-
	2016	185	(5,061)	37	(57)
Tata Chemicals South Africa Limited	2017	-	-	-	-
	2016	148	-	-	-
Tata Chemicals International Pte Limited	2017	-	(296)	-	(4,496)
	2016	-	(7,277)	-	(5,050)
Tata Chemicals Limited	2017	51	-	24	-
	2016	124	-	40	-

34 RELATED PARTY TRANSACTIONS - GROUP (CONTINUED)

Trading transactions (continued)

		Sales to related parties and joint venture £000's	Purchases from related parties and joint venture £000's	Amounts owed by by related parties and joint venture £000's	Amounts owed to to related parties and joint venture £000's
Companies which are part of the wider Tata Chemicals Limited group (continued)					
Gusiute Holdings (UK) Limited					
	2017	-	-	-	(2,000)
	2016	-	-	-	(2,000)

Loans from related parties

		Interest charged by related party in the year £000's	Accrued interest owed to related parties £000's	Amounts owed to related parties £000's
Companies which are part of the wider Tata Chemicals Limited group				
Gusiute Holdings (UK) Limited	2017	(270)	(1,080)	(4,500)
	2016	(270)	(810)	(4,500)

Expenses and recharges

		Recharges to related parties and joint venture £000's	Recharges from related parties and joint venture £000's	Amounts owed by by related parties and joint venture £000's	Amounts owed to to related parties and joint venture £000's
Companies which are part of the wider Tata Chemicals Limited group					
Tata Chemicals Magadi Limited	2017	4	-	-	-
	2016	6	-	-	-
Tata Chemicals South Africa Limite	2017	-	-	-	-
	2016	6	-	-	-
Tata Chemicals Limited	2017	3	(284)	-	(192)
	2016	2	(315)	-	(494)
Homefield Pvt UK Limited	2017	15	-	-	(30)
	2016	27	(71)	-	(45)

34 RELATED PARTY TRANSACTIONS (CONTINUED)

Expenses and recharges (continued)

		Recharges to related parties and joint venture £000's	Recharges from related parties and joint venture £000's	Amounts owed by by related parties and joint venture £000's	Amounts owed to to related parties and joint venture £000's
Companies which are part of the wider Tata group					
Tata Consultancy Services Limited	2017	-	-	-	-
	2016	-	(57)	-	-
Tata Limited	2017	-	(11)	-	-
	2016	-	(11)	-	(11)

Joint venture in which the group is a venturer
The group has a 50% interest in The Block Salt Company Limited (2016: 50%).

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 interest free and will be settled in cash. However interest is charged monthly on the loan balance at 6%. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the group has not recorded any impairment of receivables relating to amounts owed by related parties (2016: £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 9.

35 ULTIMATE CONTROLLING PARTY - GROUP

The company's immediate parent undertaking is Homefield 2 UK Limited, a company incorporated in England.

The ultimate parent company in the year to 31 March 2017 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.

36 PRIOR YEAR ADJUSTMENT

Restatements have been made to correct the carrying value of the fair value adjustments, pertaining to the acquisition of Cheshire Salt Holdings Limited in January 2011. Accumulated depreciation of £4,086,000 has been charged against prior years, of which £789,000 represents additional depreciation charged to the profit and loss for year ended 31 March 2016.

TATA CHEMICALS EUROPE HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2017

	Note	2017 £'000's	2016 £'000's
Assets			
Non-current assets			
Investments	37	66,560	66,560
Current assets			
Trade and other receivables	38	6,042	11,716
Total assets		72,602	78,276
Equity and liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	40	(124,783)	(126,764)
Current liabilities			
Trade and other payables	39	(97,491)	(95,950)
Interest-bearing loans and borrowings due within one year	40	(2,400)	(2,400)
		(99,891)	(98,350)
Net current liabilities		(93,850)	(86,634)
Total liabilities		(224,674)	(225,114)
Net liabilities		(152,072)	(146,838)
Equity			
Share capital	41	(10,000)	(10,000)
Retained losses	42	162,072	156,838
		152,072	146,838
Total equity and liabilities		(72,602)	(78,276)

The accompanying notes 37 to 45 are an integral part of these financial statements.

The financial statements of Tata Chemicals Europe Holdings Limited, company registration number 07462734, were approved and authorised for issue by the Board of Directors on 19 May 2017.

