

Registration number: 00147556

Baxenden Chemicals Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015



Baxenden Chemicals Limited

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Baxenden Chemicals Limited

Company Information

Directors	J Lord B Flaherty
Registered office	Paragon Works Nr Accrington Lancashire BB5 2SL
Solicitors	Eversheds 1 Earlsfort Center Earlsfort Terrace Dublin 2 Ireland
Bankers	Bank of America 2 King Edward Street London EC1A 1HQ UniCredit Banca Milano Cordusio P.Za Cordusio Italy 20123 Milano MI
Auditors	KPMG LLP One St Peters Square Manchester M2 3AE

Baxenden Chemicals Limited

Strategic Report for the Year Ended 31 December 2015

The directors present their strategic report for the year ended 31 December 2015.

Business review

Principal activities and business review

The principal activities of the Company are the manufacture and sale of polyurethane prepolymers and cross linkers, polyurethane foam systems and speciality acrylic resins.

Strategy

The Company strategy is to obtain revenue growth and maintain strong margins by the continued focus on the development of new and innovative products and speciality markets in the core area of urethane technology and includes:

- The maximisation of existing patented technology
- The strong development of new products, patents and markets in the area of Polyurethane surface coatings.
- Continued geographic expansion and use of worldwide network of distributors and agents.
- Targeted capital investment programs.
- Utilisation of the company's strong financial base and strong cash flow.

Baxenden Chemicals Limited now has one manufacturing site in Accrington, Lancashire and is part of the Chemtura Corporation global chemical business.

Performance during 2015

Overall gross profit decreased in 2015 primarily due to discontinued operations of the Company's polyurethanes dispersions (PUDs) business at the Droitwich site in June 2014. In 2014, the Droitwich facility accounted for £6,752,000 of the sales of Baxenden Chemicals Limited. In 2015, sales of residual Droitwich inventory amounted to £607,000. The urethane surface coating (USC) business realised modestly lower gross profit in 2015 driven by a 4% decline in sales volume. The decrease in volume was partially offset by lower raw material costs, manufacturing efficiencies, and lower supply chain expense.

The Company's key financial and other performance indicators during the year were as follows:

	2015	2014
Turnover	19,792	27,508
Gross profit	3,041	3,989
Operating profit	1,597	1,923
Profit after tax	<u>1,001</u>	<u>1,739</u>

The Directors monitor the business internally through a number of financial and non-financial performance indicators. These include, for example, sales output, productivity, on time delivery to customers and profitability. The Company produces an Annual Business Plan, and monthly forecasts showing future sales, profits and cash flow to help monitor business performance.

Principal risks and uncertainties

Key risks to the business are recognised as:

- Continuing additional regulatory requirements in environmental, health and safety and product registration areas.
- Global foreign exchange rates (particularly for the Euro and US Dollar).
- Property damage to the UK manufacturing facility at Accrington.
- Availability and pricing of key raw materials and energy.

The directors use a combination of resources to mitigate the risks where possible and use both internal employees and external advisors to monitor compliance with specific laws and regulations.

Baxenden Chemicals Limited

Strategic Report for the Year Ended 31 December 2015

Approved by the Board on 23.9.16 and signed on its behalf by:

John P. Lord

J Lord
Director

Baxenden Chemicals Limited

Director's Report for the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors of the company

The directors who held office during the year were as follows:

J Lord

B Flaherty

Charitable and political contributions

The Company made no political contributions during the year (2014:£nil). Donations to UK Charities amounted to £nil (2014:£nil).

Employment of disabled persons

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the Company policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year the policy of providing employees with information about the Company has been continued through Company journals, notice boards and conferences. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Future developments

Although the growth of the Global economy strengthened in 2015, risks to economic growth remain and future prospects may be influenced by developments in the Eurozone. The Corporation Tax charge has benefited from the reduction in the rate of tax to 20%, and future tax charges will benefit from the further reductions to 17% planned over the next five years.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Baxenden Chemicals Limited

Director's Report for the Year Ended 31 December 2015

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 23.9.16 and signed on its behalf by:

John P. Lord.

J Lord
Director

Baxenden Chemicals Limited

Statement of Directors' Responsibilities

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to detect fraud and other irregularities.

