

Elementis Chromium Limited Liability Partnership
Annual Report and financial statements
For the year ended 31st December 2015

Partnership number OC303465



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Members and Advisors for the year ended 31st December 2015

Members

Elementis UK Limited
Elementis Holdings Limited

Registered office

Caroline House
55-57 High Holborn
London
WC1V 6DX

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Members' report

The members have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2015.

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 was set up of which £6.4m was carried forward into 2015. During the year £2.7m of provision was utilised.

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

The loss for the year was £(181,000) (2014: profit £967,000).

Key Performance Indicators

The LLP continues to use a number of performance measures for Health and Safety (including lost time accidents, recordable injuries, and 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 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. Following closure of the Eaglescliffe plant, and with the advice of external experts, an environmental remediation plan has been agreed with the regulatory authorities but there remains a risk that during the remediation process additional liabilities may become apparent.

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.

Financial instruments

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

Members' Report (continued)

Political contributions

The LLP made no political donations (2014:£Nil) or incurred any political expenditure during the year.

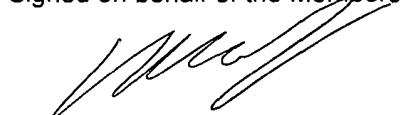
Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

Following a competitive tender for the 2016 audit of Elementis plc and its subsidiaries, to which KPMG LLP was not invited to participate, KPMG LLP has notified the partnership that they will not be seeking reappointment. Pursuant to Section 485 of the Companies Act 2006, the members have appointed Deloitte LLP as statutory auditor.

Signed on behalf of the Members



C Gilbert

Authorised signatory

Date: 12 DECEMBER 2016

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

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

The members are responsible for preparing the LLP financial statements in accordance with applicable law and regulations and have elected to prepare a Members' Report.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 requires the members to prepare LLP 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), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its 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 Liability Partnership for the year ended 31 December 2015 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 member 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 applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practises 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 website 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 affairs of the LLP as at 31 December 2015 and of its loss 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 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.



Lynton Richmond
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 13 December 2016.

Profit and loss account and other comprehensive income
For the year ended 31 December 2015

	Note	2015 £000	2014 £000
Turnover	2	11,060	7,583
Cost of sales		(10,723)	(6,286)
Gross profit		337	1,297
Administrative expenses	3	(64)	299
Operating profit		273	1,596
Interest payable and similar charges	4	(454)	(629)
(Loss) / profit on ordinary activities before taxation		(181)	967
Tax on profit on ordinary activities	5	-	-
(Loss) / profit for the financial year before members' remuneration and profit shares	11	(181)	967
Member's remuneration charged as an expense		-	-
(Loss) / profit for the financial year available for discretionary division among members		(181)	967
Total comprehensive (loss)/income for the year		(181)	967

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.

The notes on pages 9 to 15 form part of these financial statements.

Balance sheet at 31st December 2015

	Note	2015 £000	2014 £000
Non-current assets			
Intangible assets	6	106	-
		106	-
Current assets			
Stocks	7	-	43
Debtors (including amounts due from members of £20,351,000) (2014: £24,428,000)	8	24,767	25,329
		24,767	25,372
Creditors – Amounts falling due within one year (including amounts owed to members of £13,394,000) (2014: £13,216,000)	9	(15,970)	(13,858)
Net current assets		8,797	11,514
Total assets less current liabilities		8,903	11,514
Provisions for liabilities	10	(3,946)	(6,376)
Net assets attributable to members		4,957	5,138
Represented by:			
Members' capital	11	59,935	59,935
Other reserves	11	(54,978)	(54,797)
Members' equity interests	11	4,957	5,138
Total members interests			
Amounts due from members	8	(20,351)	(24,428)
Loans and other debts due to members	9	13,394	13,216
Members' equity interests	11	4,957	5,138
		(2,000)	(6,074)

The financial statements on pages 9-15 were approved by the board of members on 12 DECEMBER 2016 and were signed on its behalf by: C GILBERT

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Authorised signatory

Partnership number: OC303465

Statement of changes in equity

	Members' capital £000	Other reserves £000	Equity Total £000
Balance at 1 January 2015	59,935	(55,764)	4,171
Comprehensive income: Profit for the financial year	-	967	967
Other movements	-	-	-
Balance at 31 December 2014	59,935	(54,797)	5,138
Comprehensive income: Loss for the financial year	-	(181)	(181)
Other movements	-	-	-
Balance at 31 December 2015	59,935	(54,978)	4,957

The notes on pages 9 to 15 form part of these financial statements.

