

Winnington CHP Limited  
Annual Report and Financial Statements  
For The Year Ended 31 March 2017

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

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

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company's principal activities are the generation and sale of steam and electricity.

Turnover for the year was £48,638,000 (2016: £40,626,000). 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 the previous year. Sales of steam to Tata Chemicals Europe Limited increased in line with higher soda ash production by the parent company.

EBITDA for the year was £7,285,000 (2016: £2,160,000), with the underlying profitability improvement driven by delivery of the steam turbine project but also by increased market spark spreads. The profit on ordinary activities before taxation was £8,111,000 (2016: loss of £2,646,000) after taking into account income in respect of derivative mark-to-market adjustments of £2,473,000 (2016: charges of £3,205,000).

**FUTURE OUTLOOK**

The directors expect the company to build on the significant improvements in underlying profitability seen in the current year. This will be helped by the delivery of a number of projects aimed at improving the operational efficiency of the CHP plant and developing additional income streams.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The main risk to the company 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.

**FINANCIAL RISK MANAGEMENT**

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

**KEY PERFORMANCE INDICATORS ("KPIs")**

Company performance is measured using a 'balanced scorecard' approach. At the start of each financial year the company sets targets relating to a number of strategic themes, including safety performance, reduction in carbon footprint and operational excellence. For each measure, the actual performance of the business is compared to the target on a regular basis and these reviews help to identify where further action is required. The directors believe that these measures represent the company's KPIs.

By order of the Board



**J L Abbotts**

**Director**

23 May 2017

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

### **DIRECTORS**

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

J L Abbotts

M J Ashcroft

P P Houghton

### **EMPLOYEES**

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

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

### **POLITICAL CONTRIBUTIONS**

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

### **ENVIRONMENT**

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

### **GOING CONCERN**

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

### **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 company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself 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.

WINNINGTON CHP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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**DIVIDENDS**

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

By order of the Board



**J L Abbotts**

**Director**

23 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 company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company 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 23 May 2017 and is signed on its behalf by:



**J L Abbotts**  
**Director**

We have audited the financial statements of Winnington CHP Limited for the year ended 31 March 2017 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 27. 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.

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 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:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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

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



**Anthony Farnworth BA ACA (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

Statutory Auditor

Manchester, UK

16 June 2017

WINNINGTON CHP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £000's	2016 £000's
<b>Revenue</b>	5	48,638	40,626
Cost of sales		<u>(40,327)</u>	<u>(37,273)</u>
<b>Gross profit</b>		8,311	3,353
Administrative expenses		<u>(2,028)</u>	<u>(1,998)</u>
<b>Operating profit</b>		6,283	1,355
Finance income	9	2,475	2
Finance costs	10	<u>(647)</u>	<u>(4,003)</u>
		1,828	(4,001)
<b>Profit/(loss) on ordinary activities before taxation</b>	6	8,111	(2,646)
Tax on profit/loss on ordinary activities	12	206	138
<b>Profit/(loss) for the financial year</b>		<u>8,317</u>	<u>(2,508)</u>

The accompanying notes are an integral part of this Profit and Loss Account.

All results arose from continuing operations.



WINNINGTON CHP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £000's	2016 £000's
Profit/(loss) for the financial year		8,317	(2,508)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Cash flow hedge gains/(losses) during the year	11	6,174	(5,375)
Deferred tax effect of cash flow hedge (gains)/losses	12	(1,350)	968
		<u>4,824</u>	<u>(4,407)</u>
<b>Total comprehensive income/(loss) for the year</b>		<u><u>13,141</u></u>	<u><u>(6,915)</u></u>