Baxenden Chemicals Limited

Independent Auditor's Report

We have audited the financial statements of Baxenden Chemicals Limited for the year ended 31 December 2015, set out on pages 9 to 38. 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), including FRS 101 'Reduced Disclosure Framework'.

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 Statement of Directors' Responsibilities set out on page 6, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frs.org.uk/auditscopeukprivate.

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 December 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 matters prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Baxenden Chemicals Limited

Independent Auditor's Report

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Richard Evans (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

One St Peters Square
Manchester
M2 3AE

Date: 27 September 2016

Baxenden Chemicals Limited

Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Turnover			
Continuing operations		19,185	20,756
Discontinued operations		<u>607</u>	<u>6,752</u>
Turnover	4	19,792	27,508
Cost of sales		<u>(16,751)</u>	<u>(23,519)</u>
Gross profit		3,041	3,989
Distribution costs		(489)	(808)
Administrative expenses		<u>(955)</u>	<u>(1,258)</u>
Operating profit			
Continuing operations		1,829	958
Discontinued operations		<u>(232)</u>	<u>965</u>
		<u>1,597</u>	<u>1,923</u>
Other interest receivable and similar income	6	2,020	2,074
Other interest payable and similar charges	7	<u>(1,987)</u>	<u>(2,031)</u>
Profit before tax		1,630	1,966
Tax on profit on ordinary activities	11	<u>(629)</u>	<u>(227)</u>
Profit for the year		<u><u>1,001</u></u>	<u><u>1,739</u></u>

All activities presented above relate to operations at Accrington and Droitwich during the year ended 31st December 2015. There is a detailed analysis between continued and discontinued operations in Note 3 to the accounts.

The historical cost profit is not significantly different to that disclosed above and therefore no separate note of historical cost profits and losses has been presented.

Baxenden Chemicals Limited

Statement of Comprehensive Income for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Profit for the year		<u>1,001</u>	<u>1,739</u>
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit asset		(47)	1,641
Changes in effect of asset ceiling		(1,160)	(992)
Interest on asset ceiling		<u>36</u>	<u>-</u>
	17	<u>(1,171)</u>	<u>649</u>
Deferred tax in respect of defined benefit asset		9	(328)
Deferred tax on pension asset limit		2	199
Deferred tax on asset ceiling interest		<u>(7)</u>	<u>-</u>
	11	4	(129)
Current tax on pension asset limit		<u>233</u>	<u>-</u>
		<u>237</u>	<u>(129)</u>
Total comprehensive income for the year		<u><u>67</u></u>	<u><u>2,259</u></u>

The notes on pages 13 to 38 form an integral part of these financial statements.

Baxenden Chemicals Limited

(Registration number: 00147556)
Balance Sheet as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
Non-current assets			
Property, plant and equipment (including £1,125,000 (2014 : £1,428,000) of land at Droitwich held for sale)	12	4,314	5,079
Deferred tax assets	11	1,114	1,504
		<u>5,428</u>	<u>6,583</u>
Current assets			
Stocks	13	2,435	2,947
Debtors	14	9,491	7,483
Cash at bank and in hand		-	330
		<u>11,926</u>	<u>10,760</u>
Creditors	19	(1,933)	(1,781)
Net current assets		<u>9,993</u>	<u>8,979</u>
Total assets less current liabilities		15,421	15,562
Other long term provisions	18	(142)	(350)
Net assets		<u>15,279</u>	<u>15,212</u>
Capital and reserves			
Called up share capital	15	1,800	1,800
Share premium reserve		85	85
Profit and loss account		<u>13,394</u>	<u>13,327</u>
Shareholders' funds		<u>15,279</u>	<u>15,212</u>

Approved by the Board on ^{23 September 2016} and signed on its behalf by:

John P. Lord,

J Lord
Director

Baxenden Chemicals Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2015	<u>1,800</u>	<u>85</u>	<u>13,327</u>	<u>15,212</u>
Profit for the year	-	-	1,001	1,001
Other comprehensive income	-	-	(934)	(934)
Total comprehensive income	-	-	67	67
At 31 December 2015	<u>1,800</u>	<u>85</u>	<u>13,394</u>	<u>15,279</u>
	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2014	<u>1,800</u>	<u>85</u>	<u>11,068</u>	<u>12,953</u>
Profit for the year	-	-	1,739	1,739
Other comprehensive income	-	-	520	520
Total comprehensive income	-	-	2,259	2,259
At 31 December 2014	<u>1,800</u>	<u>85</u>	<u>13,327</u>	<u>15,212</u>

The notes on pages 13 to 38 form an integral part of these financial statements.