Notes to the financial statements

for the year ended 31st December 2015

1 Accounting policies

Elementis Chromium Limited Liability partnership is a LLP incorporated and domiciled in the UK.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). The amendments to FRS 101 (2014/2015 cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101 from Adopted IFRS, the Company has made no measurement and recognition adjustments. Transition to FRS101 has had no impact in the figures presented in these financial statements.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

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

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared under the historical

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.

Notes to the financial statements for the year ended 31st December 2015

1 Accounting policies (continued)

Classification of financial instruments issued by the Company

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

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

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

Non-derivative financial instruments

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

Trade and other debtors

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

Trade and other creditors

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

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the [first-in first-out/weighted average] principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Intangible Fixed Assets

Intangible fixed assets are external registration costs associated with REACH (Registration, Evaluation and Authorisation of Chemicals in the EU). These costs are capitalised and amortised over 7 years on a straight line basis. Internal costs relating to REACH are expensed as incurred.

Notes to the financial statements

for the year ended 31st December 2015

1 Accounting policies (continued)

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. In accordance with the Company's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised when the land is contaminated. Provisions for environmental issues are judgemental by their nature and more difficult to estimate when they relate to sites no longer directly controlled by the Company.

Revenue

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.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Foreign currencies transactions

Transactions in foreign currencies are recorded at the rates of exchange ruling at the date of the translation. 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.

Member's remuneration

Divisions of profit are reported as equity appropriations when they occur.

**Notes to the financial statements
for the year ended 31st December 2015**

2 Analysis of turnover

Analysis of turnover by geographical markets:	2015	2014
	£000	£000
Europe	10,885	7,280
Rest of the World	175	303
	11,060	7,583

3 Administrative expenses and auditors remuneration

Auditor's remuneration - Audit fees and expenses were borne by another group company, Elementis Holdings Limited, in both periods. The Members estimate the fee attributable to this company to be £2,500.

The partnership has no employees.

The land and the residue disposal facility are owned by Elementis UK Limited and any associated costs are offset against the restructuring provision.

4 Interest payable and similar charges

	2015	2014
	£000	£000
Interest payable in respect of amounts owed to group undertakings	168	166
Unwinding of discount on environmental provision	286	463
	454	629

Notes to the financial statements

for the year ended 31st December 2015

5 Taxation

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

6 Intangible assets

There were £106k of additions in the year relating to REACH costs which have been capitalised. REACH is the regulation for the Registration, Evaluation and Authorisation of Chemicals in the EU.

7 Stocks

	2015	2014
	£000	£000
Finished goods in transit	-	43

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 2015.

8 Debtors

	2015	2014
	£000	£000
Trade debtors	4,324	848
Prepayments and accrued income	32	28
Amounts owed by members	20,351	24,428
Other debtors	60	25
	24,767	25,329

Notes to the financial statements
for the year ended 31st December 2015

9 Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Trade creditors	294	178
Amounts owed to members	13,394	13,216
Amounts owed to other group undertakings	2,254	389
Other creditors	28	28
Accruals and deferred income	-	47
	15,970	13,858

In the event of a winding up, amounts owed to members would be ranked equally with amounts owed to other creditors.

10 Provisions for liabilities & charges

	Restructuring	Self	Total
	£000	insurance	£000
		£000	
At 1 January 2015	6,349	27	6,376
Unwinding of discount	286	-	286
Utilised during the Year	(2,716)	-	(2,716)
At 31 December 2015	3,919	27	3,946

Self-insurance provisions at 31 December 2015 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.

Notes to the financial statements
for the year ended 31st December 2015

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 2015	59,935	(54,797)	5,138	(11,212)
Loss for the financial year	-	(181)	(181)	-
Other movements	-	-	-	4,255
Balance at 31 December 2015	59,935	(54,978)	4,957	(6,957)

12 Investment by Elementis UK Limited

The majority of the Chromium business was transferred at Net Book Value from Elementis UK Limited 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 Caroline House, 55 - 57 High Holborn, London, WC1V 6DX.