## WINNINGTON CHP LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2017

Assets	Note	2017 £000's	2016 £000's
<b>Non-current assets</b>			
Intangible assets	13	187	160
Property, plant and equipment	14	8,868	9,112
Other non current financial assets	21	35	-
		<u>9,090</u>	<u>9,272</u>
<b>Current assets</b>			
Trade and other receivables	16	10,195	5,608
Cash and short term deposits	15	88	1
Deferred taxation	12	-	1,142
Prepayments and accrued income		118	134
Other current financial assets	21	880	-
		<u>11,281</u>	<u>6,885</u>
<b>Total assets</b>		<u><u>20,371</u></u>	<u><u>16,157</u></u>
<b>Equity and liabilities</b>			
<b>Non-current liabilities</b>			
Other non-current financial liabilities	21	(63)	(1,094)
Provisions	20	(112)	(75)
Deferred taxation	12	(2)	-
Government grants	18	(2,150)	(2,272)
		<u>(2,327)</u>	<u>(3,441)</u>
<b>Current liabilities</b>			
Trade and other payables	17	(24,784)	(26,517)
Other current financial liabilities	21	(274)	(6,975)
Government grants	18	(122)	(122)
Deferred revenue	19	(131)	(120)
Provisions	20	(922)	(312)
		<u>(26,233)</u>	<u>(34,046)</u>
<b>Total liabilities</b>		<u><u>(28,560)</u></u>	<u><u>(37,487)</u></u>
<b>Net liabilities</b>		<u><u>(8,189)</u></u>	<u><u>(21,330)</u></u>
<b>Equity</b>			
Share capital	22	-	-
Retained earnings	23	8,606	16,923
Cash flow hedge reserve	23	(417)	4,407
		<u>8,189</u>	<u>21,330</u>
<b>Total equity and liabilities</b>		<u><u>(20,371)</u></u>	<u><u>(16,157)</u></u>

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WINNINGTON CHP LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

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**Continued from page 9**

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

The financial statements of Winnington CHP Limited, company registration number 08568552, were approved by the Board of Directors on 23 May 2017.

Signed on behalf of the Board of Directors by:



**J L Abbotts**

**Director**

WINNINGTON CHP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Share capital (note 22) £000's	Retained earnings (note 23) £000's	Cash flow hedging reserve (note 23) £000's	Total equity £000's
Balance at 1 April 2015	-	14,415	-	14,415
Loss for the year	-	2,508	-	2,508
Other comprehensive loss for the year	-	-	4,407	4,407
<b>Total comprehensive loss for the year</b>	-	2,508	4,407	6,915
Balance at 1 April 2016	-	16,923	4,407	21,330
Profit for the year	-	(8,317)	-	(8,317)
Other comprehensive income for the year	-	-	(4,824)	(4,824)
<b>Total comprehensive income for the year</b>	-	(8,317)	(4,824)	(13,141)
Balance at 31 March 2017	-	8,606	(417)	8,189

WINNINGTON CHP LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £000's	2016 £000's
<b>Net cash flows from operating activities</b>	24	1,335	3,624
<b>Investing activities</b>			
Purchase of property, plant and equipment		(879)	(4,081)
Government grants (paid)/received		(48)	204
Interest received		2	2
<b>Net cash flows used in investing activities</b>		(925)	(3,875)
<b>Financing activities</b>			
Interest paid		(323)	(805)
<b>Net cash flows used in financing activities</b>		(323)	(805)
<b>Net increase/(decrease) in cash and cash equivalents</b>		87	(1,056)
<b>Cash and cash equivalents at beginning of year</b>	15	1	1,057
<b>Cash and cash equivalents at end of year</b>	15	88	1

**1 GENERAL INFORMATION**

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

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

**2 SIGNIFICANT ACCOUNTING POLICIES**

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

**2.1 Basis of accounting**

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

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

**2.2 Going concern**

The company is a subsidiary of Tata Chemicals Europe Holdings Limited ("TCEHL"). TCEHL and its subsidiaries (together "the subgroup") manage their financing and cash requirements on a pooled basis, allocating funds between subsidiaries to meet short and medium term requirements. As a result of this relationship, the going concern basis of preparation of the financial statements is inextricably linked with the other companies in the subgroup. Based on the strong relationship between the company and TCEHL, the directors of this company are satisfied that TCEHL, being the parent of the subgroup, will continue to manage the subgroup's financial position on this basis, and as such the directors have considered the financial position of the TCEHL subgroup.

At 31 March 2017 the subgroup 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 subgroup'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 subgroup's facilities should be sufficient during the period.

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

After reviewing the forecasts, considering reasonably possible uncertainties and making such other enquiries as were necessary, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the company and subgroup 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.

**2.3 Intangible assets**

*Emissions Trading Allowances*

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

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

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

**2.4 Property, plant and equipment**

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

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

Plant and equipment                      2 to 25 years

Assets under construction are not depreciated.