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 General information

The Company is a private company limited by share capital incorporated and domiciled in United Kingdom.

The address of its registered office is:

Paragon Works
Nr Accrington
Lancashire
BB5 2SL
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in accordance with FRS 101.

The Company's ultimate parent undertaking, Chemtura Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of Chemtura Corporation are prepared in accordance with US GAAP and are available to the public and may be obtained from the address in note 20.

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

2 Accounting policies (continued)

Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel;

The Company proposed to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The financial statements are prepared on the historical cost basis.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the Company.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

2 Accounting policies (continued)

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Buildings	Equal instalments over 40 years
Plant and machinery	Equal instalments between 3 and 15 years

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade debtors

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

2 Accounting policies (continued)

Stocks

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Creditors

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

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

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

2 Accounting policies (continued)

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated (separately for each plan) by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

3 Discontinued operations

Disposal of Droitwich Facility.

On 31 May 2014, the Company disposed of its Droitwich facility, which formed part of the Company's manufacture and sale of polyurethanes operations. An impairment charge of £304,000 has been recognised in respect of its Droitwich facility upon its reclassification as held for sale. Inventory produced prior to the closure of the site was sold by the Company in 2015.

The results of the discontinued operations, which have been included in the income statement, were as follows:

	2015 £ 000	2014 £ 000
Revenue	607	6,752
Expenses	<u>(839)</u>	<u>(5,787)</u>
(Loss)/Profit before tax	<u>(232)</u>	<u>965</u>

4 Revenue

The analysis of the company's revenue for the year, is as follows:

	2015 £ 000	2014 £ 000
Turnover by destination:		
UK	9,234	10,873
Europe	7,235	12,073
Other	<u>3,323</u>	<u>4,562</u>
	<u>19,792</u>	<u>27,508</u>

5 Operating profit

Arrived at after charging

	2015 £ 000	2014 £ 000
Depreciation expense	683	1,027
Loss on disposal of land at Droitwich	304	-
Foreign exchange gains	<u>8</u>	<u>302</u>

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

6 Other interest receivable and similar income

	2015	2014
	£ 000	£ 000
Interest income on unimpaired financial assets	12	-
Expected interest on pension scheme assets	<u>2,008</u>	<u>2,074</u>
	<u>2,020</u>	<u>2,074</u>

Other interest receivable and similar income includes income from group undertakings of £12,000 (2014: £nil).

7 Interest payable and similar charges

	2015	2014
	£ 000	£ 000
Total interest expense on financial liabilities at amortised cost	-	9
Expected interest on pension scheme liabilities	<u>1,987</u>	<u>2,022</u>
	<u>1,987</u>	<u>2,031</u>

Interest payable and similar charges includes amounts payable to group undertakings of £nil (2014: £9,000).

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2015	2014
	£ 000	£ 000
Wages and salaries	2,509	3,536
Social security costs	244	359
Pension costs, defined contribution scheme	<u>141</u>	<u>267</u>
	<u>2,894</u>	<u>4,162</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2015	2014
	No.	No.
Production	29	35
Administration and support	<u>51</u>	<u>74</u>
	<u>80</u>	<u>109</u>

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2015 £ 000	2014 £ 000
Remuneration	<u>86</u>	<u>69</u>

In respect of the highest paid director:

	2015 £ 000	2014 £ 000
Remuneration	76	63
Benefits under long-term incentive schemes (excluding shares)	5	-
Company contributions to money purchase pension schemes	<u>5</u>	<u>6</u>

10 Audit fees

	2015 £ 000	2014 £ 000
Audit of these financial statements	<u>35</u>	<u>35</u>

11 Income tax

Tax charged/(credited) in the income statement

	2015 £ 000	2014 £ 000
Current taxation		
Current tax on profits for the year	235	-
Deferred taxation		
Arising from origination and reversal of temporary differences	137	324
Arising from changes in tax rates and laws	122	(32)
Adjustments in respect of previous periods	<u>135</u>	<u>(65)</u>
Total deferred taxation	<u>394</u>	<u>227</u>
Tax expense in the income statement	<u>629</u>	<u>227</u>

