

**Group Strategic Report, Report of the Directors and  
Consolidated Financial Statements for the Year Ended 31 December 2017**  
**for**  
**Pluss-Stauffer Limited**



**Contents of the Consolidated Financial Statements  
for the Year Ended 31 December 2017**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Group Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>5</b>
<b>Statement of Directors' Responsibilities</b>	<b>8</b>
<b>Independent Auditor's Report to the members of Pluss-Staufer Limited</b>	<b>9</b>
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>11</b>
<b>Consolidated Statement of Financial Position</b>	<b>12</b>
<b>Company Statement of Financial Position</b>	<b>14</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>15</b>
<b>Company Statement of Changes in Equity</b>	<b>16</b>
<b>Consolidated Statement of Cash Flows</b>	<b>17</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>18</b>

**Pluss-Staufer Limited**

**Company Information  
for the Year Ended 31 December 2017**

**DIRECTORS:**

R I Abdul  
W I Cardew

**REGISTERED OFFICE:**

Melton Office  
Melton Bottom  
Melton  
North Ferriby  
East Riding of Yorkshire  
HU14 3HU

**REGISTERED NUMBER:**

03138417 (England and Wales)

**AUDITOR:**

KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
West Midlands  
B4 6GH

**SOLICITOR:**

Geldards LLP  
Number One Pride Park Place  
Pride Park  
Derby  
DE24 8QR

**Group Strategic Report  
for the Year Ended 31 December 2017**

The directors present their strategic report of the Company and the Group for the year ended 31 December 2017.

**REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The Company did not trade during the year.

The principal activities of the Group during the year were the manufacture of chemicals and the quarrying, processing and distribution of calcium carbonate and other raw materials for supply to the chemical, plastics, paint, rubber, paper, ink, foodstuffs, building products, pharmaceutical and allied industries.

The results for the year are shown on page 11 of the annual report and financial statements.

The directors do not recommend the payment of a dividend for the year on the ordinary shares (2016 - £nil).

The 2017 business environment continued to be challenging across all segments in particular Printing and Writing (Forest Products).

During the year provisions were made for one off events.

The decision was made to close the Group's Ashwood Dale plant. An announcement was made to employees and a provision of £2,035,000 taken for the planned restructuring, £1,300,000 remaining unspent as at 31 December 2017.

An incident of illegal dumping was identified at the Group's Cliffe quarry. The Environment Agency is investigating and pursuing the perpetrators. A provision for £1,117,000 has been taken for the clean-up.

A 6% increase in revenue was experienced versus 2016. Increased cost throughout the period had an adverse effect, reducing Gross margin from 11.27% in 2016 to 8.76% in 2017.

Competition remains strong, however with tight cost control and a selective investment programme the Group remains in a strong position.

**ANALYSIS OF DEVELOPMENT AND PERFORMANCE**

The Group results for 2017 are shown below and it is well positioned to develop its strategies and goals going forward.

During the year, the Group achieved a pre-tax loss of £4,287,000 (2016: profit of £1,071,000).

The Key Performance Indicators (KPI's) are shown below:

<b>Year</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	108,869	102,712
EBITDA	1,833	6,521
Net debt	41,503	34,422
Shareholders' funds	5,280	(2,178)

EBITDA is calculated as earnings before interest, taxation, depreciation, amortisation and impairment.

Net debt is calculated as the cash balances less bank loans and overdrafts.

The Group continually reviews and monitors all aspects of the business, incorporating Health, Safety and Environmental, with a substantial number of the plants achieving ISO 9001, ISO 14001 and OHSAS 18001.

**Group Strategic Report - continued  
for the Year Ended 31 December 2017**

**PRINCIPAL RISKS AND UNCERTAINTIES**

All businesses face risks and these are reviewed thoroughly and regularly by the board as part of its ongoing corporate governance procedures.

The cost of energy related products are constantly monitored and with a combination of energy contract management and efficiencies achieved on usage the increases in energy and related costs have been minimised.

Raw material prices influenced by commodity cost shifts are monitored and managed, which together with selling price increases have protected margins.

**FINANCIAL RISK**

All treasury activities are focused on the management and hedging of risk. It is the Group's policy not to trade financial instruments or to engage in speculative financial transactions. There have been no significant changes in the Group's policies in the last year.

In addition to the above, the Group is exposed to various specific risks in connection with its financial operations and results, these include the following:

- The impact of movement in equity markets, interest rates and life expectancy on net pension asset.
- Maintenance of the Group's cash flows at an appropriate level and the exposure of debt and cash positions to changes in interest rates.
- The potential impact of changes in currency exchange rates on the Group's earnings and on the translation of its underlying net assets.

All of the above exposures are managed by the finance function which operates within written policies approved by the board and within the internal control framework of the Group.

The Group's principal financial assets are bank balances and cash, trade and other receivables which represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's credit risk is primarily attributable to its trade receivables.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the treasury function maintains flexibility in funding by maintaining availability under committed credit lines.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The Group is exposed to commodity price risk as a result of its operations. The Group mitigates this risk by maintaining strong relationships with key suppliers.

The Group's interest rate risk arises from long term borrowings. This Group is funded substantially by a LIBOR linked interest bearing loan from the ultimate parent company.

Risks and uncertainties associated with foreign exchange are managed on a group basis. Risks associated with the pension scheme for the Group are managed by directors and risks associated with the pension scheme for the members are managed by the Trustees of the scheme.

**Group Strategic Report – continued  
for the Year Ended 31 December 2017**

**OTHER RISKS**

The Group is exposed to varying degrees of risk and uncertainty related to other factors including competitive pricing, consumption levels, legislative, fiscal, tax and regulatory developments, political and social conditions in the environments where we operate. All of these risks could materially affect the Group's business, our turnover, operating profit, net profit, net assets and liquidity.

