Company Registration No. 06398227 (England and Wales)

British Salt Limited
Annual Report and Financial Statements
For The Year Ended 31 March 2017

BRITISH SALT LIMITED

STRATEGIC REPORT

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's principal activities are the manufacture and sale of salt products and the development of salt cavities for the purpose of natural gas storage.

Turnover for the year was £37,125,000 (2016: £36,839,000). Overall production volumes were slightly below 2016 levels, but income from sales into Continental Western Europe benefited from the weakening of Sterling vs Euro.

EBITDA for the year ended 31 March 2017 was £15,049,000 (2016: £14,364,000), with the improvement in profitability driven by the successful implementation of a fixed cost reduction programme. The profit on ordinary activities before taxation was £13,451,000 (2016: £11,682,000).

FUTURE OUTLOOK
The directors expect the company to further strengthen its financial performance in the coming year. Opportunities for growth in 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 enhancing the efficiency of operational delivery and customer differentiation.

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.

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

JLAbbotts

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:

M J Ashcroft

J L Abbotts

L Iravanian

D P W Davies

P P Houghton

AN Runciman

K L Lounds (appointed 22 November 2016)

A Gupta (resigned 4 April 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 company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

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

POLITICAL CONTRIBUTIONS

No donations were made to any political party during the year (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 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

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:

- 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
- 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:

JLAbbotts

J L Abbotts
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITISH SALT LIMITED

FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of British Salt Limited for the year ended 31 March 2017 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows, and the related notes 1 to 30. 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 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, 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

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £'000's	2016 £'000's
Revenue	5	37,125	36,839
Cost of sales		(20,931)	(20,580)
Gross profit		16,194	16,259
Sales and distribution costs		(6,369)	(6,629)
Administrative expenses		(2,291)	(2,547)
Other operating income	9	5,110	5,101
		(3,550)	(4,075)
Operating profit		12,644	12,184
Finance income	10	832	337
Finance costs	11	(25)	(839)
		807	(502)
Profit on ordinary activities before taxation	6	13,451	11,682
Tax on profit on ordinary activities	12	532	681
Profit for the financial year		13,983	12,363

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

All results arose from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £'000's	2016 £'000's
Profit for the financial year		13,983	12,363
Items that will not be reclassified subsequently to profit or loss			
Actuarial (losses)/gains on pension schemes	23	(1,406)	145
Deferred tax effect of actuarial gains on pension schemes	12	239	(26)
Other comprehensive (loss)/income for the year net of tax		(1,167)	119
Total comprehensive income for the year		12,816	12,482

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

BRITISH SALT LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

Assets	Note	2017 £'000's	2016 £'000's
Non-current assets			
Goodwill	13	20,116	20,116
Intangible assets	13	10,311	10,350
Property, plant and equipment	14	20,984	20,628
Investments	15	766	766
Retirement benefit asset	23	4,324	5,480
		56,501	57,340
Current assets			
Inventories	17	4,395	4,538
Trade and other receivables	18	35,585	28,649
Prepayments		157	498
Cash and short term deposits	16	254	144
		40,391	33,829
Total assets		96,892	91,169
Equity and liabilities			
Non-current liabilities			
Deferred tax liabilities	12	(61)	(834)
Provisions	21	(72)	(67)
		(133)	(901)
Current liabilities			
Trade and other payables	19	(3,567)	(4,905)
Interest-bearing loans and borrowings	22	-	(5,000)
Deferred revenue	20	(206)	(188)
Provisions	21	(293)	(298)
		(4,066)	(10,391)
Net current assets		36,325	23,438
Total liabilities		(4,199)	(11,292)
Net assets		92,693	79,877
Equity			
Share capital	24	-	-
Retained losses	25	(92,693)	(79,877)
		(92,693)	(79,877)
Total equity and liabilities		(96,892)	(91,169)

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Continued from page 9

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

The financial statements of British Salt Limited, company registration number 06398227, were approved by the Board of Directors on 23 May 2017.