Signed on behalf of the Board of Directors by:

M J Ashcroft
Director

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £'000's	2016 £'000's
Net cash flows from operating activities	44	5,211	9,673
Financing activities			
Term loan repayments		(2,400)	-
Interest paid		(2,782)	(7,069)
Debt issue costs		(29)	(2,604)
Net cash flows used in financing activities		(5,211)	(9,673)
Net (decrease)/increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		-	-

The accompanying notes are an integral part of this Statement of Cash Flows.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Share capital (note 41) £'000's	**Retained losses (note 42) £'000's**	**Total equity £'000's**
Balance at 1 April 2015	(10,000)	149,197	139,197
Loss for the year	-	7,641	7,641
Balance at 1 April 2016	(10,000)	156,838	146,838
Loss for the year	-	5,234	5,234
Total comprehensive loss for the year	-	5,234	5,234
Balance at 31 March 2017	(10,000)	162,072	152,072

The accompanying notes are an integral part of this Statement of Changes in Equity.

37 INVESTMENTS - COMPANY

	Shares in subsidiaries £000's
Cost	
At 31 March 2016 and 31 March 2017	263,595
Provision for impairment	
At 31 March 2016 and 31 March 2017	(197,035)
Net book value	
At 31 March 2017	66,560
At 31 March 2016	66,560

The company conducts periodic impairment reviews which take place at least annually for each investment held.

All subsidiary accounts can be obtained from the registered office, Mond House, Winnington, Northwich, Cheshire, CW8 4DT.

The company's subsidiary undertakings at 31 March 2017 are set out below:

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

* Indirect shareholding

38 TRADE AND OTHER RECEIVABLES - COMPANY

	2017	2016
	£000's	£000's
Amounts owed by group undertakings	6,042	11,716

39 TRADE AND OTHER PAYABLES - COMPANY

	2017	2016
	£000's	£000's
Amounts owed to group undertakings (Note 43)	(97,469)	(95,269)
Accruals and deferred income	(22)	(681)
	(97,491)	(95,950)

40 OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS AND LIABILITIES - COMPANY

Interest-bearing loans and borrowings

	Interest rate	Maturity	2017	2016
	%		£000's	£000's
Falling due within one year:				
Term loan	LIBOR + 1.99	Nov 2017	(2,400)	(2,400)
Total current interest-bearing loan and borrowings			(2,400)	(2,400)
Falling due after one year:				
Term loan	LIBOR + 1.99	Nov 2020	(115,200)	(117,600)
Less: unamortised debt issue costs			1,334	1,753
Non-cumulative redeemable preference shares	8	Jan 2021	(10,917)	(10,917)
Total non-current interest-bearing loan and borrowings			(124,783)	(126,764)

Interest payable is normally settled monthly throughout the financial year.

Term loan

The term loan was refinanced with a syndicate of lenders led by Standard Chartered Bank and Credit Agricole Corporate and Investment Bank in November 2015. The interest rate is LIBOR + 1.99% (2016: LIBOR +1.99%). The loan is secured and is repayable in full in November 2020.

Non-cumulative redeemable preference shares

At 31 March 2017 there were 17,500,000 non-cumulative redeemable preference shares in issue. Each share has a par value of $1. To the extent that they are payable dividends on the non-cumulative redeemable preference shares accrue at the rate of 8% per annum in respect of the nominal value of the preference shares. The shares are redeemable at par in January 2021. The preference shares rank ahead of the ordinary shares in the event of a liquidation. The same shares were in issue at 31 March 2016. In 2015 the redemption date was extended from January 2016 to January 2021.

41 CALLED-UP SHARE CAPITAL - COMPANY

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

	2017 £000's	2016 £000's
Authorised, issued and fully paid		
10,000,000 ordinary shares of £1 each	10,000	10,000

42 RESERVES - COMPANY

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

43 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		**Amounts owed by related party £000's**	**Amounts owed to related party £000's**
Companies which are part of the Tata Chemicals Europe Holdings Limited (TCEHL) subgroup			
Tata Chemicals Europe Limited			
	2017	5,865	-
	2016	11,716	-
Cheshire Salt Holdings Limited			
	2017	-	(2)
	2016	-	(2)
Cheshire Salt Limited			
	2017	-	(23,297)
	2016	-	(22,762)
Brunner Mond Group Limited			
	2017	-	(72,544)
	2016	-	(70,879)
New Cheshire Salt Works Limited			
	2017	-	(1,626)
	2016	-	(1,626)
Winnington CHP Limited	2017	143	-
	2016	-	-
British Salt Limited	2017	34	-
	2016	-	-

43 RELATED PARTY TRANSACTIONS - COMPANY (CONTINUED)

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 TCEHL subgroup interest is charged at a rate that matches the rate paid on external loans and borrowings. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the company has not recorded any impairment of receivables relating to amounts owed by related parties (2016: £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.

44 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS - COMPANY

	2017	**2016**
	£000's	**£000's**
Operating result	-	-
Decrease in trade, other receivables and prepayments	5,738	15,113
Decrease in trade and other payables	(527)	(5,440)
	5,211	9,673

45 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - COMPANY

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

Estimates and assumptions

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit 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 cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.