Chemtura Manufacturing UK Limited

Strategic Report, Directors' Report and financial statements

Registered number 02624692

For the year ended 31 December 2014

Contents

Directors and advisers

Directors
Billie S Flaherty
Stephen C Forsyth
Anthony J Risino

Secretary
Arthur C Fullerton

Auditor
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Strategic report

The Directors present their Strategic Report, Directors' Report and financial statements for the year ended 31 December 2014.

Results and dividends

The profit for the year, after taxation, amounted to £2,914,000 (*2013: £2,773,000*). No dividends were paid in the year *(2013: £nil)*.

Principal activities and business review

The principal activity of the Company is the manufacture of speciality chemicals, particularly brominated and phosphorous flame retardants and performance additive fluids. The Company also has a supply agreement for the manufacture of industrial water additives.

Strategy

The business strategy is to generate growth in sales and profitability through technology-led innovation, participating in the growth of the faster growing regions of the world, creating a performance driven culture among its employees and actively managing its business portfolio and costs.

Performance during 2014

Overall turnover was down 14%, driven by the cessation of production of brominated performance products in Q3 2014, a reduction in sales of phosphorous flame retardants due to decreased demand and decreased sales of water treatment products to the supply agreement partner. Sales of bromine intermediates and performance additive fluids were in line with the previous year. Gross margins relative to sales were generally stable overall as a result of favourable manufacturing variances and increased efficiencies.

Chemtura Corporation announced a cost saving program for 2015 which aims to reduce manufacturing costs by $50m worldwide, along with a $10m reduction in administration costs: the Company will be reducing its costs in accordance with this plan.

	2014	*2013*
	£000	*£000*
Turnover	**86,697**	100,671
Gross profit	**13,630**	17,093
Operating profit	**2,828**	4,526
Retained profit for the financial year	**2,914**	2,773
On time delivery to customers	**91%**	89%

Strategic report

Key risks and uncertainties

Key risks to the business are recognised as:

- Additional regulatory requirements in environmental, health and safety and product registration.
- Global foreign exchange rate volatility, particularly for the Euro and US dollar.
- Availability and pricing of raw materials and energy.
- Declining order volumes.

To mitigate risk on regulatory requirements both employees and external advisors are used to monitor compliance with specific laws and regulations.

- Actions have been taken to reduce fixed costs, adjust plant production rates to meet reduced customer demand and manage working capital.
- Whilst we attempt to match raw material or energy price increases with corresponding product price increases we may not be able to do so immediately. Ultimately, our ability to pass on increases depends on market conditions.

Key performance indicators

The Company monitors the business internally using a number of performance indicators: these include sales, on time delivery to customers and profitability (see page 2).

Production performance is monitored using various productivity indicators, safety, quality, ship to request and stock levels.

The Ultimate Parent company produces an annual business plan, plus monthly forecasts showing future sales, profits and cash flow to enable us to monitor ongoing business performance.

Anthony J Risino
Director
Date: 11th September 2015

Tenax Road
Trafford Park
Manchester
M17 1WT

Directors' Report

Directors

The Directors of the Company during the year ended 31 December 2014 and to the date of signing of these financial statements were as follows:

Billie S Flaherty
Stephen C Forsyth
Anthony J Risino

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.

Research and development

The Company undertakes research and development on an ongoing basis to enhance its market position. The expenditure is charged to the profit and loss account as incurred and in 2014 the amount charged was £130,000 *(2013: £1,169,000)*

Political and Charitable contributions

The Company made no political contributions during the year *(2013:£nil)*. Donations to UK charities amounted to £nil *(2013:nil)*

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.

Auditor

Pursuant to section 487 of the Companies Act 2006 the auditor will be deemed to be reappointed and will therefore continue in office.

On behalf of the board

Anthony J Risino
Director

Tenax Road
Trafford Park
Manchester
M17 1WT
Date:

Statement of Directors' responsibilities in respect of the Strategic Report, Directors' report and the financial statements

The Directors are responsible for preparing the Strategic report, Directors' report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 its 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 prevent and detect fraud and other irregularities.

