

**BRITISH SALT LIMITED**

**Annual Report and financial statements  
for the year ended 31 March 2015**

## STRATEGIC REPORT

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

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

In December 2014, the company agreed to amend the terms of agreements entered into during 2009, under which the company was responsible for facilitating the de-brining and conversion of salt cavities into gas storage facilities. As a result of this agreement, income of £19,100,000 has been recognised within operating profit for the year (2014: £nil).

Turnover in the year to 31 March 2015 was £37,152,000 (2014: £42,366,000) and the company made a profit before taxation of £23,387,000 (2014: £8,211,000). The directors do not recommend the payment of a dividend (2014: £nil).

### FUTURE OUTLOOK

The company continues to have a strong market share in the UK and the directors believe that the company is well placed to take advantage of the opportunities which are expected to arise in the coming year, both in the UK and overseas.

As referred to in note 1, 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.

### FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include commodity price risk, credit risk and liquidity risk. The company has in place a risk management programme which seeks to limit the adverse effects on the financial performance of the company where appropriate. The company seeks to mitigate commodity price risk through various purchasing strategies including the use of contracts for difference to hedge against exposure to fluctuating gas prices. The company manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. The company takes out forward foreign exchange contracts where appropriate.

### 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 and environmental performance, growing existing businesses, developing new businesses, delivering better value to customers, operational excellence and engaging a highly performing workforce. For each measure, the actual performance of the business is compared to the target on a regular basis and these reviews help to identify where further action is required. The directors believe that these measures represent the company's KPIs.

By order of the Board



**J L Abbotts**  
Director

22<sup>nd</sup> May 2015

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2015.

### **DIRECTORS**

The directors who served during the year and up to the date of signing the financial statements were:

J L Abbotts  
J S Melia  
M J Ashcroft  
P P Houghton  
L D Weston (resigned 31 May 2014)  
L Iravanian  
D P W Davies  
A Runciman (appointed 25 June 2014)

### **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 group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees. The group has a continued commitment to communication through the use of work group meetings, newsletters, and regular financial information and consultation meetings for workplace representatives. The group will continue to enhance all communication channels to everyone in the group.

### **POLITICAL CONTRIBUTIONS**

No donations were made to any political party during the year (2014: £nil).

### **ENVIRONMENT**

The company, recognising 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.

### **AUDITOR AND STATEMENT OF DISCLOSURE TO THE AUDITOR**

Each person who is a director at the date of approval of this report confirms that:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Under section 487 of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

By order of the Board



**J L Abbotts**

**Director**

22<sup>nd</sup> May 2015

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BRITISH SALT LIMITED**

We have audited the financial statements of British Salt Limited for the year ended 31 March 2015 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

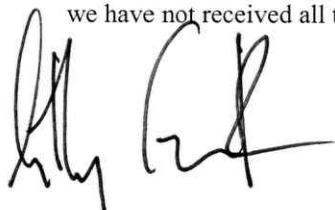
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BRITISH SALT LIMITED (continued)**

### **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**

Chartered Accountants and Statutory Auditor

Manchester, United Kingdom

29/5/ 2015

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 March 2015**

	Note	2015 £'000	2014 £'000
<b>TURNOVER</b>			
Cost of sales	2	37,152 (22,956)	42,366 (22,667)
<b>GROSS PROFIT</b>		14,196	19,699
Distribution costs		(6,890)	(6,621)
Administrative expenses		(4,168)	(3,311)
Other operating income		21,589	580
<b>OPERATING PROFIT</b>	3	24,727	10,347
Finance charges (net)	6	(1,340)	(2,136)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		23,387	8,211
Tax on profit on ordinary activities	7	(154)	328
<b>PROFIT FOR THE FINANCIAL YEAR</b>	19	23,233	8,539

All operations are continuing.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the year ended 31 March 2015**

	Note	2015 £'000	2014 £'000
Profit for the financial year attributable to shareholders		23,233	8,539
Actuarial gain on pension scheme	17	101	111
<b>TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR</b>		23,334	8,650