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

11 Income tax (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2014 - lower than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

	2015 £ 000	2014 £ 000
Profit before tax	1,630	1,966
Corporation tax at 20.25% (2014: 21.5%)	330	422
Increase (decrease) in deferred tax from adjustment for prior periods	135	(65)
Increase (decrease) from effect of revenues exempt from taxation	32	(119)
Increase from effect of expenses not deductible in determining taxable profit	10	41
Decrease arising from group relief tax reconciliation	-	(20)
Deferred tax expense (credit) relating to changes in tax rates or laws	122	(32)
Total tax charge	629	227

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 December 2015 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Company's future current tax charge accordingly and reduce the deferred tax asset at 31 December 2015 by £11,140

Deferred tax

Deferred tax assets and liabilities

2015	Asset £ 000
Tax losses carry-forwards	644
Accelerated tax depreciation	421
Accruals	49
Pension benefit obligations	-
	1,114

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

11 Income tax (continued)

2014	Asset £ 000
Tax losses carry-forwards	858
Accelerated tax depreciation	466
Accruals	180
Pension benefit obligations	-
	<u>1,504</u>

Deferred tax movement during the year:

	At 1 January 2015 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2015 £ 000
Tax losses carry-forwards	858	(214)	-	644
Accelerated tax depreciation	466	(45)	-	421
Accruals	180	(131)	-	49
Pension benefit obligations	-	(4)	4	-
Net tax assets/(liabilities)	<u>1,504</u>	<u>(394)</u>	<u>4</u>	<u>1,114</u>

Deferred tax movement during the prior year:

	At 1 January 2014 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2014 £ 000
Tax losses carry-forwards	864	(6)	-	858
Accelerated tax depreciation	296	170	-	466
Accruals	326	(146)	-	180
Pension benefit obligations	375	(245)	(130)	-
Net tax assets/(liabilities)	<u>1,861</u>	<u>(227)</u>	<u>(130)</u>	<u>1,504</u>

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

12 Property, plant and equipment

	Land and buildings £ 000	Plant, Equipment and Motor Vehicles £ 000	Total £ 000
Cost or valuation			
At 1 January 2015	8,629	26,972	35,601
Additions	-	227	227
Disposals	(3,936)	(13,617)	(17,553)
At 31 December 2015	4,693	13,582	18,275
Depreciation and Impairment			
At 1 January 2015	5,627	24,895	30,522
Charge for the year	116	566	682
Impairment losses	304	-	304
Disposals	(3,935)	(13,612)	(17,547)
At 31 December 2015	2,112	11,849	13,961
Carrying amount			
At 31 December 2015	2,581	1,733	4,314
At 31 December 2014	3,002	2,077	5,079

13 Stocks

	2015 £ 000	2014 £ 000
Raw materials and consumables	933	1,101
Work in progress	2	30
Finished goods and goods for resale	1,500	1,816
	2,435	2,947

14 Debtors

	2015 £ 000	2014 £ 000
Trade debtors	2,819	3,777
Amounts owed by group undertakings	6,304	3,436
Prepayments	92	59
Other receivables	276	211
	9,491	7,483

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

15 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each of £1 each	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>

16 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	2015 £ 000	2014 £ 000
Within one year	27	4
In two to five years	<u>93</u>	<u>211</u>
	<u>120</u>	<u>215</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £84,000 (2014 - £91,000)

17 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £140,652 (2014 - £267,262).

Defined benefit pension schemes

1) Baxenden Chemicals Limited Family Security Plan

Baxenden Chemicals Limited ("the Company") operates a defined benefit pension arrangement called the Baxenden Chemicals Limited Family Security Plan ("the Scheme"). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death.

The scheme is subject to the Statutory Funding Objective under the Pensions Act 2004.

The scheme is managed by a board of Trustees appointed in part by the Company and part from elections by members of the scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

The scheme closed to future benefit accrual with effect from 31 January 2014, although a link to Final Pensionable Salary at the date a member leaves employment has been retained. There were no scheme amendments, curtailments or settlements during the period under review.

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

17 Pension and other schemes (continued)

A valuation of the scheme is carried out at least every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective. The Statutory Funding Objective does not currently impact on the recognition of the Scheme in these accounts.

