Elementis Chromium Limited Liability Partnership

Annual Report and financial statements

For the year ended 31st December 2017

Partnership number OC303465

Contents

Members and Advisors for the year ended 31st December 2017

Designated Members
Elementis UK Limited
Elementis Holdings Limited

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

Statutory Auditor
Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Members' report

The members have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2017.

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 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 £1.2m was carried forward into 2017. During the year the entirety of this provision was transferred within the Elementis Group, please see note 10 for more details.

The Limited Liability Partnership ("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 £8,000 (2016: profit of £113,000).

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.

Going concern

After making enquiries, the Members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. The members have no current intention to liquidate the LLP and accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Members do not consider liquidity risk to be a significant risk for this entity due to the inter-group financing available when required.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements (see note 1).

Members and members' interests

The members, who were also designated members as defined in the Limited Liability Partnerships Act 2000, throughout the year were:

Elementis UK Limited	99%
Elementis Holdings Limited	1%

Members' Report (continued)

It is the LLP'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.

Charitable and political contributions

The Partnership made no political or charitable contributions during the year (2016: none)

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. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Pursuant to Section 485 of the Companies Act 2006, the members have reappointed Deloitte LLP as statutory auditor.

Signed on behalf of the Members

C Gilbert
Authorised signatory

Date: 18th SEPT 2018

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

Statement of members' responsibilities

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". The financial statements are required by law to give a true and fair view of the state of affairs of the firm and of the profit or loss of the firm for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the firm will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the firm's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These responsibilities are exercised by the Board on behalf of the members.

Independent auditor's report to the members of Elementis Chromium LLP.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Elementis Chromium Limited Liability Partnership (the 'Partnership'):

- give a true and fair view of the state of the Partnership's affairs as at 31 December 2017 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 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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 limited liability partnership 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 members' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership'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 members 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 report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Members
As explained more fully in the members' responsibilities statement, the members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships 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
- 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 limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Hunter (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Reading United Kingdom
Date: 18 September 2018

Profit and loss account and other comprehensive income
For the year ended 31 December 2017

	Note	2017	2016
		£000	£000
Turnover	2	**9,274**	9,155
Cost of sales		**(8,853)**	(8,485)
Gross profit		**421**	670
Administrative expenses	3	**(9)**	(123)
Operating profit		**412**	547
Interest payable and similar charges	4	**(420)**	(434)
Profit / (loss) on ordinary activities before taxation		**(8)**	113
Tax on profit on ordinary activities	5	**-**	-
Profit / (loss) for the financial year before members' remuneration and profit shares	11	**(8)**	113
Member's remuneration charged as an expense		**-**	-
Profit / (loss) for the financial year available for discretionary division among members		**(8)**	113
Total comprehensive income / (loss) for the year		**(8)**	113

All amounts above relate to continuing operations.

The LLP has no recognised gains or losses other than the profit above therefore no separate other comprehensive income has been presented.

The notes on pages 11 to 18 form part of these financial statements.

Balance sheet as at 31st December 2017

	Note	2017 £000	2016 £000
Intangible assets	6	**99**	112
		99	112
Current assets			
Stocks	7	**321**	1,034
Debtors (including amounts due from members of £22,841k) *(2016: £17,465k)*	8	**23,925**	20,651
		24,246	21,685
Creditors – Amounts falling due within one year	9	**(19,256)**	(15,469)
Net current assets		**4,990**	6,216
Total assets less current liabilities		**5,089**	6,328
Provisions for liabilities	10	**(27)**	(1,258)
Net assets attributable to members		**5,062**	5,070
Represented by:			
Members' capital	11	**59,935**	59,935
Other reserves	11	**(54,873)**	(54,865)
Members' equity interests	11	**5,062**	5,070
Total members interests			
Amounts due from members	8	**(22,841)**	(17,465)
Loans and other debts due to members	9	**18,525**	13,514
Members' equity interests	11	**5,062**	5,070
		746	1,119

The financial statements on pages 8-18 were approved by the board of members on 18th SEPT 2018 and were signed on its behalf by: CHRIS GILBERT

....
Authorised signatory
Partnership number: OC303465

Statement of changes in equity

	Members' capital £000	Other reserves £000	Equity Total £000
Balance as at 1 January 2016	59,935	(54,978)	4,957
Comprehensive income: Profit for the financial year (restated)	-	113	113
Other movements	-	-	-
Balance at 31 December 2016	**59,935**	**(54,865)**	**5,070**
Comprehensive income: Profit for the financial year	-	(8)	(8)
Other movements	-	-	-
Balance at 31 December 2017	**59,935**	**(54,873)**	**5,062**

The notes on pages 11 to 18 form part of these financial statements.

Notes to the financial statements
for the year ended 31st December 2017

1 Accounting policies

Elementis Chromium Limited Liability partnership is a LLP incorporated and domiciled in the UK and registered in England & Wales. The nature of Elementis Chromium Limited Liability partnership's operation and its principal activity are set out in strategic report on page 2.

These financial statements are presented in pounds sterling £ because that is the currency of the primary economic environment in which the Partnership operates.

