

Elementis Chromium Limited Liability Partnership

Report and accounts

for the year ended 31st December 2011

Partnership number 0C303465



Elementis Chromium Limited Liability Partnership

Report and accounts

for the year ended 31st December 2011

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Elementis Chromium Limited Liability Partnership

Members and Advisors for the year ended 31st December 2011

Members

Elementis UK Limited
Elementis Holdings Limited

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Independent Auditors

KPMG Audit Plc
15 Canada Square
London E14 5GL

Elementis Chromium Limited Liability Partnership

Members' report for the year ended 31st December 2011

The members have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2011

Principal activity

The principal activity of the Partnership is the sale of chromium chemicals. All employees are contractually employed by Elementis Holdings Ltd and their associated payroll cost is recharged to the Partnership.

Business review

Following a strategic review at the beginning of the 2009, the Eaglescliffe chromium plant in the UK was closed with production ceasing in July of that year. A provision for closure costs of £11.3m was carried forward into 2011. £1.7m of this provision was utilised in 2011.

The LLP continues to sell to its European customers and is supplied by the Group's US Chromium Manufacturing Plant.

The profit for the year was £118,000 (2010: loss £262,000).

Key Performance Indicators

The LLP continues to use a number of performance measures for Health and Safety (including lost time accidents, recordable injuries, environmental non compliance). Sales (including sales volume and value, on time delivery and customer complaints), Contribution, Fixed Costs and Operating Profit are all measured at a Divisional level against annual plans and quarterly re-forecasts and reviewed by the Divisional management team on a routine basis. In addition the business closely monitors progress in both physical and monetary terms the progress of the restructuring and demolition of the Eaglescliffe site.

Risk Factors

The LLP as part of Elementis plc, is subject to a formal risk management strategy for covering insurable risks. Exchange rate fluctuations are no longer an issue as 80% of sales and 90% of costs are in US Dollars while energy costs stopped being an issue when manufacturing ceased.

Members and members' interests

The members, who were also designated members as defined in the Statement of Recommended Accounting Practice (SORP) "Accounting by Limited Liability Partnerships", throughout the year were:

Elementis UK Limited	99%
Elementis Holdings Limited	1%

It is the firm's policy that the increase, reduction or withdrawal of members' capital, is decided upon by Members' Board Resolution. The members are entitled to share in the profits of the LLP in proportion to their interest in capital. The profits of the LLP are paid out from time to time as the members agree.

Elementis Chromium Limited Liability Partnership

Members' Report (continued)

Financial instruments

The LLP does not enter into hedge transactions in respect of its operations undertaken in foreign currencies

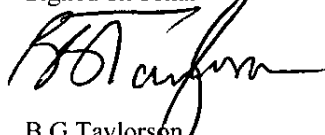
Disclosure of information to auditors

The members who held office at the date of approval of this members' report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditors are unaware and each member has taken all steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information

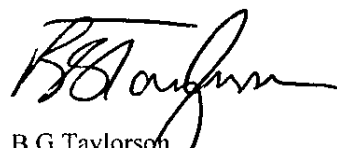
Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

Signed on behalf of the Members



B G Taylorson
Elementis UK Limited



B G Taylorson
Elementis Holdings Limited

Elementis Chromium Limited Liability Partnership

Statement of members' responsibilities in respect of the Members' Report and the financial statements

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members 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 LLP and of the profit or loss of the LLP for that period

In preparing these financial statements, the members 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 LLP will continue in business

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with those regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Elementis Chromium Limited Liability Partnership

We have audited the financial statements of Elementis Chromium Limited Partnership for the year ended 31 December 2011 set out on pages 6 to 14. 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 members of the limited liability partnership (LLP), as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 4, the members 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 relevant legal and regulatory requirements 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 APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view, of the state of affairs of the LLP as at 31 December 2011 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

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 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit, or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships' regime