There may be risks which are unknown to the Group or which are currently believed to be immaterial.

**ON BEHALF OF THE BOARD:**



W I Cardew - Director

Date: 3/8/18

**Report of the Directors  
for the Year Ended 31 December 2017**

The directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2017.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2017 (2016: £nil).

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

R I Abdul  
W I Cardew

The directors holding office at 31 December 2017 did not hold any beneficial interest in the issued share capital of the company, or any other UK group company, at 1 January 2017 (or date of appointment if later) or 31 December 2017.

**CHARITABLE AND POLITICAL CONTRIBUTIONS**

Donations to local charities amounted to £1,183 (2016: £595) and donations to national charities amounted to £100 (2016: £nil).

No contributions were made for political purposes (2016: £nil).

**Report of the Directors - continued  
for the Year Ended 31 December 2017**

**STATEMENT ON INTERNAL CONTROLS**

The directors acknowledge their ultimate responsibility for ensuring that the Group has in place a system of controls, financial and otherwise, that is appropriate to the business environments in which it operates.

These are designed to give reasonable assurance with respect to:-

- the reliability of financial information used within the business or for publication, and the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition; and
- the business being operated efficiently and effectively.

The Group operates within a control framework developed and refined over a number of years and communicated throughout the Group by means of procedures. These lay down common accounting policies and financial control procedures, in addition to controls of a more operational nature.

Of particular importance are those that relate to:

- the definition of the organisation structure and the appropriate delegation of responsibility to operational management;
- the definition of authorisation limits, financial and otherwise;
- the setting of detailed annual budgets, rolling forecasts and the monthly reporting of actual results against them;
- capital expenditure and investment procedures; and
- physical and computer security matters and contingency planning.

**HEALTH AND SAFETY AND ENVIRONMENTAL POLICIES**

As the Group is not only conscious of the need to protect the environment but also recognises its responsibility to the communities in which it operates, it endeavours to conduct its operations so as to minimise all possible hazards. Risk Management (covering all such policies) is included on all meeting agendas (including Board Meetings) to ensure that the Group complies with the provisions of all relevant legislation and the Group's own policies and is committed to ensure that training is carried out in safe working practices throughout all departments and locations within the Group.

**FIXED ASSETS**

Changes in fixed assets are shown in note 10 of the financial statements.

**MARKET VALUES OF INTERESTS IN LAND AND BUILDINGS**

In the opinion of the directors the current open market values of the Group's freehold and leasehold interests in land and the buildings thereon, on an existing use basis, substantially exceed the amount at which they are included in the financial statements at 31st December 2017. The directors have not attempted to quantify the difference, as in their opinion no useful purpose would be served by this exercise. These assets are used exclusively for the conduct of the Group's main business.

**SUPPLIER PAYMENT POLICY**

It is Group policy to pay its suppliers promptly. Accordingly, approved invoices from suppliers are paid in accordance with agreed credit terms.

**RESEARCH AND DEVELOPMENT**

The Group invests in research and development to ensure that the range and quality of its products are continually up to date. The improvement of existing products and processes and the identification and development of new technologies are key aspects of the Group's strategy.



**Report of the Directors - continued  
for the Year Ended 31 December 2017**

**EMPLOYEES**

The directors recognise the considerable benefits which accrue from informing employees of the activities of the Group and its progress and performance. To supplement normal communications within the organisation, quarterly updates are held.

The welfare, health and safety of employees are given special attention. It is the policy of the Group to treat all employees and potential employees equally and to give full consideration to suitable applications for employment from disabled persons where they have the necessary abilities and skills for the position, all necessary assistance with initial training is given. Where employees become disabled, the Group endeavours to continue to employ them provided there are duties they can perform given their disability.

The directors recognise the importance of training and education of all Group employees.

**DIRECTORS' INDEMNITIES**

The Group maintains liability insurance for its directors and officers. Following shareholder approval the Group has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The indemnity was in force throughout the financial year and also at the date of approval of the financial statements.

**PENSION SCHEME**

The assets of the Group's Pension Scheme are held completely separate from those of the Group and the funds of the Scheme, which are administered by Trustees, are invested principally with JLT Benefits Solutions Limited. There are no loans between the Scheme and the Group.

The Defined Benefit Scheme was closed to future accrual in May 2009.

All employees, including directors, eligible for pension scheme benefits, may participate in a Stakeholder Scheme.

**GOING CONCERN**

The financial statements have been drawn up on the basis that the Group is a going concern.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

**AUDITOR**

The auditor KPMG LLP has indicated their willingness to continue in office. Pursuant to Section 487 (2) of the Companies Act 2006, the members have dispensed with the obligation to appoint auditors annually and KPMG LLP shall be deemed to be re-appointed each year.

**BY ORDER OF THE BOARD:**



W I Cardew - Director

Date: 3 August 2018

**Statement of Directors' Responsibilities  
for the Year Ended 31 December 2017**

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

## **Independent Auditor's Report to the Members of Pluss-Staufer Limited**

### **Opinion**

We have audited the financial statements of Pluss-Staufer Limited ("the parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2017 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- ~~- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and~~
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006, we are required 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group'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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Independent Auditor's Report to the Members of  
Pluss-Staufer Limited – continued**


**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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



James Tracey (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor, Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Date: 9 August 2016

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the Year Ended 31 December 2017**