KPMG LLP

One St Peters Square
Manchester
M2 3AE
United Kingdom

Independent Auditor's report to the members of Chemtura Manufacturing UK Limited

We have audited the financial statements of Chemtura Manufacturing UK Limited for the year ended 31 December 2014 set out on pages 8 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' 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 set out on page 5, 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 web-site at www.frc.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 2014 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditor's report to the members of Chemtura Manufacturing UK 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.

Richard Evans (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St Peters Square
Manchester
M2 3AE
United Kingdom
Date: 15 September 2015

Profit and loss account

for the year ended 31 December 2014

	Notes	*2014* *£000*	*2013* *£000*
Turnover	2	**86,697**	100,671
Cost of sales		**(73,067)**	(83,578)
Gross profit		**13,630**	17,093
Distribution costs	3	**(2,294)**	(2,869)
Administrative expenses (Including exceptional net credit of £173,000 (*2013: nil*))	3	**(8,508)**	(9,698)
Operating profit		**2,828**	4,526
Gain/(loss) on disposal of fixed assets		**615**	(330)
Profit before interest and tax		**3,443**	4,196
Interest receivable and similar income	6	**7,360**	7,035
Interest payable and similar charges	7	**(6,959)**	(6,629)
Profit on ordinary activities before taxation		**3,844**	4,602
Tax on profit on ordinary activities	8	**(930)**	(1,829)
Profit on ordinary activities after taxation		**2,914**	2,773

The notes on pages 12-25 are an integral part of the financial statements.

Statement of total recognised gains and losses
for the year ended 31 December 2014

	2014	*2013*
	£000	*£000*
Profit for the financial year	**2,914**	2,773
Actuarial gain recognised in the pension scheme	**4,733**	5,382
Deferred tax arising on gain in the pension scheme	**(947)**	(1,251)
Effect of pension asset limit	**(12,233)**	(10,178)
Deferred tax on pension asset limit	**2,447**	2,367
Total recognised loss relating to the financial year	**(3,086)**	(907)

Balance Sheet
at 31 December 2014

	Notes	*2014* *£000*	*2013* *£000*
Fixed assets			
Intangible assets	9	**78**	123
Tangible assets	10	**15,146**	16,549
		15,224	16,672
Current assets			
Stocks	11	**10,745**	10,960
Debtors (includes debtors greater than 1 year of £4,856,000 (2013: £4,286,000)	12	**128,712**	127,118
Cash at bank and in hand		**4**	123
		139,461	138,201
Creditors: amounts falling due within one year	13	**(9,005)**	(7,761)
Net current assets		**130,456**	130,440
Total assets less current liabilities		**145,680**	147,112
Creditors: amounts falling due after one year	14	**(351)**	(364)
Provisions for liabilities	19	**(1,667)**	-
Net assets excluding pension liabilities		**143,662**	146,748
Pension liabilities	20	**-**	-
Net assets including pension liabilities		**143,662**	146,748
Capital and reserves			
Share capital	15	**100,310**	100,310
Share premium account	16	**25,000**	25,000
Profit and loss account	16	**18,352**	21,438
Total shareholder's funds - equity		**143,662**	146,748

The notes on pages 12-25 are an integral part of the financial statements.

These financial statements were approved by the board of directors on the 11th September 2015 and were signed on its behalf by:

Anthony J Risino

Director

Registered number 02624692

Reconciliation of movements in shareholder's funds
at 31 December 2014

	2014	*2013*
	£000	*£000*
Profit for the year	**2,914**	2,773
Net addition in shareholder's funds	**2,914**	2,773
Opening shareholder's funds	**146,748**	147,655
Actuarial gain relating to the year (net)	**3,786**	4,131
Effect of pension asset limit (net)	**(9,786)**	(7,811)
Closing shareholder's funds	**143,662**	146,748

The notes on pages 12-25 are an integral part of the financial statements.

Notes to the accounts

Forming part of the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules.

The Company's results are included in those of the Ultimate Parent company, Chemtura Corporation, which is incorporated in the USA.