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

- Presentation of the Cash Flow Statement and related notes;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of related party transactions;
- 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 Partnership 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 accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company's ultimate parent undertaking, Elementis plc includes the Company in its consolidated financial statements. The consolidated financial statements of Elementis plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address as disclosed on note 12.

Measurement convention

The financial statements are prepared under the historical cost convention.

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.

The Members have a reasonable expectation that the Company has 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. Whilst there has been a loss of £8,000 in the current period, the LLP has sufficient net current assets of £4.9m (2016: current assets £6.2m) to support the going concern assumption.

Notes to the financial statements

for the year ended 31st December 2017

1 Accounting policies (continued)

Classification of financial instruments issued by the Partnership

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

(a) they include no contractual obligations upon the Partnership 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 Partnership; and

(b) where the instrument will or may be settled in the Partnership's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Partnership's own equity instruments or is a derivative that will be settled by the Partnership'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 Partnership'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 a combination of first-in first-out and weighted average principles 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 2017

1 Accounting policies (continued)

Provisions

A provision is recognised in the balance sheet when the Partnership 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 Partnership has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. In accordance with the Partnership'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 Partnership.

Revenue

In making its judgement, the Members have considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the Group had transferred the significant risks and rewards of ownership of the goods. Following further assessment of the terms of shipment, the Members have concluded that international shipments should not be recognised within revenue until they reach the destination port, as they believe that this more accurately reflects the commercial substance of the transaction. Due to this change in the accounting policy, the prior year comparatives have been restated to provide comparable information.

Turnover is based on the invoiced value of the sale of goods and services. It includes sales to other Elementis group undertakings, but excludes VAT and similar sales based taxes.

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.

Notes to the financial statements
for the year ended 31st December 2017

1 Accounting policies (continued)

Members' remuneration

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

Critical accounting judgements and key sources of estimation uncertainty

When applying the Partnership's accounting policies, management must make a number of key judgements on the application of applicable accounting standards and estimates and assumptions concerning the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and judgements are based on factors considered to be relevant, including historical experience, which may differ significantly from the actual outcome. The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the amounts recognised in the financial statements are discussed below.

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the management have made in the process of applying the Partnership's accounting policies and that have the most significant effect on the amounts recognised in the financial statements

a) Revenue recognition

In making its judgement, the management have considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the Partnership had transferred the significant risks and rewards of ownership of the goods. Following further assessment of the terms of shipment, the management have concluded that international shipments should not be recognised within revenue until they reach the destination port, as they believe that this more accurately reflects the commercial substance of the transaction.

Turnover is based on the invoiced value of the sale of goods and services. It includes sales to other Elementis group undertakings, but excludes VAT and similar sales based taxes.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty.

Notes to the financial statements
for the year ended 31st December 2017

2 Analysis of turnover

Analysis of turnover by geographical markets:	**2017** **£000**	2016 £000
Europe	9,274	9,013
Rest of the World	-	142
	9,274	9,155

3 Administrative expenses and auditors remuneration

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

	2017 **£000**	2016 £000
Interest payable in respect of amounts owed to group undertakings	**151**	164
Unwinding of discount on environmental provision	**269**	270
	420	434

5 Taxation

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

Notes to the financial statements
for the year ended 31st December 2017

6 Intangible assets

	Total
	£000
At 1 January 2016	106
Additions	6
At 1 January 2017	**112**
Amortisation Charge	270
At 31 December 2017	**99**

There were no 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

	2017	2016
	£000	£000
Finished goods in transit	321	1,034

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 2017.

8 Debtors

	2017	2016
	£000	£000
Trade debtors	**1,011**	3,107
Prepayments and accrued income	**26**	33
Amounts owed by members	**22,841**	17,465
Other debtors	**47**	46
	23,925	20,651

Notes to the financial statements
for the year ended 31st December 2017

9 Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	**138**	269
Amounts owed to members	**18,525**	13,514
Amounts owed to other group undertakings	**550**	1,628
Other creditors	**43**	58
	19,256	15,469

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 £000	Self insurance £000	Total £000
At 1 January 2017	1,231	27	1,258
Unwinding of discount	270	-	270
Utilised during the Year	(1,501)	-	(1,501)
At 31 December 2017	**-**	**27**	**27**

During the year the restructuring provision was transferred out to Elementis UK Limited who now assume all responsibilities in relation to the closure of the Eaglescliffe plant.

Self-insurance provisions at 31 December 2017 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 2017

11 Equity and members' other interests

	Members' capital £000	Other reserves £000	Equity Total £000	Loans and other debts due to/(from) members £000	Total £000
Balance at 1 January 2017	59,935	(54,865)	5,070	(3,951)	1,119
Loss for the financial year	-	(8)	(8)	-	(8)
Other movements	-	-	-	(365)	(365)
Balance at 31 December 2017	**59,935**	**(54,873)**	**5,062**	**(4,316)**	**746**

12 Parent and ultimate parent undertakings

The Partnership's ultimate parent undertaking and controlling party 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.