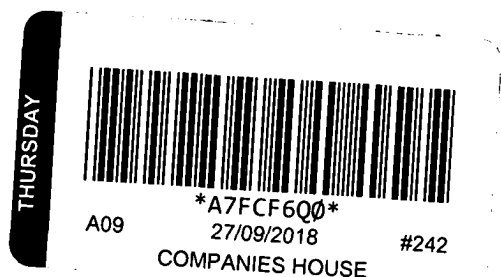


Registered No: 00126931

Hutchinson (UK) Limited

Report and Financial Statements

31 December 2017



Directors

M Marquaire
Isabella Keiffer

Secretary

DJ Woodhouse

Auditors

Ernst & Young LLP
No.1 Colmore Square
Birmingham
B4 6HQ

Bankers

HSBC Bank Plc
62-76 Park Street
2nd Floor
Southwark
London
SE1 9DZ

Registered office

Unit 10
Hortonwood 32
Telford
Shropshire
TF1 7EU

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2017.

Results and dividends

The loss for the year amounted to £39,000 (2016: Profit £148,000).

The company did not pay any dividend in 2017 (paid in 2016: Nil).

The directors do not propose further payment of dividends relating to the year ended 31 December 2017.

Principal activities review of the business and future development

The company is a wholly owned subsidiary of the TOTAL SA Group.

The principal activity of the company continues to be acting as a UK sales agent, charging commissions to other group subsidiaries for sales work performed on their behalf. The company expects to continue in this activity for the foreseeable future.

Principal risks and uncertainties

The company monitors all aspects of risk including economic risk, competition and changes in market conditions, financial risk, customer and supplier dependencies.

Market risk:

The company depends, to a large extent, on the strength of the global automotive market and, in particular, the vehicle production volumes of key customers.

Pension risk:

The company faces the continuing burden of pension liabilities. The obligations and expense recognized in our financial statements for these plans is actuarially determined based on certain assumptions which are driven by market conditions, including interest rates. Additionally, market conditions impact the underlying value of the assets held by the plans for settlement of these obligations. Further declines in interest rates or the market values of the securities held by the plans, or certain other changes, could negatively affect the funded status of these plans and the level and timing of future contributions.

Policy and practice on payment of creditors

The company follows a strategy of having mutually beneficial long-term relationship with suppliers. The policy is to agree terms of trading (including payment) and to abide by them.

Going concern statement

The company has net current assets of £5,377,000 and net current assets excluding deferred tax of £3,743,000. The company is expected to operate at an approximate break-even level throughout 2018, with the intention of returning to long-term profitability. The company has net liabilities of £4,208,000 due to the defined benefit pension liability of £9,537,000. The pension liability is long term and does not require full settlement within the foreseeable future. As disclosed in note 2 to the accounts, the sponsoring employer of the group scheme has agreed a recovery plan with the scheme trustees, as a result of which the company is expected to make annual deficit contributions of £849,000 per annum from 2018 until 2021. The company's current assets (excluding deferred taxation) of £3.8 million comprises primarily the company's group cash-pooling account, which is considered to be readily convertible into cash. Accordingly, the directors consider that they have available resources to fund substantially all of these deficit contributions, following which they anticipate that subsequent regular contributions will be financed from the future profitability of the company.

After making enquiries, the Directors have a reasonable expectation that the company has access to adequate resources to continue in operational existence for the foreseeable future to enable it to meet its liabilities as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors who served the company during the year were as follows:

M Pace-Bonello (Resigned 29.09.2017)

Isabella Keiffer (Appointed 29.09.2017)

M Marquaire

Directors' Report (continued)

The company secretaries who served the company during the year were as follows:

DJ Woodhouse

The group holds insurance to protect the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the directors' report.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware.

Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Preparation of directors' report

The Directors' report has been prepared in accordance with the special provisions in S415A of Companies Act 2006 relating to small entities.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board



I Keiffer
Director

September 21st, 2018

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' 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 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 judgements and 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;

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 to 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 auditors' report

to the members of Hutchinson (UK) Limited

Opinion

We have audited the financial statements of Hutchinson (UK) Limited for the year ended 31 December 2017 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 Reduced Disclosure Framework "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report

to the members of Hutchinson (UK) Limited (continued)

Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the Directors Report in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditors' report
to the members of Hutchinson (UK) Limited (continued)

Use of our report

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.