As a wholly owned subsidiary the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions with fellow members of the Chemtura Corporation group.

The Company has not prepared a cash flow statement as it has taken advantage of the exemption conferred by Financial Reporting Standard 1 (revised 1996).

Going concern

The financial statements have been prepared under the going concern assumption. The company's business activities, together with the factors likely to affect its future development, performance and position, are noted in the directors' report and the accounts, which show that the company has adequate levels of liquidity and is able to recover its intercompany debtor balances from other Group Companies in order to meet its short term debt requirements. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After reviewing the forecasts for the next 12 months the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and meet commitments as they fall due.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Fixed assets and depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less the estimated residual value, by equal instalments over their estimated useful economic lives as follows:

Buildings	-	40 years
Plant and machinery	-	Between 3 and 15 years

Freehold land is not depreciated

Notes to the accounts (continued)

Forming part of the financial statements

1. Accounting policies (continued)

Goodwill and amortisation

Goodwill is amortised over a 5 year period on a straight line basis, taking into account estimated useful economic life of the assets and contractual obligations.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads.

Post retirement benefits

The Company pension scheme has a defined contribution section and a defined benefit section. The latter section provides benefits based on final pensionable pay and was closed to future accruals at 31st May 2008. The assets of the scheme are held separately from those of the Company.

The defined benefit section liabilities are measured using the projected unit method and relate to past service only as members are not accruing any benefits in the scheme.

The defined benefit section deficit is recognised in full. The movement in the scheme deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The defined benefit section surplus is not recognised in these financial statements. A surplus can only be recognised in the financial statements to the extent that the Company can gain economic benefit from it, either by paying a reduced rate of future contributions or taking a refund from the Plan.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

Turnover

Turnover excludes value added taxes. The Company generates revenue through sales of specialty chemicals and related services in the open market, through raw material conversion agreements and supply contracts. Revenue is recognised when significant risks and rewards in respect of ownership of the products are passed to the customer.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Notes to the accounts (continued)

Forming part of the financial statements

2. Turnover and segmental analysis

Turnover is attributable to one business segment, the manufacture and sale of speciality chemicals. Analysis of turnover by geographical market is as follows:

	2014	*2013*
	£000	*£000*
Turnover by destination:		
Europe	**86,559**	91,452
Americas	**114**	9,179
Asia	**24**	40
	86,697	100,671

3. Operating Profit

This is stated after charging/(crediting):	*2014*	*2013*
	£000	*£000*
Auditor's remuneration - audit of these financial statements	**29**	29
Depreciation of owned fixed assets	**2,261**	2,161
Goodwill amortisation	**45**	45
Research and development costs	**130**	1,169
Intercompany balance write off	**(355)**	-
Operating lease rentals – plant and machinery	**521**	498
Government grants	**(13)**	(13)
Income from legal claim - exceptional	**(2,662)**	-
Redundancy costs - exceptional	**2,489**	419

4. Directors' emoluments

The emoluments of Directors of the Company are as stated below:

	2014	*2013*
	£000	*£000*
Emoluments	**149**	165

The emoluments of the highest paid Director of the Company are as stated below:

	2014	*2013*
	£000	*£000*
	149	146

Notes to the accounts (continued)

Forming part of the financial statements

5. Staff costs

	2014	*2013*
	£000	*£000*
Wages and salaries	**7,956**	8,501
Social security costs	**913**	960
Other pension costs	**399**	402
	9,268	9,863

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

	2014	*2013*
	No.	*No.*
Administration	**134**	139
Manufacturing	**68**	79
	202	218

6. Interest receivable and similar income

	2014	*2013*
	£000	*£000*
Expected return on pension scheme assets	**6,957**	6,629
Group undertakings	**403**	403
Other	**-**	3
	7,360	7,035

7. Interest payable and similar charges

	2014	*2013*
	£000	*£000*
Interest on pension scheme liabilities	**6,957**	6,629
Group undertakings	**2**	-
	6,959	6,629

Notes to the accounts (continued)