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

**BALANCE SHEET**  
**As at 31 March 2015**

	Note	2015 £'000	2014 £'000
<b>FIXED ASSETS</b>			
Goodwill	8	18,653	20,116
Intangible assets	9	311	436
Tangible assets	10	30,727	31,517
Investments	11	766	766
		<u>50,457</u>	<u>52,835</u>
<b>CURRENT ASSETS</b>			
Stock and work in progress	12	3,969	4,170
Debtors	13	97,861	65,353
Cash at bank and in hand		828	70
		<u>102,658</u>	<u>69,593</u>
<b>CREDITORS:</b> Amounts falling due within one year	14	(8,946)	(7,331)
<b>NET CURRENT ASSETS</b>		<u>93,712</u>	<u>62,262</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		144,169	115,097
<b>CREDITORS:</b> Amounts falling due after more than one year	15	(81,540)	(76,132)
<b>PROVISIONS FOR LIABILITIES</b>	16	(877)	(547)
<b>NET ASSETS EXCLUDING PENSION ASSET</b>		61,752	38,418
<b>DEFINED BENEFIT PENSION ASSET</b>	17	-	-
<b>NET ASSETS INCLUDING PENSION ASSET</b>		<u>61,752</u>	<u>38,418</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	18	-	-
Profit and loss account	19	61,752	38,418
<b>SHAREHOLDER'S FUNDS</b>	19	<u>61,752</u>	<u>38,418</u>

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

The financial statements of British Salt Limited, company registration number 6398227, were approved by the Board of Directors on 22<sup>nd</sup> May 2015.

Signed on behalf of the Board of Directors by:



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



# NOTES TO THE FINANCIAL STATEMENTS

## Year ended 31 March 2015

### 1. ACCOUNTING POLICIES

#### Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the applicable law and United Kingdom accounting policies. The principal accounting policies, which have been applied consistently throughout the year and prior year, are set out below.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of Tata Chemicals Europe Holdings Limited which prepares consolidated financial statements which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 (revised 1996) to prepare a cash flow statement.

#### Going concern

The financial statements have been prepared under the historical cost convention, except for Emission Trading Allowances which are recorded at fair value, and have been prepared in accordance with applicable United Kingdom law and accounting standards.

The performance, financial position and the key risks impacting the company are detailed in the Strategic Report on page 1. The company is a subsidiary of Tata Chemicals Europe Holdings Limited ("TCEHL") and acts as a guarantor and obligor to a banking facilities agreement entered into by TCEHL and certain subsidiaries (together "the subgroup") to manage the subgroup's financing and cash requirements on a pooled basis. 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 2015 the group was funded by a £140,000,000 bridging facility provided by Standard Chartered Bank ("SCB"), comprising a £120,000,000 term loan and a £20,000,000 revolving credit facility. This bridging facility is repayable on 22 November 2015. The directors have held discussions with SCB and it is the expectation of both parties that the bridging facility will be replaced by a longer-term bank facility on or prior to the repayment date.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Year ended 31 March 2015

#### 1. ACCOUNTING POLICIES (continued)

##### Goodwill

Goodwill is the difference between the cost of an acquired business and the aggregate of the fair value of that entity's identifiable assets and liabilities. Goodwill arising on acquisitions is capitalised, classified as an asset in the balance sheet and amortised on a straight line basis over its estimated useful economic life of 20 years. Provision is made for any impairment.

##### Tangible fixed assets

Tangible fixed assets are stated at cost (including capitalised labour as appropriate), net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Mineral rights	140 years
Buildings	25 years
Plant and equipment	3 to 25 years

Assets under construction are not depreciated.

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

##### Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment.

##### Stock and work in progress

Stocks 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. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

##### Pension costs

The company operates a defined benefit scheme, which is funded with the assets of the scheme held separately from those of the company, in separate trustee administered funds. The scheme is closed to new members and future accrual.

Pension scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The expected return on the scheme's assets and the increase during the year in the present value of the scheme liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

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

##### Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and law that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its result as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which that are recognised in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Year ended 31 March 2015

#### 1. ACCOUNTING POLICIES (continued)

##### Taxation (continued)

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is calculated at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is calculated on a non-discounted basis.