Signed on behalf of the Board of Directors by:

J L Abbotts
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Share capital (note 24) £'000's	Retained losses (note 25) £'000's	Total equity £'000's
Balance at 1 April 2015	-	(67,395)	(67,395)
Profit for the year	-	(12,363)	(12,363)
Other comprehensive income for the year	-	(119)	(119)
Total comprehensive income for the year	-	(12,482)	(12,482)
Balance at 31 March 2016	-	(79,877)	(79,877)
Profit for the year	-	(13,983)	(13,983)
Other comprehensive loss for the year	-	1,167	1,167
Total comprehensive income for the year	-	(12,816)	(12,816)
Balance at 31 March 2017	-	(92,693)	(92,693)

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £'000's	2016 £'000's
Net cash from operating activities	26	7,176	(2,893)
Investing activities			
Purchase of property, plant and equipment		(2,694)	(2,180)
Proceeds from disposal of tangible assets		15	-
Interest received		638	5
Net cash used in investing activities		(2,041)	(2,175)
Financing activities			
Interest paid		(25)	(588)
(Repayment of)/proceeds from borrowings		(5,000)	5,000
Debt issue costs		-	(28)
Net cash used/generated by financing activities		(5,025)	4,384
Net increase/(decrease) in cash and cash equivalents		110	(684)
Cash and cash equivalents at beginning of year	16	144	828
Cash and cash equivalents at end of year	16	254	144

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

1 GENERAL INFORMATION

British Salt 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, being 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 Emissions Trading Allowances that have been measured at fair value on issue.

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

2.2 Going concern

The company is a subsidiary of Tata Chemicals Europe Holdings Limited ("TCEHL"). TCEHL and its subsidiaries (together "the 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 deficit arises in part 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 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 acquire 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.

2.4 Intangible assets

Emissions Trading Allowances

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

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

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

Other intangible assets

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

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

2.4 Intangible assets (continued)

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

Mineral rights	140 years

2.5 Property, plant and equipment

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

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. 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 years
Plant and equipment	2 to 35 years

Assets under construction and freehold land are not depreciated.

2.6 Investments

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

2.7 Financial instruments and hedge accounting

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

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, 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.

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.

2.7 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 and loans and borrowings.

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.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the weighted average method. Net realisable value is based on estimated selling price, less estimated costs of completion and the estimated costs necessary to make the sale. Provision is made for obsolete, slow-moving or defective items where appropriate.

2.9 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.

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

Interest revenue

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

2.10 Operating profit

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

2.11 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.

2.11 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.

2.12 Pensions

The company operate a defined benefit scheme, which is funded with the assets of the scheme held separately from those of the company, in a separate trustee administered fund. The scheme closed to further accrual of benefits on 31 January 2008.

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

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

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

2.12 Pensions (continued)

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

2.13 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).

2.14 Provisions

General

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

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

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

Onerous contract

Present obligations arising under onerous contrasts are recognised and measured as provisions. An onerous contract is considered to exist where the company 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.

2.15 Leases

The company as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

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

2.15 Leases (continued)

Operating lease payments are recognised as an operating expense in the Profit and Loss Account on a straight-line basis over the lease term.

2.16 Impairment of non-financial assets

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

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit'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 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.

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.

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 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.

Pension benefits

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

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

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

4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The company has adopted the amendments to IFRSs included in the Annual Improvements to IFRSs 2012-2014 Cycle 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 company financial statements.

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

IFRS 9	Financial instruments
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

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

	2017	2016
	£000's	£000's
United Kingdom	31,241	30,814
Europe	4,538	5,066
Rest of World	1,346	959
	37,125	36,839

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

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2017	2016
	£000's	£000's
Staff costs (see note 8)	(4,240)	(4,195)
Loss on disposal of property, plant and equipment	(15)	-
Depreciation of property, plant and equipment (note 14)	(2,323)	(2,098)
Amortisation of intangibles (note 13)	(82)	(82)
Cost of stock recognised as an expense	(9,102)	(9,343)
Impairment of stock recognised as an expense	(160)	(200)
Net foreign exchange gain	19	46
Operating lease rentals	(190)	(139)

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 annual financial statements	(27)	(55)

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

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

	2017	2016
	Number	Number
Production and operations	92	83
Distribution and sales	2	3
Administration	6	7
	100	93

Directors remuneration:

None of the directors received any remuneration from the company. They were remunerated by Tata Chemicals Europe Limited, which is a fellow group undertaking (2016: same). However it is not possible to value the amount paid for qualifying services provided to this company.