Contributions paid to the pension scheme in 2015 were £716,000 (2014: £768,000).

The expected contributions to the plan for the next reporting period are £716,000.

The scheme was most recently valued on 1 December 2012. The Company is required to agree a Schedule of Contributions with the Trustees of the Scheme following a valuation, which must be carried out at least once every three years. The next valuation of the scheme is due as at 1 December 2015.

Risks

Investment risk

The Scheme holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if deficits emerge.

Interest risk

The scheme's liabilities are assessed using market yields on high corporate bonds to discount the liabilities. As the Scheme holds different assets such as equities the value of the assets and liabilities may not move in the same way.

Inflation risk

A significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long-term, movements over the short-term could lead to deficits emerging.

Life expectancy risk

In the event that members live longer than assumed a deficit will emerge in the Scheme.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2015 £ 000	2014 £ 000
Fair value of scheme assets	25,778	25,169
Present value of scheme liabilities	(24,220)	(24,780)
	1,558	389
Effect of net asset ceiling	(1,558)	(389)
Defined benefit pension scheme surplus recognised	-	-

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

17 Pension and other schemes (continued)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2015 £ 000	2014 £ 000
Fair value at start of year	25,169	20,002
Interest income	937	886
Remeasurement (losses)/gains	(652)	3,991
Employer contributions	716	768
Contributions by scheme participants	-	16
Benefits paid	<u>(392)</u>	<u>(494)</u>
Fair value at end of year	<u>25,778</u>	<u>25,169</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2015 £ 000	2014 £ 000
Cash and cash equivalents	81	157
Fiduciary Management arrangement with Mercer LLC	<u>25,697</u>	<u>25,012</u>
	<u>25,778</u>	<u>25,169</u>

Actual return on scheme's assets

	2015 £ 000	2014 £ 000
Actual return on scheme assets	<u>285</u>	<u>4,877</u>

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

17 Pension and other schemes (continued)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2015 £ 000	2014 £ 000
Present value at start of year	24,780	21,206
Current service cost	-	21
Remeasurement (gains)/losses arising from changes in demographic assumptions	-	443
Remeasurement (gains)/losses arising from changes in financial assumptions	(1,078)	2,674
Remeasurements (gains)/losses arising from experience adjustments	-	(8)
Interest cost	910	922
Benefits paid	(392)	(494)
Contributions by scheme participants	-	16
Present value at end of year	<u>24,220</u>	<u>24,780</u>

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2015 %	2014 %
Mortality rate	1.00	1.00
Discount rate	4.00	3.70
Future salary increases	3.75	3.60
Inflation (RPI)	3.25	3.10
Inflation (CPI)	<u>2.25</u>	<u>2.10</u>

Amounts recognised in the income statement

	2015 £ 000	2014 £ 000
Amounts recognised in operating profit		
Current service cost	-	21
Amounts recognised in finance income or costs		
Net interest	<u>13</u>	<u>(106)</u>
Total recognised in the income statement	<u>13</u>	<u>(85)</u>

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

17 Pension and other schemes (continued)

Amounts taken to the Statement of Comprehensive Income

	2015 £ 000	2014 £ 000
Actuarial gains and losses arising from changes in demographic assumptions	-	(443)
Actuarial gains and losses arising from changes in financial assumptions	1,078	(2,674)
Actuarial gains and losses arising from experience adjustments	-	8
Return on plan assets, excluding amounts included in interest income/(expense)	(652)	3,991
Amounts recognised in the Statement of Comprehensive Income	<u>426</u>	<u>882</u>

History of experience gains and losses

	2015 £ 000	2014 £ 000	2013 £ 000	2012 £ 000	2011 £ 000
Defined benefit obligation	(24,220)	(24,780)	(21,206)	(18,237)	(16,659)
Fair value of plan assets	<u>25,778</u>	<u>25,169</u>	<u>20,002</u>	<u>16,043</u>	<u>12,983</u>
Surplus / (Deficit)	<u>1,558</u>	<u>389</u>	<u>(1,204)</u>	<u>(2,194)</u>	<u>(3,676)</u>