##### Foreign currency

Transactions denominated in foreign currencies are recorded in local currency at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

##### Turnover

Turnover comprises the value of sales, excluding VAT and other related sales taxes, of goods and services provided in the normal course of business. Turnover is recognised on despatch of goods.

##### Leasing and hire purchase commitments

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

##### 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 the end of each accounting period the carrying value of the asset is revalued to market value with any resulting charge being recorded in the profit and loss account.

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.

#### 2. TURNOVER

Contributions to turnover by the geographical location of customers were as follows:

	2015 £'000	2014 £'000
Europe	35,645	41,299
Other	1,507	1,067
	<u>37,152</u>	<u>42,366</u>

The directors believe it is prejudicial to the interests of the company to provide an analysis of turnover by activity.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2015**

**3. OPERATING PROFIT**

This is stated after charging/(crediting):

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Auditor's remuneration – audit services	54	54
Auditor's remuneration – taxation compliance	10	12
Income received on variation of agreement relating to gas storage operations	(19,100)	-
Depreciation of owned fixed assets	1,962	2,364
Depreciation of leased fixed assets	16	29
Amortisation of goodwill	1,463	1,463
Gain on disposal of tangible fixed assets	(24)	-
Operating lease rentals – plant and machinery	83	119
	<u>          </u>	<u>          </u>

The auditor received no fees in the year (2014: £nil) in respect of services other than audit and tax compliance.

**4. DIRECTORS' REMUNERATION**

The current directors are remunerated by a fellow group undertaking, Tata Chemicals Europe Limited.

At the end of the year, none of the directors were members of the defined benefit pension scheme operated by the company (2014: nil) and none of the directors were members of money purchase schemes operated by the company (2014: nil).

**5. STAFF COSTS**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	3,446	3,524
Social security costs	337	396
Other pension costs	211	455
	<u>          </u>	<u>          </u>
	3,994	4,375
	<u>          </u>	<u>          </u>

The average monthly number of employees, excluding directors, during the year was as follows:

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Production	82	86
Sales and distribution	4	10
Administration	7	6
	<u>          </u>	<u>          </u>
	93	102
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2015**

**6 FINANCE CHARGES (NET)**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<i>Interest receivable and similar income</i>		
Bank interest	(4)	(4)
	<u>          </u>	<u>          </u>
<i>Interest payable and similar charges</i>		
Interest payable to fellow group companies	1,165	1,962
Amortisation of capitalised borrowing costs	37	37
	<u>          </u>	<u>          </u>
	1,202	1,999
	<u>          </u>	<u>          </u>
<i>Other finance costs</i>		
Expected return on pension scheme assets (Note 17)	(952)	(926)
Interest on pension scheme liabilities (Note 17)	1,053	1,037
Other finance costs	41	30
	<u>          </u>	<u>          </u>
	142	141
	<u>          </u>	<u>          </u>
Finance charges (net)	<u>1,340</u>	<u>2,136</u>

**7. TAX CHARGE/(CREDIT) ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
Adjustments in respect of prior periods	(30)	-
	<u>          </u>	<u>          </u>
<b>Deferred tax (Note 16):</b>		
Origination and reversal of timing differences	184	(328)
	<u>          </u>	<u>          </u>
<b>Total tax charge/(credit) on profit on ordinary activities</b>	<u>154</u>	<u>(328)</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2015**

**7. TAX CHARGE/(CREDIT) ON PROFIT ON ORDINARY ACTIVITIES (continued)**

**Factors affecting current tax credit for the year**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before tax	23,387	8,211
Profit on ordinary activities multiplied by standard rate of corporation tax in the year in the United Kingdom of 21% (2014: 23%)	4,911	1,889
Effects of:		
Income and expenses not chargeable or deductible for tax purposes	272	306
Capital allowances less than depreciation	53	550
Other short term timing differences	14	(46)
Group relief received at nil charge	(5,250)	(2,699)
Adjustments in respect of previous periods	(30)	-
Current tax credit for the year	(30)	-

**Change in rate of corporation tax**

The headline rate of UK corporation tax has been reduced to 20% with effect from 1 April 2015. Accordingly, the deferred tax liability has been calculated on the basis of a rate of 20%. There is no unprovided deferred tax.