M H Thompson (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

25 Feb 2012

Chartered Accountants
15 Canada Square
London
E14 5GL

Elementis Chromium Limited Liability Partnership

Profit and loss account for the year ended 31st December 2011

	Note	2011 £000	2010 £000
Turnover	2	12,647	12,964
Cost of sales		(12,298)	(12,975)
Gross profit / (loss)		349	(11)
Distribution expenses		-	(3)
Administrative expenses		(41)	(83)
Operating profit / (loss)	3	308	(97)
Interest receivable and similar income	4	-	12
Interest payable and similar charges	5	(190)	(177)
Profit / (loss) on ordinary activities before taxation		118	(262)
Tax on profit / (loss) on ordinary activities	6	-	-
Profit / (loss) for the financial year before members' remuneration and profit shares	11	118	(262)
Member's remuneration charged as an expense		-	-
Profit / (loss) for the financial year available for discretionary division among members		118	(262)

All amounts above relate to continuing operations

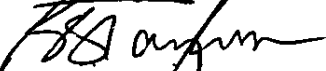
The LLP has no recognised gains or losses other than the loss above therefore no separate statement of total recognised gains or losses has been presented

Elementis Chromium Limited Liability Partnership

Balance sheet as at 31st December 2011

	Note	2011 £000	2010 £000
Current assets			
Stocks	7	888	749
Debtors (including amounts due from members of £21,907,000 (2010 £22,727,000))	8	22,646	25,015
		23,534	25,764
Creditors – Amounts falling due within one year (including amounts owed to members of £8,583,000 (2010 £8,413,000))			
	9	(9,786)	(10,443)
Net current assets		13,748	15,321
Total assets less current liabilities		13,748	15,321
Provisions for liabilities	10	(9,665)	(11,356)
Net assets attributable to members		4,083	3,965
Represented by			
Members' capital	11	59,935	59,935
Other reserves	11	(55,852)	(55,970)
Member's equity interests	11	4,083	3,965
Total members interests			
Amounts due from members	8	(21,907)	(22,727)
Loans and other debts due to members	9	8,583	8,413
Members equity interests	11	4,083	3,965
		(9,241)	(10,349)

The financial statements on pages 6-14 were approved by the board of members on 25th June 2012 and were signed on its behalf by



On behalf of Elementis UK Limited



On behalf of Elementis Holdings Limited

Members

Partnership number 0C303465

Elementis Chromium Limited Liability Partnership

Notes to the financial statements for the year ended 31st December 2011

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards including the Statement of Recommended Practice, 'Accounting by Limited Liability Partnerships', and under the historical cost accounting rules

Going concern

On 29 April 2009, Elementis Plc announced that the Eaglescliffe plant would be closed and production ceased at the end of June 2009. The LLP continues to sell to its existing customers with supplies being manufactured by the US Chromium business. The members have no current intention to liquidate the LLP.

For these reasons the members continue to adopt the going concern basis in preparing the financial statements.

Under FRS 1 the LLP is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the LLP in its own published consolidated financial statements.

As 99% of the Partnership is owned by Elementis UK Ltd, advantage has been taken of exemption afforded by FRS 8 not to disclose any related party transactions with members of the Elementis Group or associates and joint ventures of Elementis plc.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction. Foreign currency assets and liabilities are translated into sterling at the exchange rates ruling at the relevant balance sheet date and the gains or losses on translation are included in the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost, in the case of manufactured goods, includes direct and overhead expenses attributable to manufacture.

Classification of financial instruments issued by the LLP

Following the adoption of FRS 25, financial instruments issued by the LLP are treated as equity only to the extent that they meet the following two conditions:

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

Elementis Chromium Limited Liability Partnership

Notes *(continued)*

1 Accounting policies *(continued)*

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

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability

Divisions of profit

Divisions of profit are reported as equity appropriations when they occur

Turnover

Turnover is based on the invoiced value of the sale of goods and services. It excludes VAT and similar sales based taxes. Turnover and operating profit is derived from one class of business in the UK.

