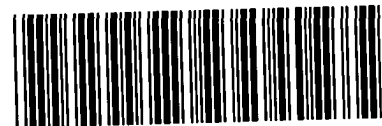


Company Registration No. 03767080

**Venator P&A Holdings UK Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2018**

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**Venator P&A Holdings UK Limited, Company Registration 03767080**

**Annual Report and Financial Statements for the year ended 31  
December 2018**

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**Venator P&A Holdings UK Limited,  
Company Registration 03767080**

**COMPANY INFORMATION  
For the Year Ended 31 December 2018**

<b>Directors</b>	K D Ogden J J Pehrson R J J Phillipson S D J Ibbotson
<b>Company Secretary</b>	R J J Phillipson
<b>Registered Office</b>	Titanium House Hanzard Drive Wynyard Park Stockton on Tees TS22 5FD United Kingdom
<b>Registered Number</b>	03767080 (England and Wales)
<b>Solicitor</b>	Womble Bond Dickinson (UK) LLP St Anns Wharf 112 Quayside Newcastle upon Tyne NE1 3DX United Kingdom
<b>Auditor</b>	Deloitte LLP Statutory Auditor Leeds LS1 2AL United Kingdom

## STRATEGIC REPORT

For the Year Ended 31 December 2018

### Principal activity

Venator P&A Holdings UK Limited is a UK intermediate holding company for certain of the worldwide subsidiaries of Venator Materials PLC. The principal areas of operation of the group are the manufacture and sale of titanium dioxide pigments.

### Review of the business and future developments

The statement of comprehensive income for the financial year is set out on page 8.

The company made a loss of £1,905,000 (2017: loss of £551,000). It incurred net interest expenditure of £1,902,000 in the year (2017: net interest expense of £549,000). As at 31 December 2018, the company had net assets of £232,512,000 (2017: £234,417,000).

The key performance indicators of the company monitor the amount of interest received and paid (refer to notes 6 and 7 respectively), the carrying value of the investments (refer to note 9) and the value of intercompany debtors and creditors (refer to notes 10 and 11 respectively). These key performance indicators were in line with expectations for the current and prior years. These are considered by management to be the key performance indicators for the company as they are the main indicators of performance for the group's holding companies.

The directors expect the result of the company to remain consistent with 2018 in the forthcoming year, based on the expectation that the current financing structure of the Group as a whole will remain in place. The company's result could be significantly affected by external interest rate changes which impact the interest received and paid, but which are beyond the company's control.

### Principal risks and uncertainties

The company does not trade but is exposed to risks associated with changes in foreign exchange rates. These risks are monitored on an ongoing basis but the company does not enter into any hedging activity and does not use financial instruments in this regard.

The company is also exposed to risks associated with the performance of the companies in which it holds investments.

Management continues to closely monitor developments in relation to Brexit. Whilst the business is not currently experiencing any adverse impact on its financial condition as a direct result of Brexit, adverse consequences such as deterioration in economic conditions, volatility in currency exchange rates or adverse changes in regulation could have a negative impact on its future operations, operating results and financial condition.

There are currently several projects ongoing regarding the potential political and economic uncertainties in order to mitigate the risks to the business.

Globally, Venator's operations are increasingly subject to regulations that seek to reduce emissions of greenhouse gases ("GHG"), such as carbon dioxide and methane, which may be contributing to changes in the earth's climate. The group is managing and reporting GHG emissions, to varying degrees, as required by law for sites in locations subject to U.S. federal and state requirements, Kyoto Protocol obligations and / or the EU GHG Emissions Trading System requirements. Further details on how Venator is managing its GHG emissions can be found in the Form 10-K, a copy can be obtained from the group's website at [www.venatorcorp.com](http://www.venatorcorp.com).

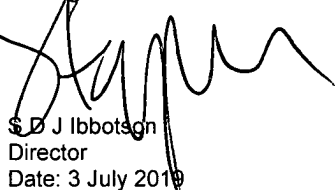
### Dividends

No dividends will be distributed for the year ended 31 December 2018 (2017: £nil).

### Post balance sheet events

There have been no post balance sheet events requiring disclosure to the date of this report.

Approved by the Board of Directors  
and signed on behalf of the Board



S. J. Ibbotson  
Director  
Date: 3 July 2019

**DIRECTORS' REPORT**  
**For the Year Ended 31 December 2018**

The directors present their annual report with the audited financial statements of the company for the year ended 31 December 2018.