At the end of the year, none of the directors were members of the defined benefit pension scheme operated by the company (2016: nil) and none of the directors were members of the money purchase scheme operated by the company (2016: nil).

8 STAFF NUMBERS AND COSTS (continued)

The aggregate remuneration comprised:

	2017 £000's	2016 £000's
Wages and salaries	(3,903)	(3,606)
Social security costs	(388)	(360)
Other pension costs	(250)	(229)
Less: capitalised as additions to fixed assets	301	-
	(4,240)	(4,195)

9 OTHER OPERATING INCOME

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

10 FINANCE INCOME

	2017 £000's	2016 £000's
Interest receivable and similar income:		
Bank interest receivable	4	5
Interest income on pension scheme assets (note 23)	992	941
Interest expense on pension scheme assets (note 23)	(798)	(774)
Interest receivable from fellow group undertakings	634	165
	832	337

11 FINANCE COSTS

	2017 £000's	2016 £000's
Interest on borrowings	(25)	(86)
Interest payable to fellow group undertakings	-	(719)
Total interest expense	(25)	(805)
Other finance costs	-	(34)
Total finance costs	(25)	(839)

12 TAX

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

Profit and Loss Account	**2017 £000's**	**2016 £000's**
Current tax:		
Current tax charge	-	-
Adjustments in respect of previous periods	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	532	681
Tax income reported in the Profit and Loss Account	532	681

Statement of Other Comprehensive Income		
Items that will not be reclassified subsequently to the Profit and Loss Account:		
Tax effect of actuarial gains and losses on pension schemes	239	(26)
Tax income/(expense) reported in Other Comprehensive Income	239	(26)

The differences between the total tax credit/(charge) 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 before tax	13,451	11,682
Tax on profit on ordinary activities at the average UK corporation tax rate for the year 20% (2016: 20%)	(2,690)	(2,336)
Tax effects of:		
Income not taxable/(expenses not deductible) for tax purposes	43	(8)
Group relief received at nil charge	3,147	2,759
Movement on pension - temporary differences	(23)	107
Other temporary differences	55	159
Total tax credit for the year	532	681

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.

12 TAX (continued)

Deferred tax

Deferred tax relates to the following:

	2017 £000's	2016 £000's
Decelerated capital allowances	672	150
Pension	(735)	(986)
Non cash element of general provisions	2	2
Net deferred tax liabilities	(61)	(834)

There is no unrecognised deferred tax.

13 GOODWILL AND INTANGIBLE ASSETS

	Goodwill £000's
Cost	
At 1 April 2016 and 31 March 2017	29,259
Accumulated impairment losses	
At 1 April 2016 and 31 March 2017	(9,143)
Carrying amount	
At 1 April 2016 and 31 March 2017	20,116

The goodwill arose on the acquistion of businesses. The company 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 company 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 ten years based on a nil growth rate. The rate used to discount the forecast cash flows is 7.75% (2016: same).

13 GOODWILL AND INTANGIBLE ASSETS (continued)

	EU ETS Allowances £000's	Mineral rights £000's	Total £000's
Deemed cost			
At 1 April 2016	250	11,450	11,700
Granted during the year	274	-	274
Surrendered during the year	(250)	-	(250)
Purchased from other group companies in the year	19	-	19
At 31 March 2017	293	11,450	11,743
Amortisation			
At 1 April 2016	-	(1,350)	(1,350)
Charge for the year	-	(82)	(82)
At 31 March 2017	-	(1,432)	(1,432)
Net book value			
At 31 March 2017	293	10,018	10,311
At 31 March 2016	250	10,100	10,350