**8. GOODWILL**

	<b>£'000</b>
<b>Cost</b>	
At 1 April 2014 and 31 March 2015	29,259
<b>Amortisation</b>	
On 1 April 2014	9,143
Charge for the year	1,463
At 31 March 2015	10,606
<b>Net book value</b>	
At 31 March 2015	18,653
At 31 March 2014	20,116

**9. INTANGIBLE ASSETS**

	<b>£'000</b>
<b>Emissions Trading Allowances</b>	
At 1 April 2014	436
Granted in the year	311
Surrendered in the year	(304)
Sold to other group companies in the year	(194)
Revaluation to market value in the year	62
At 31 March 2015	311

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2015**

**10. TANGIBLE FIXED ASSETS**

	<b>Mineral rights £'000</b>	<b>Freehold land and buildings £'000</b>	<b>Plant and equipment £'000</b>	<b>Assets under construction £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 April 2014	11,450	17,986	24,547	1,268	55,251
Additions	-	19	206	1,001	1,226
Disposals	-	-	(121)	-	(121)
Transfers between categories	-	-	1,302	(1,302)	-
At 31 March 2015	<u>11,450</u>	<u>18,005</u>	<u>25,934</u>	<u>967</u>	<u>56,356</u>
<b>Depreciation</b>					
At 1 April 2014	1,187	9,499	13,048	-	23,734
Charge for the year	82	332	1,564	-	1,978
Disposals	-	-	(83)	-	(83)
At 31 March 2015	<u>1,269</u>	<u>9,831</u>	<u>14,529</u>	<u>-</u>	<u>25,629</u>
<b>Net book value</b>					
At 31 March 2015	<u>10,181</u>	<u>8,174</u>	<u>11,405</u>	<u>967</u>	<u>30,727</u>
At 31 March 2014	<u>10,263</u>	<u>8,487</u>	<u>11,499</u>	<u>1,268</u>	<u>31,517</u>

Freehold land of £4,849,000 (2014: £4,849,000) included in land and buildings is not depreciated.

Included within plant and machinery are assets held under finance leases with a net book value of £nil (2014: £54,000).

**11. INVESTMENTS**

	<b>Shares in subsidiary undertakings £'000</b>
<b>Cost</b>	
At 1 April 2014 and 31 March 2015	<u>838</u>
<b>Impairment</b>	
At 1 April 2014 and 31 March 2015	<u>72</u>
<b>Net book value</b>	
At 1 April 2014 and 31 March 2015	<u>766</u>

The company's subsidiary undertakings at 31 March 2015, which are wholly owned, are set out below:

	<b>Country of incorporation</b>	<b>Principal activity</b>
New Cheshire Salt Works Limited	England	Sale of salt products

To avoid a statement of excessive length, details of investments which are not significant have been omitted.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2015**

**12. STOCK**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Raw materials and consumables	1,522	1,286
Work in progress	9	8
Finished goods	2,438	2,876
	<u>3,969</u>	<u>4,170</u>

There is no material difference between the balance sheet value of stocks and their replacement costs.

**13. DEBTORS**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Trade debtors	3,436	4,242
Amounts due from group undertakings	93,383	58,631
Amounts due from joint venture	53	192
Other taxation and social security	497	190
Other debtors	272	169
Prepayments and accrued income	220	1,929
	<u>97,861</u>	<u>65,353</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases	-	31
Trade creditors	2,156	2,566
Amounts due to group undertakings	4,452	2,410
Other taxation and social security	75	87
Other creditors	84	115
Accruals and deferred income	2,179	2,122
	<u>8,946</u>	<u>7,331</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2015**

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases	-	21
Amounts due to group undertakings	81,540	76,111
	<u>81,540</u>	<u>76,132</u>

**16. PROVISIONS FOR LIABILITIES**

Provisions are analysed as follows:

	<b>Carbon</b>	<b>Deferred</b>	<b>Total</b>
	<b>emissions</b>	<b>taxation</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2014	287	260	547
Charged to the profit and loss account in the year	450	184	634
Utilised in the year	(304)	-	(304)
	<u>433</u>	<u>444</u>	<u>877</u>