**Results and dividends**

The loss for the period ended 31 December 2018 was £1,905,000 (2017: £551,000). The directors recommend that no dividend be declared in respect of 2018 (2017: £nil).

**Directors**

The directors shown below have held office during the whole of the year from 1 January 2018 to the date of this report, except where indicated otherwise.

K D Ogden  
R J J Phillipson  
J J Pehrson  
R R Stolle (resigned 15 March 2019)  
S D J Ibbotson (appointed 15 March 2019)

**Directors indemnities**

The company has made qualifying third party indemnity provisions for the benefit of its directors (as well as for the benefit of the directors of its subsidiaries) during the period and these remain in force at the date of this report.

**Principal risks and uncertainties**

Details of risks and uncertainties, including financial risks can be found in the Strategic Report and form part of this report by cross-reference.

**Political and charitable donations**

The company did not make any political or charitable donations during the year (2017: £nil).

**Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out within the Strategic Report. The financial position of the company and liquidity position are set out in the attached financial statements. In addition, the principal risks and uncertainties section within the Strategic Report details the main risks to the business. The company is part of a group cash-pooling arrangement and has access to considerable financial resources. Due to this cash-pooling arrangement the directors have obtained a letter of support from Venator Materials PLC to confirm that access to financial resources and support would be available to it should it need to call on this. Although this letter is not legally binding, given the company's important function within the group, the intention of the parent company to support the company is consistent with these objectives. The directors have considered the ability of the parent to provide this support. After making such enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**Future developments and events after the balance sheet date**

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report and form part of this report by cross-reference.

**Statement as to disclosure of information to auditor**

In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves 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.

**Venator P&A Holdings UK Limited,  
Company Registration 03767080**

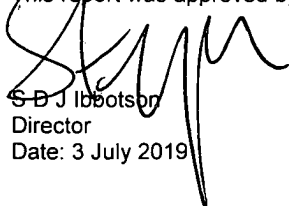
**DIRECTORS' REPORT (CONTINUED)  
For the Year Ended 31 December 2018**

**Auditor**

A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

**Approval**

This report was approved by the board of directors on 3 July 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'S-D J Ibbotson', written over the printed name and date.

S-D J Ibbotson

Director

Date: 3 July 2019

**DIRECTORS' RESPONSIBILITIES STATEMENT  
For the Year Ended 31 December 2018**

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 102 "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 then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 VENATOR P&A HOLDINGS UK LIMITED**  
**For the Year Ended 31 December 2018**

**Report on the audit of the Financial Statements**

**Opinion**

In our opinion the financial statements of Venator P&A Holdings UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (The FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to

We have nothing to report in respect of these matters.

**Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENATOR P&A HOLDINGS UK LIMITED  
(CONTINUED)  
For the Year Ended 31 December 2018**

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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 or the directors' report.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Powell, FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds  
United Kingdom  
Date: 3 July 2019

**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2018

	<b>Note</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Administrative expenses	3	(3)	(2)
<b>OPERATING LOSS</b>		<u>(3)</u>	<u>(2)</u>
Interest receivable and similar income	6	-	1,097
Interest payable and similar expenses	7	(1,902)	(1,646)
<b>LOSS BEFORE TAXATION</b>	3	<u>(1,905)</u>	<u>(551)</u>
Tax on loss	8	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><u>(1,905)</u></u>	<u><u>(551)</u></u>

**CONTINUING OPERATIONS**

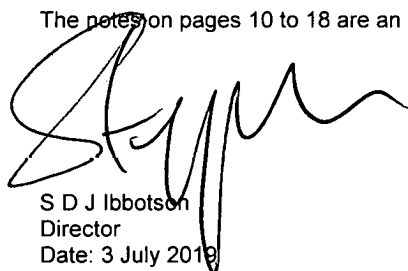
None of the company's activities were acquired or discontinued during the current year or previous year.

**BALANCE SHEET**  
As at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>FIXED ASSETS</b>			
Investments	9	266,840	266,840
<b>CURRENT ASSETS</b>			
Debtors due within one year	10		1,530
<b>CREDITORS</b>			
Amounts falling due within one year	11	(34,328)	(33,953)
<b>NET CURRENT LIABILITIES</b>		(34,328)	(32,423)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>232,512</u>	<u>234,417</u>
<b>NET ASSETS</b>		<u><b>232,512</b></u>	<u><b>234,417</b></u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	12	196,823	196,823
Share premium account	12	35,429	35,429
Profit and loss account	12	260	2,165
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u><b>232,512</b></u>	<u><b>234,417</b></u>

These financial statements of Venator P&A Holdings UK Limited (registered number 03767080) were approved by the Board of Directors and authorised for issue on 3 July 2019.