Forming part of the financial statements

8. Tax on profit on ordinary activities.

(a) Analysis of charge in period	***2014***	*2013*
	£000	*£000*
Current tax:		
UK Corporation tax on profits of the period	-	-
Adjustments in respect of previous periods	-	60
Total current tax (note 8b)	-	60
Deferred tax:		
Origination and reversal of timing differences	**874**	1,100
Adjustments in respect of change in deferred tax rate	**(61)**	643
Adjustment in respect of prior periods	**117**	26
Total deferred tax	**930**	1,769
Total tax charge	**930**	1,829

(b) Factors affecting tax charge for year

The tax assessed on the profit on ordinary activities is lower than the standard of corporation tax in the UK of 21.50% (2013: 23.25%). The differences are reconciled below:

	2014	*2013*
	£000	*£000*
Profit on ordinary activities before tax	**3,844**	4,602
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.50% *(2013: 23.25%)*	**826**	1,070
Effects of:		
Disallowable expenses	**(85)**	30
Capital allowances less than depreciation	**499**	554
Adjustments to tax charge in respect of previous years	-	60
Unrelieved tax losses carried forward	**1,873**	1,712
Other timing differences	**(1,500)**	(1,622)
Pension adjustment	**(1,613)**	(1,744)
Total current tax (note 8a)	-	60

Notes to the accounts (continued)

Forming part of the financial statements

8. Tax on profit on ordinary activities (continued).

(c) Factors that may affect future tax charges:

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

At 31 December 2014 the company had unrecognised tax losses amounting to £nil (*2013: £nil*).

9. Goodwill

Total	
	£000
Goodwill at acquisition:	**224**
Amortisation	
At 1 January 2014	101
Charge for the year	45
At 31 December 2014	146
Goodwill at 31 December 2014	**78**
Goodwill at 31 December 2013	123

Notes to the accounts (continued)

Forming part of the financial statements

10. Tangible fixed assets

	Freehold land and buildings £000	*Plant and machinery £000*	*Total £000*
Cost:			
At 1 January 2014	5,901	54,460	60,361
Additions	175	988	1,163
Disposals	(257)	(202)	(459)
At 31 December 2014	**5,819**	**55,246**	**61,065**
Depreciation:			
At 1 January 2014	2,152	41,660	43,812
Charge for the year	106	2,155	2,261
Disposals	(27)	(127)	(154)
At 31 December 2014	**2,231**	**43,688**	**45,919**
Net book value:			
At 31 December 2014	**3,588**	**11,558**	**15,146**
At 31 December 2013	3,749	12,800	16,549

11. Stocks

	2014 £000	*2013 £000*
Raw materials and consumables	**1,841**	1,590
Work in progress	**51**	187
Finished goods	**8,853**	9,183
	10,745	10,960

12. Debtors

	2014 £000	*2013 £000*
Other debtors	**3,077**	422
Amounts owed by group undertakings	**120,189**	121,934
Prepayments and accrued income	**590**	433
Deferred tax asset (see below)	**4,856**	4,286
VAT receivable	**-**	43
	128,712	127,118

Notes to the accounts (continued)

Forming part of the financial statements

12. Debtors (continued)

Deferred Taxation

	Deferred Tax Asset
	£000
At 1 January 2014	**4,286**
Short term timing differences	**(1,395)**
Accelerated Capital Allowances	**464**
Losses carried forward	**1,618**
Prior year adjustment	**(117)**
At 31 December 2014	**4,856**

The elements of deferred taxation (shown in debtors) are set out below:

	2014	*2013*
	£000	*£000*
Capital allowances in advance of depreciation	**1,030**	489
Pension adjustment	**-**	1,405
Losses carried forward	**3,817**	2,392
Short term timing differences	**9**	-
	4,856	4,286

The deferred tax asset elements are all greater than one year

13. Creditors: amounts falling due within one year

	2014	*2013*
	£000	*£000*
Trade creditors	**6,752**	5,895
Amounts owed to group undertakings	**405**	380
Accruals and deferred income	**1,242**	1,319
Other tax and social security	**593**	154
Government grants	**13**	13
	9,005	7,761

Amounts owed to group undertakings are shown as due within one year as they are repayable on demand.