	Notes	2017 £'000	2016 £'000
<b>CONTINUING OPERATIONS</b>			
Revenue	2	108,869	102,712
Cost of sales		<u>(97,294)</u>	<u>(91,136)</u>
<b>GROSS PROFIT</b>		<b>11,575</b>	<b>11,576</b>
Other operating income	3	1,973	1,619
Administrative expenses		(12,914)	(10,424)
Restructuring and litigation expense		<u>(3,152)</u>	<u>-</u>
<b>OPERATING (LOSS)/PROFIT</b>		<b>(2,518)</b>	<b>2,771</b>
Finance costs	5	<u>(1,769)</u>	<u>(1,700)</u>
<b>(LOSS)/PROFIT BEFORE TAX</b>	6	<b>(4,287)</b>	<b>1,071</b>
Taxation	7	<u>471</u>	<u>(300)</u>
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(3,816)</b>	<b>771</b>
<b>OTHER COMPREHENSIVE INCOME/(DEFICIT)</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gains/(losses)		13,583	(16,166)
Income tax relating to items of other comprehensive income		<u>(2,309)</u>	<u>2,748</u>
		11,274	(13,418)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Income tax relating to items of other comprehensive income		<u>-</u>	<u>-</u>
		-	-
<b>OTHER COMPREHENSIVE INCOME/(DEFICIT) FOR THE YEAR, NET OF INCOME TAX</b>		<b>11,274</b>	<b>(13,418)</b>
<b>TOTAL COMPREHENSIVE INCOME/(DEFICIT) FOR THE YEAR</b>		<b><u>7,458</u></b>	<b><u>(12,647)</u></b>
<b>(Loss)/profit attributable to:</b>			
Owners of the parent		<u>(3,816)</u>	<u>771</u>
<b>Total comprehensive income/(deficit) attributable to:</b>			
Owners of the parent		<u>7,458</u>	<u>(12,647)</u>

**Consolidated Statement of Financial Position  
at 31 December 2017**

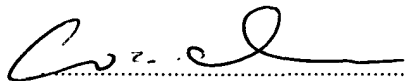
	Notes	2017 £'000	2016 £'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	3,270	2,984
Property, plant and equipment	10	52,117	47,974
Deferred tax	21	<u>1,040</u>	<u>2,878</u>
		<u>56,427</u>	<u>53,836</u>
<b>CURRENT ASSETS</b>			
Inventories	12	11,800	11,040
Trade and other receivables	13	20,029	19,010
Cash and cash equivalents	14	<u>1,281</u>	<u>6</u>
		<u>33,110</u>	<u>30,056</u>
<b>TOTAL ASSETS</b>		<u><b>89,537</b></u>	<u><b>83,892</b></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	15	25,000	25,000
Share premium	16	7,010	7,010
Capital reserve	16	410	410
Mineral reserve	16	4,673	4,729
Retained earnings	16	<u>(31,813)</u>	<u>(39,327)</u>
<b>TOTAL EQUITY</b>		<u><b>5,280</b></u>	<u><b>(2,178)</b></u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	17	8	10
Bank overdrafts and loans			
Interest bearing loans and borrowings	18	42,784	34,323
Pension liability	22	21,560	36,885
Provisions	20	<u>1,488</u>	<u>1,440</u>
		<u>65,840</u>	<u>72,658</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	15,962	13,276
Bank overdrafts and loans			
Bank overdrafts	18	-	105
Interest bearing loans and borrowings	18	8	11
Provisions	20	<u>2,447</u>	<u>20</u>
		<u>18,417</u>	<u>13,412</u>
<b>TOTAL LIABILITIES</b>		<u><b>84,257</b></u>	<u><b>86,070</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>89,537</b></u>	<u><b>83,892</b></u>

The notes form part of these financial statements

**Pluss-Staufer Limited (Registered number: 03138417)**

**Consolidated Statement of Financial Position - continued**  
**31 December 2017**

The financial statements were approved by the Board of Directors on ..... 3 August 2018 ..... and were signed on its behalf by:




.....  
W I Cardew - Director

**Company Statement of Financial Position  
at 31 December 2017**

	Notes	2017 £'000	2016 £'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investments	11	<u>25,000</u>	<u>25,000</u>
		<u>25,000</u>	<u>25,000</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	13	<u>3,000</u>	<u>3,000</u>
<b>TOTAL ASSETS</b>		<u><b>28,000</b></u>	<u><b>28,000</b></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	15	25,000	25,000
Retained earnings	16	<u>(7,936)</u>	<u>(7,936)</u>
<b>TOTAL EQUITY</b>		<u><b>17,064</b></u>	<u><b>17,064</b></u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Bank overdrafts and loans			
Interest bearing loans and borrowings	18	<u>10,936</u>	<u>10,936</u>
<b>TOTAL LIABILITIES</b>		<u><b>10,936</b></u>	<u><b>10,936</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>28,000</b></u>	<u><b>28,000</b></u>

The financial statements were approved by the Board of Directors on 3 August 2018 and were signed on its behalf by:



W I Cardew - Director



**Consolidated Statement of Changes in Equity  
for the Year Ended 31 December 2017**

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Share premium £'000</b>
<b>Balance at 1 January 2016</b>	25,000	(26,732)	7,010
<b>Changes in equity</b>			
Total comprehensive income	-	(12,595)	-
<b>Balance at 31 December 2016</b>	<u>25,000</u>	<u>(39,327)</u>	<u>7,010</u>
<b>Changes in equity</b>			
Total comprehensive income	-	7,458	-
Amortisation transfer	-	56	-
<b>Balance at 31 December 2017</b>	<u>25,000</u>	<u>(31,813)</u>	<u>7,010</u>
	<b>Capital reserve £'000</b>	<b>Mineral reserve £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2016</b>	410	4,781	10,469
<b>Changes in equity</b>			
Total comprehensive income	-	(52)	(12,647)
<b>Balance at 31 December 2016</b>	<u>410</u>	<u>4,729</u>	<u>(2,178)</u>
<b>Changes in equity</b>			
Total comprehensive income	-	-	7,458
Amortisation transfer	-	(56)	-
<b>Balance at 31 December 2017</b>	<u>410</u>	<u>4,673</u>	<u>5,280</u>