Ernst & Young LLP

Ken Griffin, Senior statutory auditor
For and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

27 September 2018

Profit and loss account

for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
Turnover	3	1,648	1,826
Staff Costs	5	(569)	(548)
Other Operating Expenses		(825)	(754)
Operating profit	4	<u>254</u>	<u>524</u>
Interest receivable	6	5	7
Other finance expense	7	(293)	(245)
Profit/ (loss) on ordinary activities before taxation		<u>(34)</u>	<u>286</u>
Taxation	8	(5)	(138)
Profit / (loss) for the financial year		<u>(39)</u>	<u>148</u>

The profit and loss account relates to continuing operations.

Statement of other comprehensive income

for the year ended 31 December 2017

	2017 £000	2016 £000
Profit / (Loss) for the financial year	(39)	148
Actuarial gains/(losses) recognised on the pension plan	1,648	(3,657)
Tax on actuarial losses	(280)	622
Total comprehensive income relating to the year	<u>1,329</u>	<u>(2,887)</u>

Statement of changes in equity

for the year ended 31 December 2017

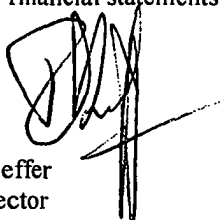
	<i>Share Capital</i>	<i>Profit and loss account</i>	<i>Total shareholders deficit</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2016	87	(2,737)	(2,650)
Profit for the year	-	148	148
Other Comprehensive Income/Expense	-	(3,035)	(3,035)
At 31 December 2016	87	(5,624)	(5,537)
Loss for the year	-	(39)	(39)
Other Comprehensive Income	-	1,368	1,368
At 31 December 2017	87	(4,295)	(4,208)

Balance sheet

at 31 December 2017

	<i>Notes</i>	<i>2017 £000</i>	<i>2016 £000</i>
Fixed assets			
Tangible assets	9	<u>-</u>	<u>-</u>
Current assets			
Debtors	10	5,454	5,348
Cash		-	-
		<u>5,454</u>	<u>5,348</u>
Creditors: amounts falling due within one year	11	<u>(77)</u>	<u>(160)</u>
Net current assets		<u>5,377</u>	<u>5,188</u>
Total assets less current liabilities		<u>5,377</u>	<u>5,188</u>
Provisions for liabilities and charges	12	<u>(48)</u>	<u>(41)</u>
		<u>(48)</u>	<u>(41)</u>
Defined Benefit pension liability	15	<u>(9,537)</u>	<u>(10,684)</u>
Net liabilities		<u>(4,208)</u>	<u>(5,537)</u>
Capital and reserves			
Called up share capital	14	87	87
Retained earnings		<u>(4,295)</u>	<u>(5,624)</u>
Shareholders' deficit		<u>(4,208)</u>	<u>(5,537)</u>

The financial statements were approved by the board of Directors and signed on its behalf:


I Kieffer
Director

September 21st, 2018

Notes to the financial statements

at 31 December 2017

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Hutchinson UK Limited (the “company”) for the year ended 31 December 2017 were authorised for issue by the board of directors and the balance sheet was signed on the board’s behalf by I Kieffer. Hutchinson UK Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The company’s financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The results of the company are included in the consolidated financial statements of TOTAL S.A. which are available from 2 Place Jean Millier, La Defense 6, 92078 Paris, La Defense Cedex, France.

The principal accounting policies adopted by the company are set out in note 2.

2. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

The company has taken advantage of the following disclosure exemptions available under FRS 101:

- (a) the requirements of IAS 7 Statement of Cash Flows; and
- (b) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
- (c) the requirements of IAS 8 disclosures in respect of new standards and interpretations that have been issued but are not yet effective; and
- (d) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (e) the requirement in paragraph 38 of IAS 1 ‘Presentation of Financial Statements’ to present comparative information in respect of:
 - a. paragraph 79(a)(iv) of IAS 1;
 - b. paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - c. paragraph 118(e) of IAS 38 Intangible Assets;

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Pension and other post-employment benefits

The cost of defined benefit pensions plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases.