The deferred tax liability included in the balance sheet is as follows:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	444	310
Other timing differences	-	(50)
<b>Total</b>	<u>444</u>	<u>260</u>

The carbon emissions provision recognises the obligation to surrender allowances to the Environment Agency in respect of the 2014 calendar year and the first three months of the 2015 calendar year. The surrender in respect of the 2014 calendar year took place in April 2015. The surrender in respect of the 2015 calendar year is expected to take place in April 2016.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2015**

**17. PENSION COMMITMENTS**

Eligible employees of the salt business were members of the British Salt Retirement Income and Life Assurance Plan ("RILA") which was closed to future accrual and new members on 31 January 2008.

RILA is funded by the payment of contributions to a defined benefit scheme and separately administered trust fund. The fund is valued every three years using the projected unit method by an independent, professionally qualified actuary who has also set the contribution rates for the year.

The most recent triennial valuation was performed as at 31 December 2013. The assumptions which had the most significant effect on the results of the valuation were those relating to investment returns and price inflation. It was assumed that the investment returns would be 4.1% per annum (before and after retirement) and that price inflation (RPI) would be 3.4%.

The triennial valuation undertaken as at 31 December 2013 showed that the market value of the plan's assets was £25,384,000 and that the actuarial value of those assets represented 102% of the benefits that had accrued to members.

It was agreed with the Pensions Regulator that British Salt Limited would pay five instalments of £280,000 in January of each year between 2010 and 2014. No instalments remain to be paid under this arrangement.

The full actuarial valuation was updated to 31 March 2015 by a qualified independent actuary. The major assumptions used by the actuary were as follows:

	2015 (p.a.)	2014 (p.a.)
Rate of increase in deferred pensions	2.2%	2.6%
Rate of increase in pensions in payment	2.8%	3.2%
Discount rate	3.2%	4.5%
RPI Inflation assumption	2.9%	3.3%
CPI Inflation assumption	2.2%	2.6%

The scheme's net pension surplus and expected rate of return on its investments were analysed as follows:

	31 March 2015		31 March 2014	
	Long term expected rate of return (p.a.)	Market value £'000	Long term expected rate of return (p.a.)	Market value £'000
Bonds	4.05%	20,111	3.75%	17,611
Gilts	3.05%	9,812	2.70%	8,517
Total market value of scheme assets		29,923		26,128
Present value of scheme liabilities		(24,698)		(22,193)
Surplus in the scheme before capping adjustment		5,225		3,935
Adjustment to cap surplus in scheme		(5,225)		(3,935)
Surplus in the scheme after capping adjustment		-		-
Less deferred taxation		-		-
<b>Net pension asset</b>		<b>-</b>		<b>-</b>

The company has not recognised the actuarial surplus of £5,225,000 (2014: £3,935,000) in view of the fact that it does not expect to benefit from reduced contributions or refunds from the scheme in the future. Accordingly, the scheme surplus has been capped such that no surplus or deficit is recognised.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2015**

**17. PENSION COMMITMENTS (continued)**

The estimated return on scheme assets for the year to 31 March 2016 is £724,000.

An analysis of the defined benefit cost is as follows:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Expected return on pension scheme assets	952	926
Interest on pension scheme liabilities	(976)	(973)
Expenses	(77)	(64)
	<u>          </u>	<u>          </u>
<b>Total other finance expense</b>	<b>(101)</b>	<b>(111)</b>
	<u>          </u>	<u>          </u>
Actual return less expected return on pension scheme assets	3,956	(1,387)
Experience gains/(losses) arising on scheme liabilities	600	(12)
(Losses)/gains arising from changes in assumptions underlying the present value of scheme liabilities	(3,165)	1,095
Pension contributions from escrow	-	280
Reversal of prior year adjustment to cap surplus in scheme	3,935	4,070
Current year adjustment to cap surplus in scheme	(5,225)	(3,935)
	<u>          </u>	<u>          </u>
<b>Actuarial gain recognised in the statement of total recognised gains and losses</b>	<b>101</b>	<b>111</b>
	<u>          </u>	<u>          </u>