14 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £000's	Plant and equipment £000's	Assets under construction £000's	Total £000's
Cost				
At 31 April 2016	18,005	26,687	1,274	45,966
Additions	-	1,799	895	2,694
Disposals	-	(1,163)	-	(1,163)
Transfers	-	1,092	(1,092)	-
At 31 March 2017	18,005	28,415	1,077	47,497
Accumulated depreciation				
At 1 April 2016	(10,165)	(15,173)	-	(25,338)
Charge for the year	(334)	(1,989)	-	(2,323)
Eliminated on disposal	-	1,148	-	1,148
At 31 March 2017	(10,499)	(16,014)	-	(26,513)
Net book value				
At 31 March 2017	7,506	12,401	1,077	20,984
At 31 March 2016	7,840	11,514	1,274	20,628

Freehold land amounting to £4,849,000 has not been depreciated (2016: £4,849,000).
All property, plant and equipment is subject to a first charge as described in Note 27.
At 31 March 2017 plant and equipment included assets held under finance leases with a net book value of £nil (2016: £nil). Leased assets are pledged as security for the related financial lease liabilities.

The company had commitments of £13,000 (2016: £159,000) relating to the purchase of property, plant and equipment.

15 INVESTMENTS

	Shares in subsidiary undertakings £000's
Cost	
At 31 March 2016 and 31 March 2017	838
Provision for impairment	
At 31 March 2016 and 31 March 2017	(72)
Net book value	
At 31 March 2016 and 31 March 2017	766

15 INVESTMENTS (CONTINUED)

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, which are wholly owned, are set out below:

	Country of incorporation	Principal activity	% of ordinary share capital held
New Cheshire Salt Works Limited	England	Sale of salt products	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

16 CASH AND SHORT-TERM DEPOSITS

	2017 £000's	2016 £000's
Cash at bank and in hand	254	144

17 INVENTORIES

	2017 £000's	2016 £000's
Raw materials and consumables	1,964	1,753
Work-in-progress	6	4
Finished goods and goods for resale	2,425	2,781
	4,395	4,538

There is no material difference between the Balance Sheet value of inventories and their replacement cost. All inventory is subject to a first charge as described in note 27.

18 TRADE AND OTHER RECEIVABLES

	2017 £000's	2016 £000's
Amount receivable for the sale of goods	4,583	3,902
Allowance for doubtful debts	(14)	(37)
Amounts owed by group undertakings and related parties (Note 29)	30,445	24,096
Amounts due from joint venture	79	75
Other taxation and social security	396	449
Other receivables	97	164
	35,585	28,649

18 TRADE AND OTHER RECEIVABLES (CONTINUED)

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.

As at 31 March 2017, trade receivables with an invoice value of £14,000 (2016: £37,000) 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	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	4,556	4,131	453	15	2	(49)	4
31 March 2016	3,902	2,890	1,071	(105)	2	(5)	49

The ageing analysis of impaired 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	(14)	-	-	-	-	-	(14)
31 March 2016	(37)	-	(4)	-	(2)	(2)	(29)

Movement in allowance for doubtful debts	**£000's**
Balance at 1 April 2016	(37)
Debts written off against allowance	29
Increase in allowance for doubtful debts	(6)
Balance at 31 March 2017	(14)

19 TRADE AND OTHER PAYABLES

	2017	2016
	£000's	£000's
Trade payables	(1,891)	(2,434)
Other taxation and social security	-	(75)
Other creditors	(137)	(78)
Amounts owed to group undertakings and related parties	(126)	(135)
Accruals and deferred income	(1,413)	(2,183)
	(3,567)	(4,905)

Trade payables are non-interest bearing and are typically settled 60 days following the end of the month of supply. The carrying value approximates the fair value.