**Pluss-Staufer Limited (Registered number: 03138417)**

**Company Statement of Changes in Equity  
for the Year Ended 31 December 2017**

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2016</b>	25,000	(7,936)	17,064
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 31 December 2016</b>	<u>25,000</u>	<u>(7,936)</u>	<u>17,064</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 31 December 2017</b>	<u>25,000</u>	<u>(7,936)</u>	<u>17,064</u>

The notes form part of these financial statements

**Consolidated Statement of Cash Flows  
for the Year Ended 31 December 2017**

		<b>2017</b>	<b>2016</b>
		<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>	Notes		
Cash generated from operations	25	3,523	3,527
Finance costs paid		(960)	(871)
Provision costs paid		<u>(95)</u>	<u>-</u>
Net cash from operating activities		<u>2,468</u>	<u>2,656</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(360)	(35)
Purchase of tangible fixed assets		(8,439)	(2,785)
Sale of tangible fixed assets		<u>26</u>	<u>7</u>
Net cash from investing activities		<u>(8,773)</u>	<u>(2,813)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(773)	(794)
Group loans received/(repaid)		8,470	(715)
Capital repayments in year		<u>(12)</u>	<u>(11)</u>
Net cash from financing activities		<u>7,685</u>	<u>(1,520)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>1,380</b>	<b>(1,677)</b>
<b>Cash and cash equivalents at beginning of year</b>	26	<b>(99)</b>	<b>1,578</b>
		<u>          </u>	<u>          </u>
<b>Cash and cash equivalents at end of year</b>	26	<b><u>1,281</u></b>	<b><u>(99)</u></b>

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2017**

**1. ACCOUNTING POLICIES**

**General information**

Pluss-Staufer Limited is a private company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given in the company information.

Its immediate parent company is Omya AG, a company incorporated in Switzerland.

The principal activities of the Group during the year were the manufacture of chemicals and the quarrying, processing and distribution of calcium carbonate and other raw materials for supply to the chemical, plastics, paint, rubber, paper, ink, foodstuffs, building products, pharmaceutical and allied industries.

**Summary of significant accounting policies**

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain property, plant and equipment and in accordance with the Companies Act 2006 and applicable accounting standards.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), IFRIC interpretations, SIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRSs. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain property, plant and equipment and financial instruments at fair value through the statement of comprehensive income.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

**Application of new and revised international financial reporting standards**

The following amended standards became effective for the Company from 1 January 2017:

- Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses (effective date 1 January 2017)
- Amendments to IAS 7 - Disclosure Initiative (effective date 1 January 2017)
- Annual Improvements to IFRS Standards 2014-2016 Cycle (effective dates 1 January 2017 and 1 January 2018)

The adoption of these amendments did not have a significant impact on the financial statements of the Group for the year ended 31 December 2017.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

**1. ACCOUNTING POLICIES - continued**

**Application of new and revised International Financial Reporting Standards -continued**

A number of new standards, amendments to standards and interpretations are not yet effective as at 31 December 2017 and have not been applied in these financial statements.

- Standard IFRS 9 - Financial Instruments (effective date 1 January 2018)
- Standard IFRS 15 - Revenue from Contracts with Customers including amendments to IFRS 15 (effective date 1 January 2018), the adoption of which has been assessed and viewed as not having material impact on the future financial statements of the Group.
- Standard IFRS 16 - Leases (effective date 1 January 2019)
- Clarifications to IFRS 15 - Revenue from Contracts with Customers (effective date 1 January 2018)
- IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration (effective date 1 January 2018)
- IFRIC Interpretations 23 - Uncertainty over Income Tax Treatments (effective 1 January 2018)

The Group is currently assessing the impact of these pronouncements and will plan to adopt them as required when they become effective.

**Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business, net of discounts, VAT and other sales related taxes. Revenue is recognised when goods are dispatched.

**Interest**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**Dividend Income**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

**Goodwill**

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts.

**Business combinations**

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- The fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

**1. ACCOUNTING POLICIES - continued**

**Intangible assets**

Amortisation is charged on intangible assets from the date that they are available for use. The estimated useful lives of indemnified intangible assets are as follows:

- Customer lists - 3 years
- Software - 5 years

**Impairment of tangible and intangible assets excluding goodwill**

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

**1. ACCOUNTING POLICIES - continued**

**Property, plant and equipment**

Non mineral bearing land and buildings are stated at cost less accumulated depreciation and any recognised impairment loss.

The Group has elected to use the revaluation of mineral bearing land before the date of transition to IFRSs as deemed cost at the date of the transition.

Land includes incidental costs (including stripping costs and planning applications) that are capitalised and depreciated in line with IAS 16.

Assets in the course of construction for production, rental or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant and equipment, furniture and fittings and motor vehicles are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than properties under construction down to their residual value, over their estimated useful lives, using the straight-line method, on the following bases:

- Freehold buildings - 5% per annum
- Leasehold premises - over the remaining period of the lease
- Plant and equipment - 5- 33.33% per annum
- Furniture and fittings - 10-15% per annum
- Motor vehicles - 20-25% per annum

Mineral bearing land is depreciated using the Depletion Method. Minerals are depreciated by the proportion that the resources extracted in a period correspond to the total resource.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises raw materials, direct labour, and other direct costs and related production overheads (based on normal operating capacity) that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the standard cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

**1. ACCOUNTING POLICIES - continued**

**Current and deferred income tax**

The current tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date and is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the taxbases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**Research and development**

Research expenditure is written off as incurred.