The notes on pages 10 to 18 are an integral part of these financial statements.



S D J Ibbotson  
Director  
Date: 3 July 2019

**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2018

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Totals £'000
<b>At 1 January 2017</b>	<b>196,823</b>	<b>35,429</b>	<b>3,618</b>	<b>235,870</b>
Loss for the financial year	-	-	(551)	(551)
<b>Total Comprehensive Loss</b>	<b>-</b>	<b>-</b>	<b>(551)</b>	<b>(551)</b>
Dividend adjustment re: 2014 dividend	-	-	(902)	(902)
<b>At 31 December 2017</b>	<b>196,823</b>	<b>35,429</b>	<b>2,165</b>	<b>234,417</b>
Loss for the financial year	-	-	(1,905)	(1,905)
<b>Total Comprehensive Loss</b>	<b>-</b>	<b>-</b>	<b>(1,905)</b>	<b>(1,905)</b>
<b>At 31 December 2018</b>	<b>196,823</b>	<b>35,429</b>	<b>260</b>	<b>232,512</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2018**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards which have been applied consistently in the current and preceding year. The particular accounting policies adopted by the directors are described below.

**General information and basis of accounting**

Venator P&A Holdings UK Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 2.

The financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Venator P&A Holdings UK Limited is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the company operates. Foreign operations are included in accordance with the policies set out below.

Venator P&A Holdings UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to presentation of a cash flow statement, financial instruments, intra-group transactions and remuneration of key management personnel.

**Post balance sheet events**

There have been no post balance sheet events requiring disclosure to the date of this report.

**Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out within the Strategic Report. The financial position of the company and liquidity position are as set out in the attached financial statements. In addition, the principal risks and uncertainties section within the Strategic Report details the main risks to the business. The company is part of a group cash-pooling arrangement and has access to considerable financial resources. Due to this cash-pooling arrangement the directors have obtained a letter of support from Venator Materials PLC to confirm that access to financial resources and support would be available to it should it need to call on this. Although this letter is not legally binding, given the company's important function within the group, the intention of the parent company to support the company is consistent with these objectives. The Directors have considered the ability of the parent to provide this support. After making such enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**Basis of consolidation**

Consolidated financial statements are not presented because Venator P&A Holdings UK Limited is a wholly owned subsidiary. The results of Venator P&A Holdings UK Limited for the year ended 31 December 2018 have been consolidated in the financial statements of Venator Materials PLC, a company registered in England and Wales.

**Foreign currencies**

Transactions denominated in foreign currencies are translated into Pounds Sterling at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated into Pounds Sterling at the rate ruling at that date. These translation differences are dealt with in the profit and loss account.

**Interest receivable**

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount receivable can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable to the financial asset. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

**Interest payable**

Interest payable is recognised when it is probable that the economic benefits will flow from the company and the amount payable can be measured reliably. Interest payable is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable to the financial liability. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial liability to the liability's net carrying amount on initial recognition.

**Investments**

Investments held as fixed assets are stated at cost less provision for impairment.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended 31 December 2018**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Financial assets and liabilities**

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. The company holds basic financial instruments only. The company has chosen to apply the recognition and measurement provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 in respect of its financial instruments.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except where the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Transaction fees receivable, or transaction costs payable, are included as a deduction to the initial carrying amount of the financial asset, or liability.

Financial assets and liabilities are only offset in the balance sheet when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Financial assets**

Financial assets, comprising of amounts owed by group undertakings, are subsequently measured at amortised cost

**Financial liabilities**

Financial liabilities, comprising of loans and borrowings, trade creditors and amounts owed to group undertakings, are subsequently measured at amortised cost using the effective interest rate method. Liabilities are classified as current liabilities if the amount is due within one year or less, or as non-current liabilities if the amount is payable in more than one year from the reporting date.

**Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

**Impairment of non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of investments is derived from measurement of the present value of the future cash flows relating to the investment.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**Impairment of financial assets**

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended 31 December 2018**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended 31 December 2018**

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors have not identified any key sources of estimation uncertainty that will have a significant risk of causing material adjustments to the carrying value of assets and liabilities within the next financial year.

The following are the critical judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

***Indicators of impairments of assets***

The directors are required to identify if there have been any indicators of impairment of assets. In making this judgement, the directors have considered both external and internal sources of information such as market conditions, internal technological conditions, counterparty credit ratings and experience of recoverability, and underlying profitability of the subsidiary undertakings. There have been no indicators of impairment identified in the current financial period.

**3. LOSS BEFORE TAXATION**

The loss before taxation is arrived at after charging the audit fee of £3,000 which is for the audit of the financial statements (2017: £4,000) and foreign exchange losses of £223,000 (2017: gain of £1,097,000).

**4. DIRECTORS' EMOLUMENTS**

None of the directors received any remuneration in respect of services to the company during the year (2017: £nil). The company had no employees during the year (2017: none).

The directors are remunerated by other Venator group companies for their services to the group as a whole. It is not practicable to allocate this between their services to Venator P&A Holdings UK Limited and other group companies.

**5. STAFF COSTS**

There were no staff costs for the year ended 31 December 2018 (2017: £nil).

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2018 £'000	2017 £'000
Foreign exchange gains on intergroup loans	-	1,097



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended 31 December 2018**

<b>7. INTEREST PAYABLE AND SIMILAR EXPENSES</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Foreign exchange losses on intergroup loans	223	-
Interest payable on intergroup loans	1,679	1,646
	<u>1,902</u>	<u>1,646</u>

<b>8. TAX ON LOSS</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
<b>Analysis of tax charge in the year:</b>	-	-
<b>Current tax</b>	-	-
UK corporation tax charge on loss for the year	-	-
Adjustments in respect of prior years	-	-
Total Current Tax	<u>-</u>	<u>-</u>
<b>Deferred Tax</b>	-	-
Origination and reversal of timing differences	-	-
Adjustments in respect of prior years	-	-
Tax charge on loss	<u>-</u>	<u>-</u>

**Factors affecting tax charge for the year:**

The standard rate of tax applied to reported loss is 19% (2017: 19.25%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2016.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	<b>2018 £'000</b>	<b>2017 £'000</b>
Loss before tax	<u>(1,905)</u>	<u>(551)</u>
Tax on loss at standard UK corporation tax rate of 19% (2017: 19.25%)	<u>(362)</u>	<u>(110)</u>
Effects of		
Effect of rate changes	-	-
Prior year adjustment	-	-
Utilisation of tax losses	-	-
Group relief surrendered	<u>362</u>	<u>110</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted on 6 September 2016, as part of the Finance Bill 2016. These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended 31 December 2018**

**9. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS**

	2018 £'000 Shares in Subsidiaries	2017 £'000 Shares in Subsidiaries
<b>Cost</b>		
As at 1 January and 31 December	<u>278,777</u>	<u>278,777</u>
<b>Provision for diminution in value</b>		
As at 1 January and 31 December	<u>11,937</u>	<u>11,937</u>
<b>Net Book Value</b>	<u>266,840</u>	<u>266,840</u>

As at 31 December 2018 the company had the following direct investments in subsidiaries. These subsidiaries were engaged in the manufacture and sale of titanium dioxide pigment and in the holding of investments in various Venator subsidiary companies. The company held the same direct investments as at 31 December 2017.

	Country of Registration and Operation	Proportion of Nominal Value of Ordinary Shares Held
Venator Materials UK Limited	England & Wales	100%
Creambay Limited	England & Wales	100%
Venator Group Canada Inc.	Canada	100%

Venator Materials UK Limited and Creambay Limited both have their registered office at Titanium House, Hanzard Drive, Wynyard Park TS22 5FD. Venator Group Canada Inc.'s registered office is c/o Dentons Canada LLP, 1 Place Ville-Marie, Suite 3900, Montreal, H3B 4M7, Canada.

As at 31 December 2018, the company had the following indirect investments in subsidiaries and associated undertakings, with the investment being held through one of the company's direct subsidiaries above. These indirect subsidiaries and associated undertakings were engaged in the manufacture and sale of titanium dioxide pigment. The company held the same indirect investments as at 31 December 2017, along with a 25% shareholding in Changshu Rockwood Pigments Company Limited, this indirect investment was sold in February 2018.