Notes to the financial statements

at 31 December 2017

Accounting policies (continued)

Due to the complexity of valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

Fixed assets and depreciation

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises of the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on tangible fixed assets, at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful life, as follows:

Fixtures & Fittings	- 3 to 10 years
Computer Software	- 3 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the de-recognition of the asset is included in the income statement in the period of de-recognition.

Pension costs

The company participates in the Total UK Pension Plan, a defined benefit pension plan in the UK. The assets and liabilities of the Total UK Pension Plan form a general pool of assets from which benefits of all qualifying members may be settled. For accounts purposes these assets are allocated to Business Units and are tracked separately. The assets of the Plan are held separately from those of the participating employers.

Pension plan liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Pension plan assets are valued at market value at the balance sheet date.

If the pension plan is in deficit this is recognised in full on the balance sheet.

If the pension plan is in surplus this surplus is recognised in full on the balance sheet as the surplus can either be used to reduce future contributions or can be transferred to another sponsoring company within the Total UK Pension Plan.

Increases in the present value of the plan liabilities expected to arise from employee service in the period are charged to the operating profit. The expected return on plan assets less the increase in the present value of plan liabilities arising from the passage of time are included in other interest and shown adjacent to interest payable. Actuarial gains and losses are recognised in the Statement of other comprehensive income.

The Total Pension Company UK Limited, the principal employer, has agreed a Recovery Plan with the Trustees between 2015 and 2021. Lump sum deficit contributions of £849,000 will be made between 2018 and 2021

Notes to the financial statements

at 31 December 2017

Accounting policies (continued)

The company also operates a defined contribution pension plan. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the plan.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit and 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement in other operating expenses.

Trade and other debtors

Trade and intercompany debtors, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoice value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Financial liabilities

Initial recognition and measurement

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, plus directly attributable transaction costs.

Cash in hand and in bank

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

Notes to the financial statements

at 31 December 2017

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Accounting policies (continued)

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

3. Turnover

The turnover comprises the value of sales excluding VAT, of goods and services in the normal course of business. All turnover relates to one class of business.

An analysis of turnover by geographical market is given below:

	2017 £000	2016 £000
Rest of Europe	1,648	1,826
	<u>1,648</u>	<u>1,826</u>

4. Operating profit

This is stated after charging:

	2017 £000	2016 £000
Auditors' remuneration - audit services	<u>13</u>	<u>12</u>
Operating lease rentals - motor vehicles and office equipment	34	31
- land and buildings	<u>45</u>	<u>38</u>

Notes to the financial statements

at 31 December 2017

5. Staff costs

	2017 £000	2016 £000
Wages and salaries	483	473
Social security costs	61	63
Other pension costs (note 15)	25	12
	<u>569</u>	<u>548</u>

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

	2017 No.	2016 No.
Management and administration	0	0
Sales	11	11
	<u>11</u>	<u>11</u>

Directors' emoluments

Emoluments for the directors have been borne by another group company, as they are also directors of a number of the companies with other Total S.A. group. The company pays £10,000 to another group company for the services that one of the directors provides to the company. The other director's services to the company do not occupy a significant amount of their time. As such this director does not consider that they have received any remuneration for their incidental services to the company for the year ended 31 December 2017 and 31 December 2016.

6. Interest receivable

	2017 £000	2016 £000
Interest receivable from group undertakings	<u>5</u>	<u>7</u>

7. Other finance expense

	2017 £000	2016 £000
Interest on pension plan assets	545	675
Interest on pension plan liabilities	(838)	(920)
	<u>(293)</u>	<u>(245)</u>

Notes to the financial statements

at 31 December 2017

8. Taxation

(a) Total tax expense recognised in the profit and loss account

The tax charge is made up as follows:

	2017 £000	2016 £000
<i>Current tax:</i>		
UK corporation tax	91	148
Tax over provided in previous years	-	-
Total current tax	91	148
<i>Deferred tax:</i>		
Pension scheme deferred tax movement	(85)	(11)
Origination and reversal of timing differences	(1)	1
	(86)	(10)
Total tax charge	5	138

(b) Reconciliation of the total tax charge

	2017 £000	2016 £000
(Loss) / Profit before taxation	(34)	286
Current tax at 19.25% (2016: 20.00%)	(7)	57
Non-deductible expenses	1	-
Tax rate changes	11	81
Total tax charge	5	138