20 DEFERRED REVENUE

	2017	2016
EU ETS allowances	£000's	£000's
At 1 April	(188)	(233)
Received during the year	(274)	(250)
Credited to profit and loss	256	295
At 31 March	(206)	(188)

21 PROVISION FOR LIABILITIES

	Carbon emissions £000's
At 1 April 2016	(365)
Credited to profit and loss	(298)
Paid/utilised during the year	298
At 31 March 2017	(365)
Non-current	(72)
Current	(293)
	(365)

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.

22 OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS AND LIABILITIES

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)
Total current interest-bearing loans and borrowings			-	(5,000)

23 RETIREMENT BENEFIT SCHEMES

a) Defined contribution scheme

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

The contributions for the year amounted to:

	2017	2016
	£000's	£000's
Employer contributions	(250)	(229)

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

(b) Defined benefit scheme

British Salt Limited operates a defined benefit scheme for qualifying employees, the British Salt Retirement Income and Life Assurance Plan (BSRILA). The scheme closed to further accrual of benefits on 31 January 2008.

The defined benefit scheme provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided is defined by the Trust Deed and Rules and depends on members' length of service and their salary. Pensions in payment are generally updated in line with the retail 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 company.

The defined benefit scheme is administered by a separate fund that is legally separated from the company. Responsibility for governance of the scheme lies with the board of trustees. The board of trustees must be composed of representatives of the company and scheme participants in accordance with legislation. Every three years the board of trustees reviews the level of funding for the scheme as required by legislation. Such a review includes the asset-liability matching strategy and investment risk management policy. The board of trustees and the company agree the company's contribution based on the results of this review. UK legislation requires the company to clear any deficit (on a valuation basis agreed between the company and the trustees) over an appropriate timeframe.

23 RETIREMENT BENEFIT SCHEMES (CONTINUED)

Risks

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

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

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

23 RETIREMENT BENEFIT SCHEMES (CONTINUED)

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

	2017	2016
	£000's	£000's
Net interest costs:		
Interest cost on defined benefit obligation	(798)	(774)
Interest income on plan assets	992	941
Administrative expenses	(84)	(57)
	110	110

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

	2017	2016
	£000's	£000's
Remeasurements of the net defined benefit liability or asset:		
Effect of changes in financial assumptions	(4,649)	1,246
Effect of experience adjustments	(50)	-
Return/(loss) on plan assets (excluding interest income)	3,293	(1,101)
	(1,406)	145

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

	2017	2016
	£000's	£000's
At 1 April	28,669	29,923
Interest income	992	941
Cash flows:		
Employer contributions	140	-
Benefits paid	(790)	(1,037)
Administrative expenses paid from plan assets	(84)	(57)
Remeasurements:		
Return/(loss) on plan assets (excluding interest income)	3,293	(1,101)
At 31 March	32,220	28,669

Movements in the defined benefit obligation are as follows:

	2017	2016
	£000's	£000's
At 1 April	(23,189)	(24,698)
Interest cost	(798)	(774)
Cash flows:		
Benefits paid	790	1,037
Remeasurements:		
Effect of changes in financial assumptions	(4,649)	1,246
Effect of experience adjustments	(50)	-
At 31 March	(27,896)	(23,189)

23 RETIREMENT BENEFIT SCHEMES (CONTINUED)

The details of plan assets and liabilities are as follows:

	2017	2016
	£000's	£000's
LDI instruments*	32,220	28,669
Total fair value of assets	32,220	28,669
Defined benefit obligation	(27,896)	(23,189)
Net pension asset recognised in the balance sheet	4,324	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.

	2017	2016
	£000's	£000's
Actual return/(loss)on plan assets	4,285	(160)

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

On a triennial basis the funding position of the scheme is reviewed and a schedule of contributions is agreed. 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 scheme at 31 March 2017 and expected benefit payments in future years are as follows:

Weighted average duration (in years)	16
Expected total benefit payments:	£000's
Year 1	774
Year 2	792
Year 3	809
Year 4	827
Year 5	845
Next 5 years	4,517

