

New Cheshire Salt Works Limited
Annual Report and Financial Statements
For The Year Ended 31 March 2017

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activities are the sale and distribution of salt and salt products, principally pharmaceutical salt. In 2008, the directors decided to temporarily cease production of pharmaceutical salt which consequently reduced the level of activity. There has been no trading activity since 2008 as the directors have been of the opinion that the prevailing market conditions have been such that it would not have been appropriate to recommence production. The directors continue to review the market with a view to restarting production should conditions warrant this course of action.

The company owns a 50% interest in the ordinary share capital of a joint venture company, The Block Salt Company Limited. The company made a profit after taxation of £nil (2016: £nil). The directors do not recommend the payment of a dividend (2016: £nil).

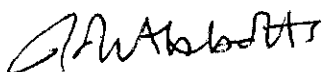
FUTURE OUTLOOK

No changes to the status of the company are planned for the near future.

PRINCIPAL RISKS AND FINANCIAL RISK MANAGEMENT

The entity operates as an intermediate holding company and as such no risks have been identified.

By order of the Board



J L Abbotts
Director
26 May 2017

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 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

L Iravanian

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 directors are aware, there is no relevant audit information of which the group's auditor is unaware; and
- the directors have 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.

By order of the Board



J L Abbotts

Director

26 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 26 May 2017 and is signed on its behalf by:



J L Abbotts
Director

NEW CHESHIRE SALT WORKS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW CHESHIRE SALT WORKS LIMITED

FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of New Cheshire Salt Works Limited for the year ended 31 March 2017 which comprises the Balance Sheet and the related notes 1 to 12. 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 result 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 Directors' Report.

NEW CHESHIRE SALT WORKS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW CHESHIRE SALT WORKS LIMITED
(CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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

NEW CHESHIRE SALT WORKS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

Assets	Note	2017 £'000's	2016 £'000's
Non-current assets			
Investments	6	150	150
Current assets			
Trade and other receivables	7	1,626	1,626
Total assets and net assets		<u>1,776</u>	<u>1,776</u>
Equity and liabilities			
Equity			
Share capital	8	(762)	(762)
Capital reserve	9	(1,000)	(1,000)
Retained earnings	9	(14)	(14)
Total equity and liabilities		<u>(1,776)</u>	<u>(1,776)</u>

No Profit and Loss Account or Statement of Changes in Equity have been prepared on the basis there is no trading result in the year ended 31 March 2017.

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

The financial statements of New Cheshire Salt Works Limited, company registration number 00194522, were approved by the Board of Directors on 26 May 2017.

Signed on behalf of the Board of Directors by:



J.L. Abbotts
Director

1 GENERAL INFORMATION

New Cheshire Salt Works 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 comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on a historical cost basis.

No Statement of Cash Flows is presented with these financial statements because the company has not held any cash in the current and prior year.

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 Investments

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

2.4 Financial instruments

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 trade and other receivables, which are classified as loans and receivables.

Subsequent measurement

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 profit and loss account. The losses arising from impairment are recognised in the profit and loss account in finance costs.

b) 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.

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

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

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities to which the company is not yet committed or significant future investments that will enhance the asset's performance 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.

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.

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)	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 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company made no profit or loss in the current year or previous year. Accordingly, no Profit and Loss Account is presented. There have been no other recognised gains and losses in the current year or previous year, therefore no statement of Other Comprehensive Income has been prepared.

There were no employees other than the directors during the current year and preceding year. No director received any remuneration for services to the company during the year (2016: £nil).

Auditor's remuneration for audit services for the year has been borne by a fellow group undertaking (2016: same). No remuneration has been paid in relation to non-audit services (2016: £nil).

6 INVESTMENT IN JOINT VENTURE

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

	2017 £000's	2016 £000's
Cost and net book value of investment	150	150

7 TRADE AND OTHER RECEIVABLES

	2017 £000's	2016 £000's
Amounts owed by group undertakings and related parties	1,626	1,626

Trade receivables are non-interest bearing and are repayable on demand. For the purpose of financial instrument recognition, trade receivables are classified as loans and receivables and measured at amortised cost. The directors consider that the carrying value of trade and other receivables is approximately equal to the fair value.

8 CALLED-UP SHARE CAPITAL

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

	2017 £000's	2016 £000's
Authorised, issued and fully paid 761,947 ordinary shares of £1 each	(762)	(762)

9 RESERVES

Retained earnings represents cumulative profits or losses net of dividends paid and other adjustments. The capital reserve is a non-distributable reserve for long-term capital investment projects.

10 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).

11 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 £000's	Purchases from related parties £000's	Amounts owed by related parties £000's	Amounts owed to related parties £000's
<i>Companies which are part of the Tata Chemicals Europe Holdings Limited subgroup</i>				
Tata Chemicals Europe Holdings Limited				
2017	-	-	1,626	-
2016	-	-	1,626	-

Terms and conditions of transactions with related parties

Outstanding trading balances at the year end are unsecured, interest-free and will be settled in cash. 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.

12 ULTIMATE CONTROLLING PARTY

The company's immediate parent undertaking is British 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.