(c) Deferred tax

	2017 £000	2016 £000
Capital allowances timing differences	4	4
Other timing differences	9	8
Deferred tax asset	13	12
Pension plan deferred tax asset	1,621	1,816
Total deferred tax asset	1,634	1,828
		£000
At 1 January 2017 – Asset		1,828
Credit to the profit and loss account for the year		86
Charge included in Other Comprehensive Income for the year		(280)
At 31 December 2017 – Asset		1,634

Notes to the financial statements

at 31 December 2017

Taxation (continued)

The amount included in Other Comprehensive Income for the year is in respect of pension costs accounted for under IAS19(R) - *Retirement Benefits*.

The deferred tax asset as at 31 December 2017 has been calculated based on the 19% and 17% tax rates that were substantively enacted at the balance sheet date, depending on the timing of reversal of the temporary differences.

(d) Factors affecting future tax charges

The main rate of corporation tax reduced from 20% to 19% with effect from 1 April 2017 and will further reduce to 17% from 1 April 2020.

The company considers that the temporary differences in deferred tax will for the most part reverse after 1 April 2020 and therefore the deferred tax assets and liabilities have been measured at 19% and 17%.

The company's current taxation charge will be affected by the level of non-deductible pension costs (including net finance expenses) recorded under IAS 19. To the extent that this expense exceeds the amounts of employer's pension contributions payable (which are tax deductible) the current taxation charge will be greater than that derived by applying the standard taxation rate to pre-tax profits.

9. Tangible fixed assets

	<i>Fixtures & Fittings</i> £000	<i>Computer software</i> £000	<i>Total</i> £000
Cost:			
At 1 January 2017 and 31 December 2017	33	33	66
Depreciation:			
At 1 January 2017 and 31 December 2017	33	33	66
Net book value:			
At 1 January 2017 and 31 December 2017	–	–	–

10. Debtors

	<i>2017</i> £000	<i>2016</i> £000
Amounts owed by group undertakings	3,780	3,451
Other debtors	28	58
Prepayments and accrued income	12	11
Deferred taxation (note 8 (c))	1,634	1,828
	<u>5,454</u>	<u>5,348</u>

Deferred tax is recoverable in a period greater than one year.

Notes to the financial statements

at 31 December 2017

11. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	3	4
Amounts owed to group undertakings	12	11
Other taxation and social security	18	20
Corporation tax	21	99
Accruals and deferred income	23	26
	<u>77</u>	<u>160</u>

Amounts owed to group undertakings are repayable on intercompany terms, usually 60 days. Trade payables are non-interest bearing and usually repayable between 30 and 90 days.

12. Provisions for liabilities and charges

	Restructuring £000
At 1 January 2017	41
Movements within the year	7
At 31 December 2017	<u>48</u>

The restructuring provision is in respect of costs relating to the closure of part of the company's production facility.

13. Commitments under operating leases

The company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2017 £000	2016 £000	2017 £000	2016 £000
Not later than one year	0	9	3	7
Later than one year and not later than 5 years	94	0	62	18
	<u>94</u>	<u>9</u>	<u>65</u>	<u>25</u>

14. Share capital

		<i>Authorised</i>	
		<i>2017</i>	<i>2016</i>
		<i>£000</i>	<i>£000</i>
Ordinary shares of £1 each		100	100
		<hr/>	<hr/>
		<i>Allotted, called up and fully paid</i>	
	<i>No.</i>	<i>2017</i>	<i>2016</i>
		<i>£000</i>	<i>£000</i>
Ordinary shares of £1 each	86,723	87	86,723
			87

Notes to the financial statements

at 31 December 2017

15. Pension commitments

The company participates in the Total UK Pension Plan ('the Plan'), a defined benefit pension plan in the UK. For the purposes of providing the accounting information required by IAS 19 - the employers participating in the Plan are grouped into Business Units. The assets and liabilities allocated to each Business Unit are tracked separately. The Plan is notionally sectionalised and is not a sectionalised plan for the purposes of the Pensions Act 1995 and the Pensions Act 2004.

The company accounts for the assets and liabilities allocated to the Business Unit as a defined benefit pension plan. The Plan is funded by the payment of contributions to a separate trustee administered fund.

