

Elementis Chromium Limited Liability Partnership

Report and accounts

for the year ended 31st December 2014

Partnership number OC303465

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Elementis Chromium Limited Liability Partnership

Report and accounts

for the year ended 31st December 2014

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Elementis Chromium Limited Liability Partnership

Members and Advisors for the year ended 31st December 2014

Members

Elementis UK Limited

Elementis Holdings Limited

Independent Auditor

KPMG LLP

15 Canada Square

London E14 5GL

Elementis Chromium Limited Liability Partnership

Members' report for the year ended 31st December 2014

The members have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2014

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 £8.4m was carried forward into 2014. During the year a re-assessment of the closure plan led to a credit of £356,000 being recognised in the income statement and £2.2m 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 profit for the year was £967,000 (2013: loss £3,832,000).

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 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%

Elementis Chromium Limited Liability Partnership

Members' Report (continued)

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.


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.

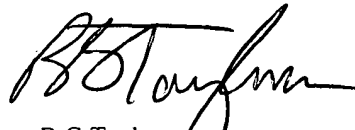
Auditor

KPMG LLP was appointed as auditor on 23 July 2014 following KPMG Audit plc not seeking reappointment. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Signed on behalf of the Members


B G Taylorson
Elementis UK Limited

30 June 2015


B G Taylorson
Elementis Holdings Limited

30 June 2015

Registered office:
10 Albemarle Street
London
W1S 4HH

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 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

Elementis Chromium Limited Liability Partnership

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 2014 set out on pages 6 to 12. 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 directors 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

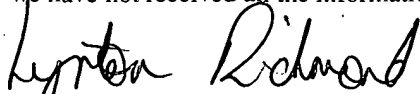
In our opinion the financial statements:

- give a true and fair view of the state of affairs of the LLP as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 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

30 June 2015

Elementis Chromium Limited Liability Partnership

Profit and loss account for the year ended 31st December 2014

	Note	2014 £000	2013 £000
Turnover	2	7,583	12,666
Cost of sales		(6,286)	(13,122)
Gross profit / (loss)		1,297	(456)
Administrative expenses		299	(2,701)
Operating profit / (loss)	3	1,596	(3,157)
Interest payable and similar charges	4	(629)	(675)
Profit / (loss) on ordinary activities before taxation		967	(3,832)
Tax on profit on ordinary activities	5	-	-
Profit / (loss) for the financial year before members' remuneration and profit shares	10	967	(3,832)
Member's remuneration charged as an expense		-	-
Profit / (loss) for the financial year available for discretionary division among members		967	(3,832)

All amounts above relate to continuing operations.

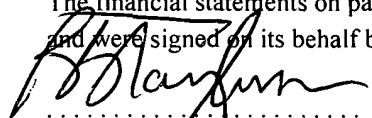
The LLP has no recognised gains or losses other than the loss above therefore no separate statement of total recognised gains or losses has been presented.

Elementis Chromium Limited Liability Partnership

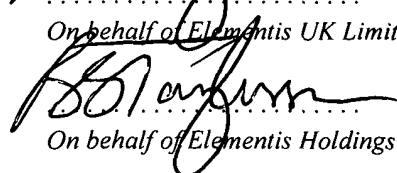
Balance sheet as at 31st December 2014

	Note	2014 £000	2013 £000
Current assets			
Stocks	6	43	232
Debtors (including amounts due from members of £24,428,000) (2013: £24,837,000)	7	25,329	27,572
		25,372	27,804
Creditors – Amounts falling due within one year (including amounts owed to members of £13,216,000) (2013: £13,111,000)	8	(13,858)	(15,184)
Net current assets		11,514	12,620
Total assets less current liabilities		11,514	12,620
Provisions for liabilities	9	(6,376)	(8,449)
Net assets attributable to members		5,138	4,171
Represented by:			
Members' capital	10	59,935	59,935
Other reserves	10	(54,797)	(55,764)
Member's equity interests	10	5,138	4,171
Total members interests			
Amounts due from members	7	(24,428)	(24,837)
Loans and other debts due to members	8	13,216	13,111
Members equity interests	10	5,138	4,171
		(6,074)	(7,555)

The financial statements on pages 6-12 were approved by the board of members on 30 June 2015 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 2014

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 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.

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 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.

2 Analysis of turnover

Analysis of turnover by geographical markets:	2014	2013
	£000	£000
Europe	7,280	12,384
Rest of the World	303	282
	<u>7,583</u>	<u>12,666</u>

3 Profit for the year

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

	2014	2013
	£000	£000
Charge for services supplied by Elementis UK Limited (see below)	-	1,034

Auditor's remuneration - Audit fees were borne by another group company in both periods.

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.

Elementis Chromium Limited Liability Partnership

Notes (continued)

4 Interest payable and similar charges

	2014 £000	2013 £000
Interest payable in respect of amounts owed to group undertakings	166	163
Unwinding of discount on environmental provision	463	512
	629	675

5 Taxation

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

6 Stocks

	2014 £000	2013 £000
Finished goods in transit	43	232

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 2014.

7 Debtors

	2014 £000	2013 £000
Trade debtors	848	2,678
Prepayments and accrued income	28	30
Amounts owed by members	24,428	24,837
Other debtors	25	27
	25,329	27,572

Elementis Chromium Limited Liability Partnership

Notes (continued)

8 Creditors: amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	178	79
Amounts owed to members	13,216	13,111
Amounts owed to other group undertakings	389	1,954
Other creditors	28	-
Accruals and deferred income	47	40
	13,858	15,184

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

9 Provisions for liabilities & charges

	Restructuring	Self Insurance	Total
	£000	£000	£000
At 1 January 2014	8,422	27	8,449
Credit to Profit & Loss Account	(356)	-	(356)
Unwinding of discount	463	-	463
Utilised During the Year	(2,180)	-	(2,180)
At 31 December 2014	6,349	27	6,376

The credit to profit & loss within restructuring reflects the impact of a change in the discount rate used to calculate the present value of the liabilities and a revision to the anticipated restructuring / remediation costs that will be incurred.

Self insurance provisions at 31 December 2014 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.

Elementis Chromium Limited Liability Partnership

Notes *(continued)*

10 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 2014	59,935	(55,764)	4,171	(11,726)
Profit for the financial year	-	967	967	-
Other movements	-	-	-	514
Balance at 31 December 2014	59,935	(54,797)	5,138	(11,212)

11 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.

12 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.