

AGRICHROME LIMITED
Registered Number: 02228826

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Principle activities and business review

The principal activity of the Company is to provide financing to Group undertakings.

As an financing company that forms part of the Elementis plc group of companies, whose structure is constantly evolving and based upon a variety of operational, regulatory and legal factors, the company's directors do not believe that analysis of the company using key performance indicators is necessary or appropriate for an understanding of the development, performance or position of the company. The key performance indicators of Elementis plc are discussed on page 14 of the 2016 Annual Report and Accounts, which does not form part of this report.

The results of the year ended 31 December 2016 are set out in the profit & loss account on page 7. The loss for the year of £157k compared to a loss of £157k in 2015 has remained consistent year on year.

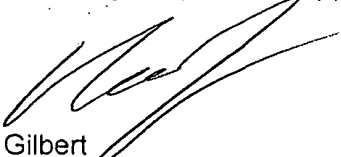
Principal risks and uncertainties

The main risks that the business faces are its exposure to changes in interest rates and its exposure to changes in exchange rates. These risks are managed by the Company's treasury function which monitors interest rate risk, currency risk and liquidity risk for the Elementis Group as a whole.

Future developments

The directors expect the general level of activity to remain consistent with 2016 in the forthcoming year.

The Strategic report was approved by the Board and has been signed on its behalf by:



C Gilbert
Director

Date: 29 September 2017

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 31 December 2016.

Directors indemnities

There were no director indemnities during the year ended 31 December 2016 (2015: nil).

Directors

Directors of the Company, who served throughout the year and to the date of this report, are as follows:

BG Taylorson	(Resigned 31 October 2016)
W Wong	
J Sergeant	(Resigned 7 October 2016)
C Gilbert	(Appointed 1 November 2016)
R Hewins	(Appointed 1 November 2016)

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Letters of support have been provided to support this expectation within all group entities. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors do not consider liquidity risk to be a significant risk for this entity due to the inter-group financing available when required.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements (see note 1).

Dividends

No ordinary share dividend was paid or proposed during the year (2015: £nil).

A preference share dividend of £nil was paid during the year (2015: £nil). An amount of £171,845 of preference share dividend was not paid in the year due to the lack of further distributable reserves in the Company (2015: £171,845).

Charitable and political contributions

The company made no political or charitable contributions during the year (2015: none)

Employment communications and involvement

It is Company policy to communicate with all employees on major matters to encourage them to take a wider interest in the affairs of the Company. This is done in a variety of ways including in-house newspapers, bulletins and briefing sessions. The Company operates a savings-related share option scheme allowing all UK employees an opportunity to become shareholders.

Employment policies

The Company is committed to the principle of equal opportunities in employment, regardless of a person's race, creed, colour, nationality, gender, age, marital status or disability. Employment policies are fair, equitable and consistent with the skills and abilities of the employees and the needs of the Company business.

These policies ensure that everyone is accorded equal opportunity for recruitment, training and promotion. Where an employee becomes disabled whilst employed by the Company, every effort is made to allow that person to continue in employment.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Pursuant to Section 485 of the Companies Act 2006, the members have reappointed Deloitte LLP as statutory auditor.

By order of the Board



C Gilbert
Director

Date: 29 September 2017

Registered office:
Caroline House
55-57 High Holborn
London
WC1V 6DX

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGRICHROME LIMITED

We have audited the financial statements of Agrichrome Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 8. 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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

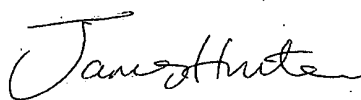
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGRICHROME LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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



James Hunter (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Reading
United Kingdom

Date: 29 September 2017

STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Interest receivable from group undertakings		18	18
Interest payable and similar charges	3	(172)	(172)
Loss before taxation		<u>(154)</u>	<u>(154)</u>
Tax charge on ordinary activities	4	(3)	(3)
Loss for the year		<u>(157)</u>	<u>(157)</u>
Total comprehensive loss		<u>(157)</u>	<u>(157)</u>

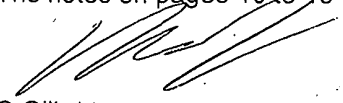
All amounts above relate to continuing operations. There are no recognised gains or losses other than those shown in the profit and other comprehensive income above.

The notes on pages 10 to 15 form part of these financial statements.

BALANCE SHEET
As at 31 December 2016

	Note	2016 £'000	2015 £'000
Current assets			
Debtors: Amounts owed by group undertakings	5	180,667	180,648
Current liabilities			
Creditors: Amounts falling due within one year	6	<u>(182,640)</u>	<u>(182,464)</u>
Net liabilities		<u>(1,973)</u>	<u>(1,816)</u>
Capital and reserves			
Share capital	7	-	-
Profit and loss account		<u>(1,973)</u>	<u>(1,816)</u>
Shareholders' Deficit		<u>(1,973)</u>	<u>(1,816)</u>

The notes on pages 10 to 15 form part of these financial statements.


C Gilbert
Director
Agrichrome Limited
Company registered number 02228826

Approved by the Board and authorised for issue on **29 September 2017**

**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016**

	Share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2015	-	(1,659)	(1,659)
Comprehensive income			
Total comprehensive income for the period	-	(157)	(157)
Balance at 31 December 2015	-	(1,816)	(1,816)
Comprehensive income:			
Total comprehensive income for the period	-	(157)	(157)
Balance at 31 December 2016	-	(1,973)	(1,973)

The notes on pages 10 to 15 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

1 Accounting policies

Agrichrome Limited ('the Company') is a Company incorporated and domiciled in the UK, registered in England & Wales and limited by shares.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

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.