Elementis Chromium Limited Liability Partnership

Notes (continued)

2 Analysis of turnover

Analysis of turnover by geographical markets	2011	2010
	£000	£000
Europe	12,043	11,052
North America	-	679
Rest of the World	604	1,233
	<u>12,647</u>	<u>12,964</u>

3 Notes to the profit and loss account

Profit / (loss) on ordinary activities is stated after charging:

	2011	2010
	£000	£000
Charge for services supplied by Elementis UK Ltd (Chromium) (see below)	1,042	954
<i>Auditors' remuneration</i>		
Audit of these financial statements	-	-

Audit fees were borne by another group companies in both periods

The partnership has no employees The land and the residue disposal facility are owned by Elementis UK Ltd who, by way of the above charge, charge the partnership for their use

Elementis Chromium Limited Liability Partnership

Notes (continued)

4 Interest receivable and similar income

	2011	2010
	£000	£000
Exchange gains	-	12

5 Interest payable and similar charges

	2011	2010
	£000	£000
Interest payable in respect of amounts owed to group undertakings	190	177
	190	177

6 Taxation

The LLP does not pay tax. Taxation on LLP profits is the liability of individual members.

Elementis Chromium Limited Liability Partnership

Notes (continued)

7 Stocks

	2011	2010
	£000	£000
Raw materials and consumables	-	-
Work in progress	-	-
Finished goods in transit	888	749
	888	749

Finished goods in transit represent goods provided from our sister company in the US which are on route to our European customers and to which title has not passed as at 31 December 2011

8 Debtors

	2011	2010
	£000	£000
Trade debtors	530	1,510
Prepayments and accrued income	32	18
Amounts owed by members	21,907	22,727
Amounts owed by other group undertakings	-	6
Other debtors	177	754
	22,646	25,015

9 Creditors: amounts falling due within one year

	2011	2010
	£000	£000
Trade creditors	140	624
Amounts owed to members	8,583	8,413
Amounts owed to other group undertakings	808	1,157
Other creditors	166	166
Accruals and deferred income	89	83
	9,786	10,443

Elementis Chromium Limited Liability Partnership

Notes (continued)

10 Provisions for liabilities & charges

	Restructuring £000	Self Insurance £000	Total £000
At 1 January 2011	11,329	27	11,356
Charge to Profit & Loss Account	-	-	-
Utilised During the Year	(1,691)	-	(1,691)
At 31 December 2011	9,638	27	9,665

The restructuring provision arose following the 2009 decision to cease manufacturing at the Eaglescliffe chromium plant and the balance at 31 December 2011 reflects anticipated site remediation costs

Self insurance provisions at 31 December 2011 represent the aggregate of outstanding claims plus a projection of losses incurred but not reported. Self insurance provisions are expected to be utilised over five years.

11 Equity and members' other interests

	Members' capital £000	Other reserves £000	Equity Total £000	Loans and other debts due to/(from) members £000
Balance at 1 January 2011	59,935	(55,970)	3,965	(14,314)
Profit for the financial year	-	118	118	-
Other movements	-	-	-	990
Balance at 31 December 2011	59,935	(55,852)	4,083	(13,324)

Elementis Chromium Limited Liability Partnership

Notes *(continued)*

12 Investment by Elementis UK Ltd

The majority of the Chromium business was transferred at Net Book Value from Elementis UK Ltd to Elementis Chromium LLP on 1 January 2003, in exchange for 99% partnership interest. The remaining 1% is owned by Elementis Holdings Ltd.

13 Parent and ultimate parent undertakings

The LLP's ultimate parent undertaking is Elementis plc. The LLP's immediate parent undertaking is Elementis UK Limited.

Elementis plc was the smallest and largest group to consolidate the financial statements of the Partnership. Copies of the consolidated financial statements of Elementis plc may be obtained from 4th Floor, 10 Albemarle Street, London, W1S 4HH.