**2.5 Financial instruments and hedge accounting**

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

*a) Financial assets*

*Initial recognition and measurement*

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

All financial assets are recognised initially at fair value.

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

*Subsequent measurement*

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

*Financial assets at fair value through profit or loss*

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

**2.5 Financial instruments and hedge accounting (continued)***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 company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that 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 company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset to another entity. On derecognition, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that been recognised in Other Comprehensive Income and accumulated in equity is recognised in the Profit and Loss Account.

*b) Financial liabilities and equity*

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

*Financial liabilities*

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

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

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

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised 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 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.



**2.5 Financial instruments and hedge accounting (continued)**

*d) Fair value of financial instruments*

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

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

*Derivative financial instruments and hedge accounting*

*Initial recognition and subsequent measurement*

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

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

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

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

*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 Profit and Loss Account 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.

**2.6 Revenue**

*Sale of goods*

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

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

*Sale of steam and electricity*

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

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

*Interest income*

Interest income is recognised when it is probable that the future economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is 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.

**2.7 Operating Profit**

Operating profit is stated before investment income and finance costs.

**2.8 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 company 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.

**2.8 Taxation (continued)**

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

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

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

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

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

**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.

**2.9 Foreign currency**

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

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

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

**2.10 Provisions****General**

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

**2.10 Provisions (continued)**

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

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

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

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

*Taxes*

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

**4 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

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

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

IFRS 9	Financial instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
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
	Sale or contribution of Assets between an Investor and its Associates or joint venture.
IFRS 10 and IAS 28 (amendments)	

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

**5 REVENUE**

Revenue comprises the value of sales, excluding VAT and other related sales taxes, of products and services provided in the normal course of business. Revenue is recognised on a metered supply.

There is only one class of business, being the generation and sale of steam and electricity, and all sales arise in the UK. The company has just one reportable segment under IFRS 8. Therefore there is no requirement for a segmental analysis note.

**6 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

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

	2017	2016
	£000's	£000's
Depreciation of property, plant and equipment (note 14)	(1,124)	(845)
Amortisation of government grants (note 18)	122	40
	<u>122</u>	<u>40</u>

**7 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 company's financial statements	(7)	(3)
	<u>(7)</u>	<u>(3)</u>

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

**8 STAFF NUMBERS AND COSTS**

Other than the directors, the company has no employees. None of the directors received any emoluments from the company.

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

**9 FINANCE INCOME**

	2016	2015
	£000's	£000's
<i>Interest receivable and similar income:</i>		
Bank interest receivable	2	2
Net gain on financial assets/liabilities at fair value through profit or loss	2,473	-
	<u>2,475</u>	<u>2</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

**10 FINANCE COSTS**

	2017	2016
	£000's	£000's
Interest payable to fellow group undertakings	(386)	(541)
Other interest	(10)	(3)
<b>Total interest expense</b>	<b>(396)</b>	<b>(544)</b>
Bank guarantee costs	(251)	(254)
Net loss on financial assets/liabilities at fair value through profit or loss	-	(3,205)
<b>Total finance costs</b>	<b>(647)</b>	<b>(4,003)</b>

**11 COMPONENTS OF COMPREHENSIVE INCOME**

	2017	2016
	£000's	£000's
Cash flow hedges:		
Gains/(losses) arising during the year		
Commodity forward contracts	1,852	(8,306)
Reclassification adjustments for gains included in profit or loss	4,322	2,931
	<b>6,174</b>	<b>(5,375)</b>

**12 TAX**

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

<b>Profit and Loss Account</b>	2017	2016
	£000's	£000's
<i>Current tax:</i>		
Current tax charge	-	-
<i>Deferred tax:</i>		
Relating to origination and reversal of temporary differences	206	138
<b>Tax income reported in the Profit and Loss Account</b>	<b>206</b>	<b>138</b>
<b>Statement of Other Comprehensive Income</b>		
<i>Items that will be reclassified subsequently to the Profit and Loss Account:</i>		
Tax effect of net (gains)/losses on cash flow hedges	(1,350)	968
<b>Tax (expense)/income reported in other comprehensive income</b>	<b>(1,350)</b>	<b>968</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