Analysis of the movement in the fair value of plan assets during the year:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April	26,128	28,108
Expected return on plan assets	952	926
Contributions	-	280
Benefits paid	(1,113)	(1,799)
Actuarial gains/(losses)	3,956	(1,387)
	<u>          </u>	<u>          </u>
<b>At 31 March</b>	<b>29,923</b>	<b>26,128</b>
	<u>          </u>	<u>          </u>

Analysis of the movement in the present value of the obligation during the year:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April	22,193	24,038
Interest cost	976	973
Benefits paid	(1,113)	(1,799)
Actuarial losses/(gains)	2,565	(1,083)
Expenses	77	64
	<u>          </u>	<u>          </u>
<b>At 31 March</b>	<b>24,698</b>	<b>22,193</b>
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2015**

**17. PENSION COMMITMENTS (continued)**

History of experience gains and losses:

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000	15 month period ended 31 March 2012 £'000	Year ended 31 December 2011 £'000
Present value of defined benefit obligations	(24,698)	(22,193)	(24,038)	(22,073)	(21,092)
Fair value of scheme assets	29,923	26,128	28,108	25,277	23,014
Surplus in the scheme	5,225	3,935	4,070	3,204	1,922
Experience adjustments on scheme assets:					
Amount	3,956	(1,387)	2,483	1,733	998
Percentage of scheme assets	13.2%	(5.3%)	8.8%	6.9%	4.3%
<i>Experience adjustments arising on scheme liabilities:</i>					
Amount	600	(12)	143	(89)	925
Percentage of scheme liabilities	(2.4%)	(0.1%)	(0.6)%	(0.4%)	4.4%

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December:

	2015 Male	2015 Female	2014 Male	2014 Female
Member age 65 (current life expectancy)	86.6	89.7	86.6	89.8
Member age 45 (current life expectancy)	88.4	91.6	88.3	91.7

The company also contributes to a number of defined contribution pension schemes on behalf of its employees. The main scheme is British Salt Group Stakeholder Pension Scheme which is open to all permanent employees. Total contributions to defined contribution schemes were £211,000 (2014: £453,000).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2015**

**18. CALLED-UP SHARE CAPITAL**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called-up and fully-paid</b>		
Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

**19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	<b>Share capital</b>	<b>Profit and loss account</b>	<b>Total shareholder's funds</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2014	-	38,418	38,418
Profit for the year	-	23,233	23,233
Actuarial gain on defined benefit pension scheme	-	101	101
	<u>-</u>	<u>61,752</u>	<u>61,752</u>
<b>At 31 March 2015</b>	<u>-</u>	<u>61,752</u>	<u>61,752</u>

**20. FINANCIAL COMMITMENTS**

a) Capital commitments

At the end of the year, capital commitments were:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Contracted but not provided for	127	208
	<u>127</u>	<u>208</u>

b) Lease commitments

Annual commitments under non-cancellable operating leases, none of which relate to land and buildings are as set out below:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	-	49
In two to five years	86	77
	<u>86</u>	<u>126</u>

**21. RELATED PARTY TRANSACTIONS**

During the year, the company made sales in the normal course of business of £648,000 (2014: £920,000) and charged management fees of £20,000 (2014: £20,000) to The Block Salt Company Limited. The balance owed to the company at 31 March 2015 was £53,000 (2014: £192,000). The Block Salt Company Limited is a joint venture company in which the company has an indirect 50% interest.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2015**

**22. CONTINGENT LIABILITIES**

The company, together with certain of its fellow group undertakings, has guaranteed the amounts borrowed under group banking facilities. At 31 March 2015 the amount guaranteed was £140,000,000 (2014: £140,000,000).

**23. ULTIMATE CONTROLLING PARTY**

The company's immediate parent undertaking is Cheshire Salt Limited, a company incorporated in England.

The smallest group of companies of which the company is a member that produces consolidated financial statements is Tata Chemicals Europe Holdings Limited which is 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 2015 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.

The company has taken advantage of the exemption in Financial Reporting Standard 8 "Related party disclosures" from disclosing transactions with other wholly owned subsidiaries that are part of the Homefield Pvt UK Limited group.