Experience adjustments

	2015 £ 000/%	2014 £ 000/%	2013 £ 000/%	2012 £ 000/%	2011 £ 000/%
Experience adjustments on scheme liabilities	-	8	(61)	565	317
As a percentage of present value of plan liabilities	- %	- %	(3) %	3 %	2 %
Changes in assumptions used to value scheme liabilities	1,078	(3,117)	(636)	(1,527)	(1,631)
Experience adjustments on scheme assets	(652)	3,991	1,524	1,156	(1,281)
As a percentage of scheme assets	<u>(3) %</u>	<u>16 %</u>	<u>8 %</u>	<u>7 %</u>	<u>(10) %</u>

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

17 Pension and other schemes (continued)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ .25 £ 000	2015 0.0% £ 000	- .25 £ 000
Adjustment to discount rate			
Present value of total obligation	23,021	24,220	25,507
	+ 0.25 £ 000	2015 0.0% £ 000	- 0.25 £ 000
Adjustment to rate of inflation			
Present value of total obligation	25,040	24,220	23,395
	+ 1 Year £ 000	2015 None £ 000	- 1 Year £ 000
Adjustment to mortality age rating assumption			
Present value of total obligation	23,584	24,220	24,849

2) Baxenden Chemicals Limited Retirement Benefit Scheme

Baxenden Chemicals Limited ("the Company") operates a defined benefit pension arrangement called the Baxenden Chemicals Limited Retirement Benefits Scheme ("the Scheme"). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death.

The scheme is subject to the Statutory Funding Objective under the Pensions Act 2004.

The scheme is managed by a board of Trustees appointed in part by the Company and part from elections by members of the scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

The scheme closed to future benefit accrual with effect from 31 January 2014, although a link to Final Pensionable Salary at the date a member leaves employment has been retained. There were no scheme amendments, curtailments or settlements during the period under review.

A valuation of the scheme is carried out at least every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective. The Statutory Funding Objective does not currently impact on the recognition of the Scheme in these accounts.

Contributions paid to the pension scheme in 2015 were £433,500 (2014: £506,000).

The expected contributions to the plan for the next reporting period are £433,500.

The scheme was most recently valued on 1 December 2012. The Company is required to agree a Schedule of Contributions with the Trustees of the Scheme following a valuation, which must be carried out at least once every three years. The next valuation of the scheme is due as at 1 December 2015.

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

17 Pension and other schemes (continued)

Risks

Investment risk

The Scheme holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if deficits emerge.

Interest risk

The scheme's liabilities are assessed using market yields on high corporate bonds to discount the liabilities. As the Scheme holds different assets such as equities the value of the assets and liabilities may not move in the same way.

Inflation risk

A significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long-term, movements over the short-term could lead to deficits emerging.

Life expectancy risk

In the event that members live longer than assumed a deficit will emerge in the Scheme.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2015 £ 000	2014 £ 000
Fair value of scheme assets	28,585	29,131
Present value of scheme liabilities	<u>(27,992)</u>	<u>(28,529)</u>
	593	602
Effect of net asset ceiling	<u>(593)</u>	<u>(602)</u>
Defined benefit pension scheme surplus recognised	<u><u>-</u></u>	<u><u>-</u></u>

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

17 Pension and other schemes (continued)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2015 £ 000	2014 £ 000
Fair value at start of year	29,131	24,491
Interest income	1,071	1,078
Remeasurement (losses)/gains	(1,249)	3,550
Employer contributions	434	506
Contributions by scheme participants	-	21
Benefits paid	(802)	(515)
Fair value at end of year	<u>28,585</u>	<u>29,131</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2015 £ 000	2014 £ 000
Cash and cash equivalents	39	115
Fiduciary Management arrangement with Mercer LLC	<u>28,546</u>	<u>29,016</u>
	<u>28,585</u>	<u>29,131</u>

Actual return on scheme's assets

	2015 £ 000	2014 £ 000
Actual return on scheme assets	<u>(178)</u>	<u>4,628</u>

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

17 Pension and other schemes (continued)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2015 £ 000	2014 £ 000
Present value at start of year	28,529	25,211
Current service cost	-	32
Remeasurement (gains)/losses arising from changes in demographic assumptions	-	453
Remeasurement (gains)/losses arising from changes in financial assumptions	(776)	2,239
Remeasurement (gains)/losses arising from experience adjustments	-	(10)
Interest cost	1,041	1,098
Benefits paid	(802)	(515)
Contributions by scheme participants	-	21
Present value at end of year	<u>27,992</u>	<u>28,529</u>