Notes to the accounts (continued)

Forming part of the financial statements

14. Creditors: amounts falling due after one year

	2014	*2013*
	£000	*£000*
Deferred Grants	**8**	21
Supply agreement reserve	**343**	343
	351	364

15. Share Capital

	2014		*2013*	
	No.	*£000*	*No.*	*£000*
Allotted, called up and fully paid:				
Ordinary shares of £1 each	**100,310,025**	**100,310**	100,310,025	100,310

16. Reserves

	Share Capital £000	*Share premium £000*	*Profit and loss £000*	*Total £000*
At 1 January 2014	100,310	25,000	21,438	146,748
Profit for the year	-	-	2,914	2,914
Actuarial gain relating to year	-	-	3,786	3,786
Effect of pension asset limit	-	-	(9,786)	(9,786)
At 31 December 2014	**100,310**	**25,000**	**18,352**	**143,662**

17. Capital commitments

	2014	*2013*
	£000	*£000*
Contracted, not provided	**67**	44

18. Other financial commitments

At 31 December 2014, the Company had annual commitments under non-cancellable operating leases, none of which related to land and buildings, as set out below:

	2014	*2013*
	£000	*£000*
Operating leases which expire:		
Within one year	**17**	16
In two to five years	**152**	215
	169	231

Notes to the accounts (continued)

Forming part of the financial statements

18. Other financial commitments *(continued)*

To underpin its obligations to the pension scheme, the Ultimate Parent company has guaranteed up to $25 million of the agreed cash contribution and the Company has granted the Trustees a lien over a loan it had made to its ultimate parent company, Chemtura Corporation, with a value of £34,816,777 and interest that accrues under the loan, until the liabilities in respect of all members' pensions or other benefits have been discharged in full by the purchase of annuities of the kind described in section 74(3)(c) of the Pensions Act 1985.

Chemtura consider this contract to be an insurance contract.

19. Provision for liabilities

	Redundancy provision ***£000***
At beginning of year	-
Charged to the profit and loss account in the year	1,667
At end of year	1,667

20. Pension Commitments

The Company pension scheme (Great Lakes (UK) Limited Pension Plan) has a defined contribution section and a defined benefit section. The latter section provides benefits based on final pensionable pay as at 31st December 2008.

The Company made contributions to the defined contribution scheme in 2014 of £399,000 (2013: £402,000) matching the employee contribution rate up to a maximum of 7%.

The latest full actuarial valuation of the defined benefit scheme was carried out at 31 December 2011 and updated for FRS17 purposes to 2014 by a qualified independent actuary.

The assets of the scheme are held separately from those of the Company in Trustee administered funds.

Amounts recognised in the Balance Sheet

	2014 ***£000***	*2013* *£000*
Present value of wholly or partly funded obligations	**(179,850)**	(156,314)
Fair value of Plan assets	**202,261**	166,492
Surplus	**22,411**	10,178
Related deferred tax liability	**(4,482)**	(2,367)
Net surplus	**17,929**	7,811
Effect of asset limit on Net Surplus	**(17,929)**	(7,811)
Net surplus	-	-

Notes to the accounts (continued)

Forming part of the financial statements

20. Pension Commitments *(continued)*

Movement in present value of defined benefit obligation

	2014	*2013*
	£000	*£000*
At 1 January 2014	**156,314**	155,726
Interest cost	**6,957**	6,629
Actuarial loss/(gain)	**21,860**	(520)
Benefits paid from Plan/Company	**(5,281)**	(5,521)
At 31 December 2014	**179,850**	156,314

The defined benefit obligation includes an age equalisation provision amounting to £5,652,000 (*2013: £5,652,000*).