23 RETIREMENT BENEFIT SCHEMES (CONTINUED)

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

	2017	2016
Discount rate	2.50%	3.50%
Rate of price inflation (RPI)	3.10%	2.85%
Rate of price inflation (CPI)	2.10%	2.15%
Rate of pension increases (LPI 5%)	3.05%	2.80%
Rate of pension increases (LPI 2.5%)	2.20%	2.05%

Assumed life expectancy on retirement at age 65:		
Member retiring today (age 65)		
Male	21.8	21.7
Female	25.1	25.0
Member retiring in 25 years (age 40)		
Male	24.1	24.0
Female	27.5	27.4

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	2017	2016
	£000's	£000's
Discount rate -25 basis points	(29,079)	(24,150)
Discount rate +25 basis points	(26,785)	(22,284)
Price inflation rate -25 basis points	(27,202)	(22,555)
Price inflation rate +25 basis points	(28,697)	(23,903)
Post-retirement life expectancy +1 year	(28,820)	(23,838)
Post-retirement life expectancy -1 year	(26,978)	(22,542)

24 CALLED-UP SHARE CAPITAL

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

	2017	2016
	£'s	£'s
Authorised, issued and fully paid		
1 ordinary share of £1	(1)	(1)

25 RESERVES

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

26 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2017 £000's	2016 £000's
Operating profit	12,644	12,184
Depreciation of property, plant and equipment	2,323	2,098
Amortisation of intangible assets	82	82
Loss on disposal of property, plant and equipment	(15)	-
Operating cashflows before movement in working capital	15,034	14,364
Decrease/(increase) in inventories	142	(569)
(Increase)/decrease in trade, other receivables and prepayments	(6,589)	68,714
Decrease in trade and other payables	(1,311)	(85,452)
(Decrease)/increase in EU ETS intangible assets	(43)	61
Decrease in provisions	-	(68)
Adjustment for pension funding	(57)	57
Net cash from operating activities	7,176	(2,893)

27 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).

The company is counterparty to commodity contracts for difference on behalf of a fellow group company, Winnington CHP Limited. The contracts for difference are intended to reduce volatility of cash flows due to fluctuations in gas prices associated with highly probable forecast gas purchases made by Winnington CHP Limited. Any gains or losses arising are immediately recharged to Winnington CHP Limited. The economic substance is that the contracts for difference belong to Winnington CHP Limited so the associated assets, liabilities, gains and losses are accounted for and disclosed in the financial statements of Winnington CHP Limited. These can be obtained from registrar of Companies, Crown Way, Cardiff.

28 OPERATING LEASE ARRANGEMENTS

Operating lease commitments - company as lessee

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

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

	2017 £'000's	2016 £'000's
Within one year	(136)	(136)
After one year but not more than five years	(150)	(128)
	(286)	(264)

29 RELATED PARTY TRANSACTIONS

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

Trading transactions		Sales to related parties and joint venture £000's	Purchases from related parties and joint venture £000's	Amounts owed by related parties and joint venture £000's	Amounts owed 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 Tata Chemicals Europe Holdings Limited (TCEHL) subgroup					
Tata Chemicals Europe Limited	2017	-	(1,278)	-	(92)
	2016	-	(919)	-	(135)
Companies which are part of the wider Tata Chemicals Limited group					
Tata Chemicals Limited	2017	51	-	24	-
	2016	124	-	40	-

Loans to related parties		Interest charged to related party in the year £000's	Amounts owed by related party £000's
Companies which are part of the Tata Chemicals Europe Holdings Limited (TCEHL) subgroup			
Winnington CHP Limited	2017	330	15,791
	2016	80	11,447
Tata Chemicals Europe Limitec	2017	304	14,630
	2016	69	12,602

Loans from related parties		Interest charged by related party in the year £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 Holdings Limited	2017	-	(34)
	2016	-	-

29 RELATED PARTY TRANSACTIONS (CONTINUED)

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 will be settled in cash. Within the TCEHL subgroup interest is generally 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.

Transactions with key management personnel

There were no transactions with key management personnel in the year.

30 ULTIMATE CONTROLLING PARTY

The company's immediate parent undertaking is Cheshire Salt 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.