The company owns 100% of the equity share capital of Venator Pigments UK Limited, Inorganic Pigments Limited, Venator Group Services Limited and Excalibur Realty UK Limited. All of these companies were incorporated in England & Wales and their registered office is Titanium House, Hanzard Drive, Wynyard Park, TS22 5FD.

The company owns 100% of the equity share capital of Venator Australia Pty Limited and Venator Pigments Pty Limited, companies incorporated in Australia. The registered office of these companies is 21 David Street, Dandenong, Victoria 3175, Australia.

**10. DEBTORS DUE WITHIN ONE YEAR**

	2018 £'000	2017 £'000
Amounts owed by group undertakings	<u>-</u>	<u>1,530</u>

Amounts owed by group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended 31 December 2018**

<b>11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Amounts owed by group undertakings	34,328	33,953
	<u>34,328</u>	<u>33,953</u>

Amounts owed to group undertakings relate to a loan note which was issued by Venator Materials UK Limited with an initial loan value of \$30,257,006 and a loan note which was issued by Venator Investments UK Limited with an initial loan value of USD 4,952,000. They carry a variable rate of interest which are market rates calculated by JPMorgan, based on the rates charged on our debt and credit balances +12.5bp (0.125%). The balances are unsecured, have no fixed date of repayment and are repayable on demand.

Also included with amounts owed to group undertakings is a current account credit balance of £149,000, this carries a variable rate of interest which are market rates calculated by JPMorgan, based on the rates charged on our debt and credit balances +12.5bp (0.125%). This balance is unsecured, has no fixed date of repayment and is repayable on demand.

<b>12. CALLED-UP SHARE CAPITAL AND RESERVES</b>	<b>2018 No. Shares</b>	<b>2018 £'000</b>	<b>2017 No. Shares</b>	<b>2017 £'000</b>
Called-up, allotted and fully paid				
Ordinary shares of £1 each	196,823,195	196,823	196,823,195	196,823
	<u>196,823,195</u>	<u>196,823</u>	<u>196,823,195</u>	<u>196,823</u>

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.  
The share premium account contains the premium arising on the issue of equity shares, net of issue expenses.

**13. PARENT UNDERTAKING**

The immediate parent company is Venator Materials International UK Limited, a company incorporated in England and Wales. As at 31 December 2018 the ultimate parent undertaking of Venator P&A Holdings UK Limited was Venator Materials PLC, a company incorporated in England and Wales.

Following the completion of the initial public offering of Venator Materials PLC on 8 August 2017, Venator Materials PLC became the intermediate parent company of Venator P&A Holdings UK Limited. A secondary public offering on 4 December 2017 brought Huntsman's share of Venator Materials PLC down to 53.1%. A third public offering on 3 December 2018 brought Huntsman's share of Venator Materials PLC down to 48.98% meaning Venator Materials PLC became the ultimate parent company. Venator Materials PLC is listed on the New York Stock Exchange and is the controlling party of Venator P&A Holdings UK Limited.

The results of Venator P&A Holdings UK Limited for the year ended 31 December 2018 have been consolidated in the financial statements of Venator Materials PLC, a company registered in England and Wales and being the smallest and largest parent undertaking to prepare group financial statements.

The registered office address of both Venator P&A Holdings UK Limited and Venator Materials PLC is Titanium House, Hanzard Drive, Wynyard Park, Stockton-on-Tees, TS22 5FD.

Copies of the financial statements of Venator Materials PLC can be obtained from the group's website at [www.venatorcorp.com](http://www.venatorcorp.com).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended 31 December 2018**

**14. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption available to group companies within FRS 102 Section 33 "Related Party Disclosures" which allows it not to disclose transactions with Venator Materials PLC entities or investees of Venator Materials PLC qualifying as related parties.

**15. FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES**

The company has provided financial guarantees as part of a cross guarantee structure for external financing in the form of a Term Loan, Senior Notes and an ABL revolving credit facility ("RCF"), which totals \$1.05bn (only \$9.6m of the \$300m ABL RCF was utilised at 31 December 2018; 2017: \$13m). The borrowers of the Term Loan and Senior Notes are Venator Finance S.a.r.l and Venator Materials LLC, subsidiaries of Venator Materials PLC. The financing is guaranteed by Venator Materials PLC, the borrowers and subsidiaries of Venator Materials PLC, which includes the company.