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2015 %	2014 %
Mortality rate	1.00	1.00
Discount rate	4.00	3.70
Future pension increases	3.20	3.05
Inflation (RPI)	3.25	3.10
Inflation (CPI)	<u>2.25</u>	<u>2.10</u>

Amounts recognised in the income statement

	2015 £ 000	2014 £ 000
Amounts recognised in operating profit		
Current service cost	-	32
Amounts recognised in finance income or costs		
Net interest	<u>8</u>	<u>(20)</u>
Total recognised in the income statement	<u>8</u>	<u>12</u>

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

17 Pension and other schemes (continued)

Amounts taken to the Statement of Comprehensive Income

	2015 £ 000	2014 £ 000
Actuarial gains and losses arising from changes in demographic assumptions	-	(453)
Actuarial gains and losses arising from changes in financial assumptions	776	(2,239)
Actuarial gains and losses arising from experience adjustments	-	10
Return on plan assets, excluding amounts included in interest income/(expense)	(1,249)	3,550
Amounts recognised in the Statement of Comprehensive Income	<u>(473)</u>	<u>868</u>

History of experience gains and losses

	2015 £ 000	2014 £ 000	2013 £ 000	2012 £ 000	2011 £ 000
Defined benefit obligation	28,585	29,131	24,491	20,369	16,447
Fair value of plan assets	<u>(27,992)</u>	<u>(28,529)</u>	<u>(25,211)</u>	<u>(21,842)</u>	<u>(19,575)</u>
Surplus / (Deficit)	<u>593</u>	<u>602</u>	<u>(720)</u>	<u>(1,473)</u>	<u>(3,128)</u>

Experience adjustments

	2015 £ 000/%	2014 £ 000/%	2013 £ 000/%	2012 £ 000/%	2011 £ 000/%
Experience adjustments on scheme liabilities	-	10	(657)	273	(59)
As a percentage of present value of plan liabilities	- %	- %	(3) %	1 %	- %
Changes in assumptions used to value scheme liabilities	776	(2,692)	(1,542)	(1,666)	(1,045)
Experience adjustments on scheme assets	(1,249)	3,550	1,516	1,389	(1,192)
As a percentage of scheme assets	<u>(4) %</u>	<u>1 %</u>	<u>6 %</u>	<u>7 %</u>	<u>(7) %</u>

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

17 Pension and other schemes (continued)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ .25 £ 000	2015 0.0% £ 000	- .25 £ 000
Adjustment to discount rate			
Present value of total obligation	26,723	27,992	29,349
	+ 0.25 £ 000	2015 0.0% £ 000	- 0.25 £ 000
Adjustment to rate of inflation			
Present value of total obligation	29,448	27,992	26,556
	+ 1 Year £ 000	2015 None £ 000	- 1 Year £ 000
Adjustment to mortality age rating assumption			
Present value of total obligation	27,223	27,992	28,752

18 Other Long Term provisions

	Other provisions £ 000
At 1 January 2015	350
Decrease in existing provisions	(54)
Provisions utilised	(154)
At 31 December 2015	142

Provision for anticipated dilapidation costs at the Accrington and Droitwich sites: the provisions relating to the Droitwich facility have been fully utilised as at 31 December 2015.

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

19 Trade Creditors

	2015	2014
	£ 000	£ 000
Trade payables	1,420	1,189
Accrued expenses	144	480
Amounts due to group undertakings	266	-
Social security and other taxes	100	112
Corporation tax	3	-
	<u>1,933</u>	<u>1,781</u>

20 Parent and ultimate parent undertaking

The company's immediate and ultimate parent company is Chemtura Corporation. The largest and smallest group in which the results of the Company are consolidated is that headed by Chemtura Corporation incorporated in USA. These financial statements are available upon request from 199 Benson Road, Middlebury, Connecticut, 06749, USA

21 Transition to FRS 101

As stated in note 2, these are the Company's first financial statements prepared in accordance with FRS 101. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014.