Development expenditure is also written off, except where the Directors are satisfied that a new or significantly improved product or process results and other relevant IAS 38 criteria are met as to the technical, commercial and financial viability of individual projects that would allow such costs to be capitalised. In such cases, the identifiable expenditure is capitalised and amortised over the period during which benefits are expected.

**Foreign currencies**

The financial statements are presented in Pounds Sterling which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the income statement, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.



**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

**1. ACCOUNTING POLICIES - continued**

**Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

**Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

**Government grants**

Government grants relating to property, plant and equipment are treated as deferred income and released to profit and loss over the expected useful lives of the assets concerned.

**Trade receivables**

Trade receivables are recognised initially at fair value and are held at fair value less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within administrative costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative costs in the statement of comprehensive income.

**Financial liabilities**

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost unless they are part of a fair value hedge accounting relationship; any difference between the amount on initial recognition and the redemption value is recognised in the statement of comprehensive income over the period of the financial liabilities using the effective interest method. Those financial liabilities that are part of a fair value hedge accounting relationship are also recorded on an amortised cost basis, plus or minus the fair value attributable to the risk being hedged with a corresponding entry in the income statement.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

**1. ACCOUNTING POLICIES - continued**

**Trade payables**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Provisions**

Provisions for environmental restoration and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money. The increase in the provision due to passage of time is recognised as an interest expense.

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Group's equity share capital (treasury shares), the consideration paid, including and directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

**Life assurance costs**

The cost of providing employee life assurance is accounted for in the period in which the cost is incurred by the provider.

The cost of employee life assurance benefits is recognised in the period in which the service is rendered and is not discounted.

**Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**Employee benefits**

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods in which services are rendered by employees.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

**1. ACCOUNTING POLICIES - continued**

**Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amounts of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changes, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in the future contributions and takes into account the adverse effect of any minimum funding requirements.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

**Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

**1. ACCOUNTING POLICIES - continued**

**Impairment review**

The Group assesses at each reporting date whether an asset may be impaired. If any such indicator exists the Group tests for impairment by estimating the recoverable amount. If the recoverable amount is less than the carrying value an impairment loss is recognised. The main estimates and judgements taken by management relate to the forecasting of future cashflows and the discount rate used to estimate the present value of cash flows to be generated by the asset under review. The Group determines the appropriate discount rate at the time based on the weighted average cost of capital of the Group.

**Company accounting policies**

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as noted below.

The Company is exempted by Section 408 of the Companies Act (2006) from disclosing its statement of comprehensive income, the result for the year is £nil (2016: £nil).

The Company has not presented a cash flow statement as no cash and cash equivalents are held by the Company and there have been no movements in cash and cash equivalents during the year.

Fixed asset investments are stated at cost unless in the opinion of the directors there has been a permanent diminution in value, in which case an appropriate adjustment is made.

**2. REVENUE**

An analysis of the Group's revenue is as follows

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Sale of goods	<u><b>108,869</b></u>	<u>102,712</u>

**3. OTHER OPERATING INCOME**

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Rental income	<b>76</b>	71
Other group related income	<u><b>1,897</b></u>	<u>1,548</u>
	<u><b>1,973</b></u>	<u>1,619</u>

**4. EMPLOYEES AND DIRECTORS**

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Wages and salaries	<u><b>12,814</b></u>	<u>10,710</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2017 Number	2016 Number
Production	177	160
Sales and logistics	44	62
Administration	10	11
Research and Engineering	-	8
	<u>231</u>	<u>241</u>

Their aggregate remuneration comprised

	2017 £'000	2016 £'000
Wages and salaries	9,384	8,793
Social security costs	1,018	930
Other costs	658	478
Life assurance	104	109
Other pension costs	<u>1,650</u>	<u>400</u>
	<u>12,814</u>	<u>10,710</u>

Remuneration of Key Management Personnel

The remuneration of the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Key Management Personnel is defined as the directors of the Group.

	2017 £'000	2016 £'000
Short-term employee benefits	405	464
Post-employment benefits	<u>29</u>	<u>30</u>
	<u>434</u>	<u>494</u>

Included in the above figures are directors' emoluments of £434,000 (2016: £494,000). The number of directors accruing benefits under defined benefit pensions schemes are 2 (2016: 2). The emoluments of the highest paid director are £307,000 (2016: £344,000). The pension contributions of the highest paid director are £20,000 (2016: £20,000). The accrued pension for the highest paid director at 31 December 2017 was £22,000 (2016: £22,000) per annum.

5. NET FINANCE COSTS

Finance costs	2017 £'000	2016 £'000
Interest on bank overdrafts	23	9
Interest on group loans	750	785
Unwinding of discounts in provisions	36	35
Net interest on defined benefit plans	<u>960</u>	<u>871</u>
	<u>1,769</u>	<u>1,700</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

6. (LOSS)/PROFIT BEFORE TAX

The loss before income tax (2016 - profit before income tax) is stated after charging/(crediting):

	2017	2016
	£'000	£'000
Cost of inventories recognised as expense	57,368	54,859
Operating lease costs - plant and equipment	935	936
Operating lease cost - other	2,198	1,394
Depreciation - owned assets	3,824	3,679
Depreciation - assets on hire purchase contracts	7	7
Profit on disposal of fixed assets	(7)	(7)
Customer relationships amortisation	36	-
Software amortisation	35	38
Auditor's remuneration for audit services	55	31
Auditor's remuneration for tax services	27	8
Foreign exchange differences	31	(316)
Auditor's remuneration for pension services	22	22
Impairment of property, plant and equipment	446	26
Impairment of intangibles	3	-
	<u>3</u>	<u>-</u>

The auditors' remuneration for audit services includes an amount of £4,000 (2016: £4,000) for the audit of the holding company Pluss Staufer Limited.

