

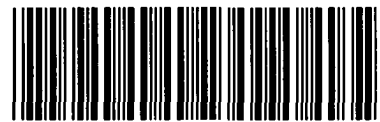
BASF Performance Products Limited

Directors' Report and Financial Statements

Registered number: 3249009

for the Year Ended 31 December 2016

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BASF Performance Products Limited
Directors' Report and Financial Statements
Registered Number 3249009
Year Ended 31 December 2016

Contents

Directors' Report	1
Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements	2
Independent Auditor's Report to the members of BASF Performance Products Limited	3
Profit and Loss Account	5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9

Directors' Report for the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Principle activity

The principal activity of the company was formerly the manufacture and sale of waste water and paper treatments, pigments and oilfield & mining products. During the current and prior years the company did not trade.

On 1 January 2015 the company's trade assets and liabilities of £48,627,000 were sold to BASF plc. As the directors intend to liquidate the company they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 2.

Results and dividends

The profit for the year ended 31 December 2016 was £nil (2015: profit £3,800,000).

During the year, the company paid no dividends to its shareholders (2015: £52,427,482).

Directors of the company

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

S Hatton

T Urwin

Disclosure of information to the auditors

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 auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 18 April 2017 and signed on its behalf by:



H Koerner

Company secretary

Earl Road
Cheadle Hulme
Cheshire
SK8 6QG
England

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

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 UK Accounting Standards and applicable law (UK Accepted Accounting Practice), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 has 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. As explained in note 2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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.

KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent Auditor's Report to the members of BASF Performance Products Limited

We have audited the financial statements of BASF Performance Products Limited for the year ended 31 December 2016, set out on pages 5 to 13. 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 in respect of the Directors' Report and the Financial Statements (set out on page 2), 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 (APB'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.frc.org.uk/auditscopeukprivate.

Opinion on the 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 results 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.

Emphasis of matter - non-going concern basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note.

**Independent Auditor's Report to the members of BASF Performance Products Limited
(continued)**

Opinion on other matter prescribed by the Companies Act 2006

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

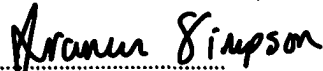
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report:

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

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
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Frances Simpson (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Date: 5/5/17

BASF Performance Products Limited
Directors' Report and Financial Statements
Registered Number 3249009
Year Ended 31 December 2016

Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Operating profit/(loss)		-	-
Profit on sale of trade and assets		-	3,800
		-	3,800
Profit before tax		-	3,800
Taxation	5	-	-
Profit for the financial year		-	3,800

Trading activity was discontinued in the company on 1 January 2015 but continued in BASF plc.

The company has no recognised gains or losses for the year other than the results above.

BASF Performance Products Limited
Directors' Report and Financial Statements
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Year Ended 31 December 2016

Statement of Comprehensive Income for the Year Ended 31 December 2016

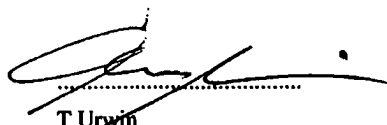
	Note	2016 £ 000	2015 £ 000
Profit for the year		-	3,800
Total comprehensive income for the year		-	3,800

BASF Performance Products Limited
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Year Ended 31 December 2016

Balance Sheet as at 31 December 2016

	Note	2016 £ 000	2015 £ 000
Net assets/(liabilities)		-	-
Capital and reserves			
Called up share capital	6	-	-
Profit and loss account		-	-
Total equity		-	-

Approved and authorised by the Board on 18 April 2017 and signed on its behalf by:


T Urwin
Director

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2016 and 31 December 2016	-	-	-	-
	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2015	50,991	124,032	(126,396)	48,627
Profit for the year	-	-	3,800	3,800
Total comprehensive income	-	-	3,800	3,800
Dividends	-	-	(52,427)	(52,427)
Capital reduction	(50,991)	(124,032)	175,023	-
At 31 December 2015	-	-	-	-

Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

The company is a private company limited by share capital incorporated in England.

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.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Summary of disclosure exemptions

The company's ultimate parent undertaking, BASF Societas Europaea (BASF SE) includes the company in its consolidated financial statements. The consolidated financial statements of BASF SE are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period; and
- Cash Flow Statement and related notes

The financial statements of BASF SE may be obtained from BASF Societas Europaea, 67056 – Ludwigshafen, Germany.

Going concern

In previous years the financial statements have been prepared on a going concern basis. However, on 1 January 2015 the net assets and liabilities of £48,627,000 of the company were sold to BASF plc and the company has now ceased trading. The directors intend to liquidate the company and as such have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts included in the financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2016

2 Accounting policies (continued)

Tax

The tax expense for the period comprises 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.

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.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

3 Directors' remuneration

The directors provide services to a number of group companies. Remuneration is not allocated by entity and the amounts disclosed represent the total remuneration receivable by the directors for their services to the wider group.

	2016 £ 000	2015 £ 000
Remuneration	315	455
Contributions paid to money purchase schemes	27	120
	<u>342</u>	<u>575</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2016 No.	2015 No.
Received or were entitled to receive shares under long term incentive schemes	1	1
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

Notes to the Financial Statements for the Year Ended 31 December 2016

3 Directors' remuneration (continued)

In respect of the highest paid director:

	2016 £ 000	2015 £ 000
Remuneration	204	366
Company contributions to money purchase pension schemes	<u>10</u>	<u>74</u>

During the year the highest paid director received or was entitled to receive shares under a long term incentive scheme.

4 Auditors' remuneration

The auditor's remuneration of £1,000 (2015: £2,500) was borne by BASF plc, a group undertaking.

5 Taxation

Tax charged/(credited) in the income statement

	2016 £ 000	2015 £ 000
Current taxation		
UK corporation tax	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Notes to the Financial Statements for the Year Ended 31 December 2016

5 Taxation (continued)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £ 000	2015 £ 000
Profit before tax	-	3,800
Corporation tax at standard rate	-	770
Effect of revenues exempt from taxation	-	(598)
Effect of expense not deductible in determining taxable profit (tax loss)	-	512
Tax increase (decrease) arising from group relief	-	(684)
Total tax charge/(credit)	-	-

The UK corporation tax rate was reduced from 21% to 20% on 1 April 2015. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016 and substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

6 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No. 000	£ 000	No. 000	£ 000
ordinary shares of £0.05 each	-	-	-	-

The issued share capital of the company is £0.05 (1 ordinary share of £0.05).

Notes to the Financial Statements for the Year Ended 31 December 2016

7 Dividends

	2016 £ 000	2015 £ 000
Final dividend of £Nil (2015 - £Nil) per ordinary share	-	-
Interim dividend of £Nil (2015 - £52,427,482.42) per ordinary share	-	52,427
	<u>-</u>	<u>52,427</u>

8 Parent and ultimate parent undertaking

The company's immediate parent is Ciba Specialty Chemicals Water Treatments Limited, incorporated in England. Registered office Cleckheaton Road, Bradford, DB12 0JZ.

The ultimate parent is BASF Societas Europaea, incorporated in Germany.

The most senior parent entity producing publicly available financial statements is BASF Societas Europaea. These financial statements are available upon request from BASF Societas Europaea, D67056 – Ludwigshafen, Germany.

The ultimate controlling party is BASF Societas Europaea.