**12 TAX (continued)**

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 £000's	2016 £000's
Profit/(loss) before tax	8,111	(2,646)
Tax on profit on ordinary activities at the average UK corporation tax rate for the year 20% (2016: 20%)	(1,622)	529
Tax effects of:		
Income not taxable for tax purposes	37	8
Group relief given at nil charge	1,827	(368)
Other temporary differences	(36)	(31)
Tax credit for the year	<u>206</u>	<u>138</u>

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 £000's	2016 £000's
Decelerated capital allowances	381	174
Revaluation of cash flow hedges	(383)	968
<b>Net deferred tax (liabilities)/assets</b>	<u>(2)</u>	<u>1,142</u>

A potential deferred tax asset of £894,000 (2016: £672,000) for tax losses has not been recognised because, in the opinion of the directors, there is no certainty as to the timing of utilisation of these losses.



**13 INTANGIBLE ASSETS**

	<b>EUETS Allowances £000's</b>
<b>Deemed cost</b>	
At 1 April 2016	160
Granted during the year	175
Purchased during the year	40
Surrendered during the year	(169)
Sold to other group companies in the year	(19)
At 31 March 2017	<u>187</u>

**14 PROPERTY, PLANT AND EQUIPMENT**

	<b>Plant and equipment £000's</b>	<b>Assets under construction £000's</b>	<b>Total £000's</b>
<b>Cost</b>			
At 1 April 2016	8,887	1,284	10,171
Additions	747	133	880
Transfers	1,242	(1,242)	-
At 31 March 2017	<u>10,876</u>	<u>175</u>	<u>11,051</u>
<b>Depreciation</b>			
At 1 April 2016	(1,059)	-	(1,059)
Charge for the year	(1,124)	-	(1,124)
At 31 March 2017	<u>(2,183)</u>	<u>-</u>	<u>(2,183)</u>
<b>Net book value</b>			
At 31 March 2017	<u>8,693</u>	<u>175</u>	<u>8,868</u>
At 31 March 2016	<u>7,828</u>	<u>1,284</u>	<u>9,112</u>

All property, plant and equipment is subject to a first charge as described in note 25.

The company had commitments of £81,000 (2016: £38,000) relating to the purchase of property, plant and equipment.

**15 CASH AND SHORT-TERM DEPOSITS**

	<b>2017 £000's</b>	<b>2016 £000's</b>
Cash at bank and in hand	<u>88</u>	<u>1</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

**16 TRADE AND OTHER RECEIVABLES**

	2017	2016
	£000's	£000's
Trade receivables	2,047	1,249
Amounts due from related parties	2,285	-
Other taxation and social security	1,350	870
Other receivables	4,513	3,489
	<u>10,195</u>	<u>5,608</u>

As at 31 March 2017, the company had no trade receivables that had been impaired and provided for (2016: £nil). The provision for doubtful debts is made where specific signs of impairment exist, such as the customer going into administration.

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

The ageing analysis of trade receivables was as follows:

	Total	Current	< 30 days	30-60 days	61-90 days	91-120 days	> 120 days
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
31 March 2017	2,047	2,054					(7)
31 March 2016	1,249	1,257		(52)	-	52	(8)

**17 TRADE AND OTHER PAYABLES**

	2017	2016
	£000's	£000's
Trade payables	(4,297)	(2,761)
Amounts owed to related parties	(15,934)	(19,203)
Other creditors	(15)	-
Accruals and deferred income	(4,538)	(4,553)
	<u>(24,784)</u>	<u>(26,517)</u>

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 25. The carrying value approximates the fair value.

**18 GOVERNMENT GRANTS**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

**18 GOVERNMENT GRANTS (continued)**

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

A government grant has been received in respect of the project to install a new steam turbine at the company's Combined Heat and Power station in Northwich. At the Balance Sheet date there were no unfilled conditions attached to the grant. The company 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.

**19 DEFERRED REVENUE**

	2017	2016
	£000's	£000's
<i>EU ETS allowances</i>		
At 1 April	(120)	(149)
Received during the year	(175)	(160)
Credited to profit and loss	164	189
At 31 March	<u>(131)</u>	<u>(120)</u>

**20 PROVISIONS**

	Carbon emissions £000's
Non-current	(112)
Current	(922)
	<u>(1,034)</u>
At 1 April 2016	(387)
Charged to profit and loss	(959)
Paid/utilised during the year	312
At 31 March 2017	<u>(1,034)</u>

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.