7. TAXATION

Analysis of tax (income)/expense

	2017	2016
	£'000	£'000
Deferred tax	<u>(471)</u>	<u>300</u>
Total tax (income)/expense in consolidated statement of profit or loss and other comprehensive income	<u>(471)</u>	<u>300</u>

Factors affecting the tax (income)/expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	£'000	£'000
(Loss)/profit before income tax	<u>(4,287)</u>	<u>1,071</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	(825)	214
Effects of:		
Non-deductible expenses	82	13
Fixed asset differences	188	-
Impact of change in the UK tax rate	<u>84</u>	<u>73</u>
Tax (income)/expense	<u>(471)</u>	<u>300</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

7. INCOME TAX - continued

Tax effects relating to effects of other comprehensive income

	Gross £'000	Tax £'000	Net £'000
<b>2017</b>			
Actuarial losses	<u>15,583</u>	<u>(2,309)</u>	<u>11,274</u>
<b>2016</b>			
Actuarial losses	<u>(16,166)</u>	<u>2,748</u>	<u>(13,418)</u>

Factors that may affect future tax charges

The current tax charge provision is based on the tax charge as calculated at the date of approval of the financial statements.

Reductions in the main rate of UK corporation tax to 17% by 2020 were announced in the budget on 16 March 2016. The reduction to 19% (effective 1 April 2017) was substantively enacted on 26 October 2015. The reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. Deferred tax is provided at the rates which prevail at the time the temporary differences are expected to reverse.

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £0 (2016 - £0).

9. INTANGIBLE ASSETS

Group

	Goodwill £'000	Customer relationships £'000	Software £'000	Totals £'000
<b>COST</b>				
At 1 January 2017	2,880	242	1,760	4,882
Additions	-	360	-	360
Disposals	-	-	(4)	(4)
At 31 December 2017	<u>2,880</u>	<u>602</u>	<u>1,756</u>	<u>5,238</u>
<b>AMORTISATION</b>				
At 1 January 2017	-	242	1,656	1,898
Amortisation for year	-	36	35	71
Eliminated on disposal	-	-	(4)	(4)
Impairments	-	-	3	3
At 31 December 2017	-	<u>278</u>	<u>1,690</u>	<u>1,968</u>
<b>NET BOOK VALUE</b>				
At 31 December 2017	<u>2,880</u>	<u>324</u>	<u>66</u>	<u>3,270</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

9. INTANGIBLE ASSETS - continued

Group

	Goodwill £'000	Customer relationships £'000	Software £'000	Totals £'000
<b>COST</b>				
At 1 January 2016	2,880	242	1,725	4,847
Additions	-	-	35	35
At 31 December 2016	<u>2,880</u>	<u>242</u>	<u>1,760</u>	<u>4,882</u>
<b>AMORTISATION</b>				
At 1 January 2016	-	242	1,618	1,860
Amortisation for year	-	-	38	38
At 31 December 2016	-	<u>242</u>	<u>1,656</u>	<u>1,898</u>
<b>NET BOOK VALUE</b>				
At 31 December 2016	<u>2,880</u>	<u>-</u>	<u>104</u>	<u>2,984</u>

Customer relationships consist of customer lists. Technology based intangible assets relate to software which has been capitalised.

Impairment tests for goodwill have been performed, the recoverable amount is determined based on value in use calculations. These calculations use pre-tax cash flow projections covering a five year period. The assumptions used are: Gross Margin 14% (2016: 14%), Growth Rate 3% (2016: 3%) and a Pre-tax discount Rate of 8.5% (2016: 8.5%).

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Land £'000	Buildings £'000	Mineral bearing land £'000	Assets under construction £'000
<b>COST</b>				
At 1 January 2017	6,549	25,632	5,576	1,339
Additions	-	-	-	8,439
Disposals	(262)	(191)	-	-
Reclassification/transfer	<u>376</u>	<u>385</u>	<u>1</u>	<u>(3,924)</u>
At 31 December 2017	<u>6,663</u>	<u>25,826</u>	<u>5,577</u>	<u>5,854</u>
<b>DEPRECIATION</b>				
At 1 January 2017	1,524	14,715	847	-
Charge for year	151	756	56	-
Eliminated on disposal	(262)	(191)	-	-
Impairments	<u>93</u>	<u>97</u>	<u>-</u>	<u>-</u>
At 31 December 2017	<u>1,506</u>	<u>15,377</u>	<u>903</u>	<u>-</u>
<b>NET BOOK VALUE</b>				
At 31 December 2017	<u>5,157</u>	<u>10,449</u>	<u>4,674</u>	<u>5,854</u>



Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

10. PROPERTY, PLANT AND EQUIPMENT - continued

Group

	Plant & Equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
<b>COST</b>				
At 1 January 2017	71,641	2,154	4,280	117,171
Additions	-	-	-	8,439
Disposals	(619)	(233)	(686)	(1,991)
Reclassification/transfer	<u>2,489</u>	<u>331</u>	<u>342</u>	<u>-</u>
At 31 December 2017	<u>73,511</u>	<u>2,252</u>	<u>3,936</u>	<u>123,619</u>
<b>DEPRECIATION</b>				
At 1 January 2017	47,980	1,532	2,599	69,197
Charge for year	2,370	137	361	3,831
Eliminated on disposal	(619)	(233)	(667)	(1,972)
Impairments	<u>169</u>	<u>33</u>	<u>54</u>	<u>446</u>
At 31 December 2017	<u>49,900</u>	<u>1,469</u>	<u>2,347</u>	<u>71,502</u>
<b>NET BOOK VALUE</b>				
At 31 December 2017	<u>23,611</u>	<u>783</u>	<u>1,589</u>	<u>52,117</u>
	Land £'000	Buildings £'000	Mineral bearing land £'000	Assets under construction £'000
<b>COST</b>				
At 1 January 2016	6,862	24,110	5,576	2,261
Additions	-	-	-	2,785
Reclassification/transfer	<u>(313)</u>	<u>1,522</u>	<u>-</u>	<u>(3,707)</u>
At 31 December 2016	<u>6,549</u>	<u>25,632</u>	<u>5,576</u>	<u>1,339</u>
<b>DEPRECIATION</b>				
At 1 January 2016	1,422	13,876	796	-
Charge for year	187	752	52	-
Eliminated on disposal	-	-	-	-
Impairments	-	-	-	-
Reclassification/transfer	<u>(85)</u>	<u>87</u>	<u>(1)</u>	<u>-</u>
At 31 December 2016	<u>1,524</u>	<u>14,715</u>	<u>847</u>	<u>-</u>
<b>NET BOOK VALUE</b>				
At 31 December 2016	<u>5,025</u>	<u>10,917</u>	<u>4,729</u>	<u>1,339</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