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

21 Transition to FRS 101 (continued)

Balance sheet at 1 January 2014

	Note	As originally reported £ 000	Remeasurement £ 000	As restated £ 000
Fixed assets				
Tangible fixed assets		5,924	-	5,924
Current assets				
Stocks		3,161	-	3,161
Debtors		6,894	(169)	6,725
Cash at bank and in hand		3,489	-	3,489
		13,544	(169)	13,375
Creditors: Amounts falling due within one year	21.1	(2,279)	(306)	(2,585)
Net current assets		11,265	(475)	10,790
Total assets less current liabilities		17,189	(475)	16,714
Provisions for liabilities	21.1	(2,104)	(117)	(2,221)
Net pension liability		(1,539)	-	(1,539)
Net assets		13,546	(592)	12,954
Capital and reserves				
Share capital		1,800	-	1,800
Share premium		85	-	85
Profit and loss account		11,661	(592)	11,069
Shareholders' funds		13,546	(592)	12,954

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

21 Transition to FRS 101 (continued)

Balance sheet at 31 December 2014

	Note	As originally reported £ 000	Reclassification £ 000	Remeasurement £ 000	As restated £ 000
Fixed assets					
Tangible fixed assets		5,079	-	-	5,079
Deferred tax assets	21.2	-	1,692	(188)	1,504
		<u>5,079</u>	<u>1,692</u>	<u>(188)</u>	<u>6,583</u>
Current assets					
Stocks		2,947	-	-	2,947
Debtors		9,107	(1,624)	-	7,483
Cash at bank and in hand		<u>330</u>	<u>-</u>	<u>-</u>	<u>330</u>
		12,384	(1,624)	-	10,760
Creditors: Amounts falling due within one year	21.1	<u>(1,658)</u>	<u>(68)</u>	<u>(55)</u>	<u>(1,781)</u>
Net current assets		<u>10,726</u>	<u>(1,692)</u>	<u>(55)</u>	<u>8,979</u>
Total assets less current liabilities		15,805	-	(243)	15,562
Provisions for liabilities	21.1	<u>(221)</u>	<u>-</u>	<u>(129)</u>	<u>(350)</u>
Net assets		<u>15,584</u>	<u>-</u>	<u>(372)</u>	<u>15,212</u>
Capital and reserves					
Share capital		1,800	-	-	1,800
Share premium		85	-	-	85
Profit and loss account		<u>13,699</u>	<u>-</u>	<u>(372)</u>	<u>13,327</u>
Shareholders' funds		<u>15,584</u>	<u>-</u>	<u>(372)</u>	<u>15,212</u>

Baxenden Chemicals Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

21 Transition to FRS 101 (continued)

Profit and loss account for the year ended 31 December 2014

	Note	As originally reported £ 000	Remeasurement £ 000	As restated £ 000
Turnover		27,508	-	27,508
Cost of sales	21.1	<u>(23,758)</u>	<u>239</u>	<u>(23,519)</u>
Gross profit		3,750	239	3,989
Distribution costs		(808)	-	(808)
Administrative expenses		<u>(1,258)</u>	<u>-</u>	<u>(1,258)</u>
Operating profit		<u>1,684</u>	<u>239</u>	<u>1,923</u>
Other interest receivable and similar income		2,074	-	2,074
Interest payable and similar charges		<u>(2,031)</u>	<u>-</u>	<u>(2,031)</u>
		<u>43</u>	<u>-</u>	<u>43</u>
Profit before tax		1,727	239	1,966
Tax on profit on ordinary activities		<u>(207)</u>	<u>(20)</u>	<u>(227)</u>
Profit for the financial year		<u><u>1,520</u></u>	<u><u>219</u></u>	<u><u>1,739</u></u>

21.1 Dilapidation provision

Recognition of short-term dilapidation provision within Creditors due within one year of £306,000 for movement prior to 1 January 2014 with a corresponding charge to reserves. In 2014, £251,000 was released from the short term dilapidation reserve due to Droitwich site closure costs and 2014 cost of goods sold was credited with this amount.

Recognition of long-term dilapidation reserve within Provisions for liabilities of £117,000 for movement prior to 1 January 2014 with a corresponding charge to reserves. In 2014, the long term reserve was increased by a net £12,000 with an offsetting charge to 2014 cost of goods sold.

21.2 Deferred tax

Recognition of a deferred tax liability in relation to Industrial Buildings Allowances. For the period prior to 1 January 2014 the deferred tax asset within Debtors was reduced by £168,000 with an offsetting charge to reserves. For the financial year 2014, an addition to the liability of £20,000 was recognised, with a corresponding charge to tax expense.