As a qualifying entity whose results are consolidated into the Elementis plc consolidated financial statements which include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Presentation of the cash flow statement and related notes;
- Share based payments;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of related party transactions;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and,
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The financial statements have been prepared on a historical cost basis.

The Company's ultimate parent undertaking, Elementis plc includes the Company in its consolidated financial statements. The consolidated financial statements of Elementis plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address as disclosed on note 20.

Going concern

The financial statements have been prepared on a going concern basis, on the grounds that Elementis plc, the ultimate parent company, will continue to provide financial and other support to the company at least for the next twelve months from the date of approval of these financial statements.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

1 Accounting policies (continued)

- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at the date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at exchange rate ruling at the dates the fair value was determined. Exchange gains and losses on foreign currency equity investments are taken to the profit and loss account.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in the Statement of profit and comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Critical accounting judgements and key sources of estimation uncertainty

When applying the Company's accounting policies, management must make a number of key judgements on the application of applicable accounting standards and estimates and assumptions concerning the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and judgements are based on factors considered to be relevant, including historical experience, which may differ significantly from the actual outcome. The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the amounts recognised in the financial statements are discussed below.

Key sources of estimation uncertainty

In the opinion of the directors there are no key sources of estimation uncertainty that impact this business.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (continued)**

2 Administrative expenses and auditor's remuneration

Auditor's remuneration and expenses are borne by Elementis Holdings Limited, an intermediate parent undertaking.

Due to the nature of the operations of the Group, the remuneration of the directors for their services to the Company is not contained in the records of the Company, as the amount of work performed by the directors for the Company is immaterial. The emoluments of all the directors are borne by the Company's parent undertaking, Elementis plc, or another group undertaking for which they performed substantially all of their executive duties.

The financial statements are publicly available, details are disclosed in note 8.

There were no employees in the year (2015: nil).

3 Interest payable and similar charges

	2016 £'000	2015 £'000
Interim dividends payable in respect of:		
Cumulative redeemable preference shares	<u>172</u>	<u>172</u>

An amount of £171,845 of preference share dividend was not paid in the year due to the lack of distributable reserves in the company (2015: £171,845). Cumulative unpaid dividends in respect of redeemable preference shares amount to £2,133,985 at 31 December 2016 (2015: £1,962,140).

4 Tax on profit on ordinary activities

	2016 £'000	2015 £'000
The charge for tax comprises:		
United Kingdom corporation tax on ordinary activities at 20% (2015: 20.25%)	<u>3</u>	<u>3</u>
 Factors affecting tax charge for the year:		
Loss on ordinary activities before tax	(153)	(154)
 Tax on ordinary activities at 20% (2015: 20.25%)	31	31
Expenses not deductible for tax purposes	(34)	(34)
Current tax charge for the year	<u>(3)</u>	<u>(3)</u>

The 2015 Budget in March 2015 announced that the UK corporation tax rate at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. The 2016 Budget in March 2016 announced a further reduction to the Corporation Tax rate for the year starting 1 April 2020 at 17%.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (continued)**

5 Debtors

	2016 £'000	2015 £'000
Amounts owed to group undertakings	<u>180,667</u>	<u>180,648</u>

The amount owed to group companies relates to a loan which is repayable on demand and bears interest at 0.01% per annum.

6 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to group undertakings	8,639	8,638
Group relief tax payable	45	42
Preference shares	<u>173,956</u>	<u>173,784</u>
	<u>182,640</u>	<u>182,464</u>

Amounts owed to group undertaking are repayable on demand and are interest-free.

The preference shares comprise:

	2016 £'000	2015 £'000
Authorised, issued and fully paid:		
6 per cent Cumulative redeemable preference shares of £1 each	-	-
0.1 per cent Cumulative redeemable preference shares of £1 each	<u>10</u>	<u>10</u>
	10	10
Related share premium	171,812	171,812
Undeclared preference dividend	<u>2,134</u>	<u>1,962</u>
	<u>173,956</u>	<u>173,784</u>

The 6 per cent cumulative redeemable preference shares of £1 each, of which 400 have been issued, are redeemable on demand at a premium of 10 pence. Dividends are payable twice yearly on the amount subscribed for the shares.

The 0.1 per cent cumulative redeemable preference shares are redeemable on demand at the amount subscribed. Dividends are payable twice yearly on the amount subscribed for the shares.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016 (continued)

6 Creditors: amounts falling due within one year (continued)

In the event of a winding up, the 6 per cent cumulative redeemable preference shares will have priority for repayment of capital paid up over the 0.1 per cent cumulative redeemable preference shares. Both cumulative redeemable preference shares have priority to any payment ahead of the ordinary shares.

Neither cumulative redeemable preference shares have any further right to participate in the assets of the company.

The holders of the cumulative redeemable preference shares are not entitled to vote.

7 Called up share capital

	Issued and fully paid	
	2016	2015
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

8 Parent and ultimate parent undertakings

The Company's ultimate parent undertaking and controlling party is Elementis plc. The Company's immediate parent undertaking is Elementis Securities Limited.

Elementis plc was the smallest and largest group to consolidate the financial statements of the Company. Copies of the consolidated financial statements of Elementis plc may be obtained from Caroline House, 55-57 High Holborn, London, WC1V 6DX.