10. **PROPERTY, PLANT AND EQUIPMENT - continued**

**Group**

	Plant & Equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
<b>COST</b>				
At 1 January 2016	70,085	2,003	3,584	114,481
Additions	-	-	-	2,785
Disposals	-	-	(95)	(95)
Reclassification/transfer	<u>1,556</u>	<u>151</u>	<u>791</u>	<u>-</u>
At 31 December 2016	<u>71,641</u>	<u>2,154</u>	<u>4,280</u>	<u>117,171</u>
<b>DEPRECIATION</b>				
At 1 January 2016	45,654	1,439	2,393	65,580
Charge for year	2,298	104	293	3,686
Eliminated on disposal	-	-	(95)	(95)
Impairments	26	-	-	26
Reclassification/transfer	<u>2</u>	<u>(11)</u>	<u>8</u>	<u>-</u>
At 31 December 2016	<u>47,980</u>	<u>1,532</u>	<u>2,599</u>	<u>69,197</u>
<b>NET BOOK VALUE</b>				
At 31 December 2016	<u>23,661</u>	<u>622</u>	<u>1,681</u>	<u>47,974</u>

At 31 December 2017 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £531,000 (2016: £909,000).

The net book value of Plant & Equipment includes £27,000 (2016 - £34,000) in respect of assets held under hire purchase contracts.

11. **INVESTMENTS**

**Company**

	Investment in subsidiaries £'000
<b>COST</b>	
At 1 January 2017 and 31 December 2017	<u>25,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	<u>25,000</u>
At 31 December 2016	<u>25,000</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

11. INVESTMENTS - continued

Company

	Investment in subsidiaries £'000
--	---

**COST**

At 1 January 2016

and 31 December 2016

25,000

**NET BOOK VALUE**

At 31 December 2016

25,000

Details of the Group's subsidiaries at 31 December 2017 are as follows

Name of subsidiary	Place of incorporation	Class of Share held	Ownership	Voting power	Principal activity
Omya UK Limited	England & Wales	Ordinary	100%	100%	See below

The principal activities of Omya UK Limited during the year were the manufacture of chemicals and the quarrying, processing and distribution of calcium carbonate and other raw materials for supply to the chemical, plastics, paint, rubber, paper, ink, foodstuffs, building products, pharmaceutical and allied industries.

During the prior year a number of the Group's subsidiaries as listed below were dissolved.

Name of subsidiary	Place of incorporation	Class of Share held	Ownership	Voting power	Principal activity
Croxton & Garry Ltd	England & Wales	Ordinary	100%	100%	Dissolved
Eglinton Limestone Co Ltd	England & Wales	Ordinary	100%	100%	Dissolved
Nortalc Milling Ltd	England & Wales	Ordinary	100%	100%	Dissolved
Norwegian Talc Ltd	England & Wales	Ordinary	100%	100%	Dissolved
Protexulate Ltd	England & Wales	Ordinary	100%	100%	Dissolved

12. INVENTORIES

	Group	
	2017	2016
	£'000	£'000
Raw materials	1,583	1,332
Finished goods	8,797	8,396
Spare parts	<u>1,420</u>	<u>1,312</u>
	<u>11,800</u>	<u>11,040</u>

During the year £nil (2016: £117,000) was provided for slow moving and obsolete stocks.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Current:				
Amount receivable from sale of goods	18,492	17,716	-	-
Receivables from related parties	1,003	887	3,000	3,000
Other receivables	2	3	-	-
Prepayments and accrued income	532	404	-	-
	<u>20,029</u>	<u>19,010</u>	<u>3,000</u>	<u>3,000</u>

Ageing of trade receivables

	2017	2016
	£'000	£'000
Total trade receivables	18,529	17,730
Less: impairment provision for trade receivables	<u>(37)</u>	<u>(14)</u>
	<u>18,492</u>	<u>17,716</u>
Of which:		
Not overdue	12,660	12,355
Past due less than 10 days	5,373	4,724
Past due more than 10 days but less than two months	385	669
Past due more than two months but less than six months	22	39
Past due more than six months but less than twelve months	<u>52</u>	<u>(71)</u>
	<u>18,492</u>	<u>17,716</u>

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies

British Pound	16,018	15,945
Euro	3,002	2,226
US Dollar	<u>1,009</u>	<u>839</u>
	<u>20,029</u>	<u>19,010</u>

14. CASH AND CASH EQUIVALENTS

	Group	
	2017	2016
	£'000	£'000
Cash in hand	3	6
Bank accounts	<u>1,278</u>	<u>-</u>
	<u>1,281</u>	<u>6</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value: £1	2017	2016
Number:	Class:		£'000	£'000
25,000,000	Ordinary		<u>25,000</u>	<u>25,000</u>