During the year the total employers contributions paid into the plan were £51,000 (2016 - £69,000). An amount of about £903,000 is expected to be paid in the year ending 31 December 2018.

Aon Hewitt Limited took into account the requirements of IAS 19 in order to assess the liabilities of the plan at 31 December 2017. Plan assets are stated at their market value at the respective balance sheet dates.

As the defined benefit section is closed to new entrants, it is expected that the service cost (as a percentage of pensionable payroll) will increase as the members of the defined benefit section approach retirement.

The main financial assumptions used in evaluating the defined benefit obligation are:

	2017 %	2016 %
RPI Inflation assumption	3.50	3.50
CPI Inflation assumption	2.50	2.50
Rate of increase in salaries	4.50	3.00
Rate of increase in pensions in payment	3.50	3.50
Discount rate for plan liabilities	2.50	2.75

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

The mortality assumptions are based on standard mortality tables, which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 23 years if they are male and for a further 24 years if they are female.

For a member who retires in 22 years at age 65 the assumptions are that they will live on average for a further 24 years after retirement if they are male and for a further 26 years after retirement if they are female.

Notes to the financial statements

at 31 December 2017

15. Pension commitments (Continued)

The amounts recognised in the balance sheet are as follows:

	2017	2016
Assets at valuation:		
Equities	4,900	5,242
Buy-in Contract	11,563	11,702
Bonds	1,409	1,094
Properties	702	743
Derivatives / Investment Funds	1,360	1,319
Others	209	102
Total market value of assets	20,143	20,202
Present value of plan liabilities	(29,680)	(30,886)
Pension liability	(9,537)	(10,684)

During 2014 the pension scheme entered into a pension insurance buy-in arrangement with the Pension Insurance Corporation (PIC). PIC has taken over the financial responsibility for meeting the cost of a portion of the pension promise made by the pension fund to its members. However legally, the responsibility remains with the pension scheme.

The fair value of the Plan's assets, which are not intended to be realised in the short-term, may be subject to significant change before they are realised.

The present value of the Plan's liabilities, which is derived from cash flow projections over long periods, is inherently uncertain. An analysis of the defined benefit cost for the year ended 31 December is as follows:

	2017 £000	2016 £000
Current service cost	259	280
Net interest on defined benefit liabilities	293	245
Net charge for the year	552	525

Analysis of amounts recognised in the Statement of Comprehensive Income:

	2017 £000	2016 £000
Return on plan assets (excluding interest income)	612	1,975
Actuarial changes in demographic assumptions	-	-
Actuarial changes in financial assumptions	1,036	(5,632)
Actuarial gains / (losses) recognised in the Statement of Comprehensive Income	1,648	(3,657)

Notes to the financial statements

at 31 December 2017

15. Pension commitments (Continued)

Changes to present value of defined benefit obligation during the year:

	2017 £000	2016 £000
At 1 January	30,880	24,947
Current service cost	259	280
Interest cost	838	920
Contributions by plan participants	19	18
Actuarial losses / (gains) on plan liabilities	(1,030)	5,632
Net benefits paid out	(1,280)	(911)
At 31 December	29,686	30,886

Changes to the fair value of plan assets during the year:

	2017 £000	2016 £000
At 1 January	20,200	18,370
Interest income on assets	545	675
Actuarial gains / (losses) on plan assets	612	1,970
Contributions by the employer	51	69
Contributions by plan participants	19	18
Net benefits paid out	(1,280)	(911)
At 31 December	20,147	20,200

Net defined benefit liability reconciliation:

	2017 £000	2016 £000
Net defined benefit liability at 1 January	10,680	6,570
Defined benefit cost included in P&L	552	525
Total remeasurements included in OCI	(1,648)	3,657
Employer contributions	(51)	(69)
At 31 December	9,537	10,684

The company also operates a defined contribution plan for which the employers pension cost for the year amounted to £14,766 (2016 - £12,350).

16. Ultimate parent company

At 31 December 2017, the company was a subsidiary undertaking of Hutchinson Holdings UK Limited, incorporated in the UK. This is itself a subsidiary of Hutchinson SA, incorporated in France.

The only group into which the results of the company are consolidated is that headed by Total S.A. the ultimate parent, which is incorporated in France.