## 21 OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS AND LIABILITIES

<i>a) Other Financial Assets</i>	2017	2016
	£000's	£000's
<b>Financial instruments at fair value through other comprehensive income</b>		
Cash flow hedges		
Gas contracts for difference	915	-
<b>Total current</b>	880	-
<b>Total non-current</b>	35	-
<i>b) Other financial liabilities</i>	2017	2016
	£000's	£000's
<b>Financial instruments at fair value through other comprehensive income</b>		
Cash flow hedges		
Gas contracts for difference	(337)	(8,069)
<b>Total current</b>	(274)	(6,975)
<b>Total non-current</b>	(63)	(1,094)

*c) Hedging activities and derivatives***Cash flow hedges***Commodity price risk*

In accordance with the company'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 an asset of £578,000 (2016: liability £8,069,000).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

**21 OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS AND LIABILITIES (CONTINUED)***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**Gas contracts for difference*

The following table details the company'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)

**22 CALLED-UP SHARE CAPITAL**

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

	2017	2016
	£	£
<b>Authorised, issued and fully paid</b>		
1 ordinary share of £1	(1)	(1)

**23 RESERVES**

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.

	£000's
<b>Cashflow hedge reserve</b>	
Balance at 1 April 2016	4,407
Cash flow hedge gains/(losses) during the period	(6,174)
Deferred tax effect of cash flow hedge (gains)/losses	1,350
	<u>1,350</u>
Balance at 31 March 2017	<u>(417)</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

**24 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS**

	2017	2016
	£000's	£000's
Operating profit	6,283	1,355
Depreciation of property, plant and equipment	1,124	845
Amortisation of government grants	(122)	(40)
Net cash flow before movements in working capital	7,285	2,160
Decrease in trade, other receivables and prepayments	(4,259)	(1,016)
(Decrease)/increase in trade and other payables	(2,311)	2,536
(Increase)/decrease in EU ETS intangible assets	(27)	38
Increase/(decrease) in provisions	647	(94)
Net cash from operating activities	1,335	3,624

**25 CONTINGENT LIABILITIES**

The company, together with certain of its fellow group undertakings, has guaranteed the amounts borrowed under the banking facilities of the group of companies headed by Tata Chemicals Europe Holdings Limited and including the company. At 31 March 2017 the amount guaranteed was £137,600,000 (2016: £140,000,000).

**26 RELATED PARTY TRANSACTIONS**

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

Trading transactions		Sales to	Purchases	Amounts	Amounts
		related parties	from	owed by	owed to
		related parties	related parties	related parties	related parties
		£000's	£000's	£000's	£000's
<i>Companies which are part of the Tata Chemicals Europe Holdings Limited (TCEHL) subgroup</i>					
Tata Chemicals Europe Limited	2017	26,830	-	-	-
	2016	26,888	-	-	-

**26 RELATED PARTY TRANSACTIONS (CONTINUED)****Loans from related parties**

		Interest charged by related party in the year £000's	Amounts owed to related party £000's
<i>Companies which are part of the Tata Chemicals Europe Holdings Limited subgroup</i>			
Tata Chemicals Europe Holdings Limited	2017	-	(143)
	2016	-	-
British Salt Limited	2017	(330)	(15,791)
	2016	(80)	(11,447)
Tata Chemicals Europe Limited	2017	(56)	-
	2016	(281)	(7,756)

**Loans to related parties**

		Interest charged by related party in the year £000's	Amounts owed from related party £000's
<i>Companies which are part of the Tata Chemicals Europe Holdings Limited subgroup</i>			
Tata Chemicals Europe Limited	2017	-	2,285
	2016	-	-
Tata Chemicals Europe Holdings Limited	2017	180	-
	2016	-	-

*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 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 balances.

**27 ULTIMATE CONTROLLING PARTY**

The company's immediate parent undertaking is Tata Chemicals Europe Limited, a company incorporated in England.

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

The ultimate parent company in the year to 31 March 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.