Movement in fair value of plan assets

	2014	*2013*
	£000	*£000*
At 1 January 2014	**166,492**	153,022
Expected return on Plan assets	**6,957**	6,629
Actuarial gain on Plan assets	**26,593**	4,862
Employer contributions	**7,500**	7,500
Benefits paid from Plan/Company	**(5,281)**	(5,521)
At 31 December 2014	**202,261**	166,492

Expense recognised in Profit and Loss Account

	2014	*2013*
	£000	*£000*
Interest cost	**6,957**	6,629
Expected return on scheme assets	**(6,957)**	(6,629)
Total	**-**	-

Notes to the accounts (continued)

Forming part of the financial statements

20. Pension Commitments *(continued)*

Amounts recognised in Statement of Total Recognised Gains and Losses

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and the effect of pension asset limit is £26,190,000, *(2013: £18,690,000)*.

	2014	*2013*
	£000	*£000*
Actuarial (gains)/losses immediately recognised	**(4,733)**	(5,382)
Total	**(4,733)**	(5,382)
Cumulative losses recognised	**3,779**	8,512

Principal actuarial assumptions

	2014	*2013*
Weighted average assumption to determine benefit obligations:		
Discount rate	**3.75%**	4.70%
Rate of price inflation (RPI)	**3.20%**	3.45%
Rate of price inflation (CPI)	**2.40%**	2.65%
Assumed life expectations on retirement at age 65:		
Retiring today (member age 65)	**22.5**	22.5
Retiring in 20 years (member age 45 today)	**24.3**	24.2

Plan assets

Plan assets by asset allocation:

	2014		*2013*	
	£'000	*%*	*£'000*	*%*
Equity securities	**69,525**	**34.40%**	61,907	37.20%
Debt securities	**116,753**	**57.70%**	90,817	54.50%
Property	**4,750**	**2.40%**	1,201	0.70%
Hedge funds	**10,992**	**5.40%**	12,112	7.30%
Cash	**241**	**0.10%**	455	0.30%
	202,261		166,492	

Notes to the accounts (continued)

Forming part of the financial statements

20. Pension Commitments *(continued)*

Expected return on assets by asset allocation:

	2014	2013
Equity Securities	**5.45%**	6.60%
Debt Securities	**2.70%**	3.85%
Property	**5.45%**	6.60%
Hedge Funds	**4.45%**	5.60%
Cash	**0.50%**	0.50%
Weighted average	**3.81%**	5.00%

To develop the expected long term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the actual asset allocation at the start of the year to develop the expected long term rate of return on assets assumption for the portfolio. This resulted in the selection of an assumption of 5.00% per annum at 31 December 2013. FRS 101/102 will be applied in the year ending 31 December 2015, under which interest on assets is based on the discount rate (i.e for the 2015 year end 3.75%). The expected return on asset assumptions above has been shown for information purposes.

History of experience gains and losses

	2014	*2013*	*2012*	*2011*	*2010*
	£000	*£000*	*£000*	*£000*	*£000*
Defined benefit obligation	**(179,850)**	(156,314)	(155,726)	(155,530)	(147,866)
Fair value of plan assets	**202,261**	166,492	153,022	131,684	101,617
Deficit /(Surplus)	**(22,411)**	(10,178)	2,704	23,846	46,249

Experience adjustments

	2014	2013	2012	2011	2010
	£000/%	£000/%	£000/%	£000/%	£000/%
Difference between the expected and actual return on plan assets	**(26,593)**	(4,862)	(5,382)	1,192	(5,809)
As a percentage of plan assets	**(13%)**	(3%)	(4%)	1%	(6%)
Experience adjustments on plan liabilities	-	-	(2,174)	-	-
As a percentage of present value of plan liabilities	-	-	(1%)	-	-

In March 2014 the Company continued the recovery plan and made a cash contribution of £7,500,000 in the 2014 financial year. In 2015, no contributions are planned.

Notes to the accounts (continued)

Forming part of the financial statements

21. Parent undertaking and controlling party

The Company's immediate parent undertaking is Great Lakes Europe Unlimited, which is exempt from the requirement to prepare group accounts under Section 400 of the Companies Act 2006.

The ultimate parent undertaking and controlling party is Chemtura Corporation which is incorporated in the USA. Copies of its group accounts, which include the Company, are available from 199 Benson Road, Middlebury, Connecticut, CT 06749, USA.