16. RESERVES

Group	Retained earnings £'000	Share premium £'000	Capital reserve £'000	Mineral reserve £'000	Totals £'000
At 1 January 2017	(39,327)	7,010	410	4,729	(27,178)
Loss for the year	(3,816)				(3,816)
Actuarial gains and losses on defined benefit pension	13,583	-	-	-	13,583
Deferred taxation on actuarial gains or losses	(2,309)	-	-	-	(2,309)
No description	<u>56</u>	<u>-</u>	<u>-</u>	<u>(56)</u>	<u>-</u>
At 31 December 2017	<u>(31,813)</u>	<u>7,010</u>	<u>410</u>	<u>4,673</u>	<u>(19,720)</u>

Company

	Retained earnings £'000
At 1 January 2017	(7,936)
Profit for the year	<u>-</u>
At 31 December 2017	<u>(7,936)</u>

17. TRADE AND OTHER PAYABLES

	Group	
	2017 £'000	2016 £'000
Current:		
Amount payable from purchase of goods	13,611	11,293
Amounts due to related parties	967	937
Other tax and social security	1,086	787
Accruals and deferred income	297	258
Deferred government grants	<u>1</u>	<u>1</u>
	<u>15,962</u>	<u>13,276</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

17. TRADE AND OTHER PAYABLES - continued

	Group	
	2017	2016
	£'000	£'000
Non-current:		
Deferred government grants	<u>8</u>	<u>10</u>
	<u>8</u>	<u>10</u>
Aggregate amounts	<u>15,970</u>	<u>13,286</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

18. BANK OVERDRAFTS AND LOANS

	<b>Group</b>	
	<b>2017</b>	2016
	<b>£'000</b>	£'000
Current:		
Bank overdraft	-	105
Hire purchase contracts (see note 19)	<u>8</u>	<u>11</u>
	<u><b>8</b></u>	<u><b>116</b></u>
Non-current		
Ultimate parent company loan	42,784	34,314
Hire purchase contracts (see note 19)	<u>-</u>	<u>9</u>
	<u><b>42,784</b></u>	<u><b>34,323</b></u>
Bank overdraft and ultimate parent company loan are repayable as follows		
On demand or within one year	-	105
Between two and five years	<u>42,784</u>	<u>34,314</u>
	<u><b>42,784</b></u>	<u><b>34,419</b></u>
	<b>Company</b>	
	<b>2017</b>	2016
	<b>£'000</b>	£'000
Non-current		
Payables from related parties	<u>10,936</u>	<u>10,936</u>
Payables from related parties are due as follows		
After five years	<u>10,936</u>	<u>10,936</u>

Payables from related parties are in sterling.

**Group**

**Analysis of bank overdraft and ultimate parent company by currency**

	<b>Total</b>	<b>Sterling</b>	<b>Euros</b>	<b>US Dollars</b>	<b>Others</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 31 December 2016					
Bank overdrafts	105	849	(652)	(64)	(28)
Ultimate parent company loan	<u>34,314</u>	<u>34,314</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2017					
Bank overdrafts	-	-	-	-	-
Ultimate parent company loan	<u>42,784</u>	<u>42,784</u>	<u>-</u>	<u>-</u>	<u>-</u>

The weighted average interest rates paid were as follows

	<b>2017</b>	2016
	<b>1.93%</b>	2.85%
Bank overdrafts	<u>1.93%</u>	<u>2.13%</u>
Ultimate parent company loan	<u>1.93%</u>	<u>2.13%</u>

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

**18. BANK OVERDRAFTS AND LOANS – continued**

The other principal features of the Group's borrowings are as follows:

- (i) Bank overdraft was repayable on demand.
- (ii) The Group has the following principal loan:

A loan of £42.8m (2016: £34.3m) with the ultimate parent company. This loan was taken out in May 2006 and was renewed in 2008, 2010, 2013 and 2014. The loan carries an interest rate of 1.93% (2016: 2.13%) which is the rate of 1.60% over 3 months LIBOR. No security is pledged for these loans and no repayment is due until the maturity date in 2019.

At 31 December 2017, the Group had available £0.2m (2016: £6.7m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

**19. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

	<b>Hire purchase contracts</b>	
	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Net obligations repayable:		
Within one year	<b>8</b>	<b>11</b>
Between one and five years	<b>-</b>	<b>9</b>
	<b><u>8</u></b>	<b><u>20</u></b>

The Group had the following future minimum lease payments under non-cancellable operating leases that fall due as follows:

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	<b>1,014</b>	<b>924</b>
Between one and five years	<b>1,769</b>	<b>1,883</b>
In more than five years	<b>1,478</b>	<b>3,070</b>
	<b><u>4,261</u></b>	<b><u>5,877</u></b>

**Company**

The Company had no outstanding commitments for future minimum lease payments under non-cancellable operating lease.



Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

20. PROVISIONS

	Group	
	2017	2016
	£'000	£'000
Restructuring provision	1,330	-
Litigation provision	1,117	20
Restoration and dilapidations provision	<u>1,488</u>	<u>1,440</u>
	<u>3,935</u>	<u>1,460</u>
Analysed as follows:		
Current	2,447	20
Non-current	<u>1,488</u>	<u>1,440</u>
	<u>3,935</u>	<u>1,460</u>

	Restructuring provision	Restoration and dilapidation provision	Litigation provision	Total provision
	£'000	£'000	£'000	£'000
At 1 January 2017	-	1,440	20	1,460
Additional provision in the year	1,329	88	1,117	2,534
Utilisation of provision	-	(75)	(20)	(95)
Unwinding of discount	<u>1</u>	<u>35</u>	<u>-</u>	<u>36</u>
At 31 December 2017	<u>1,330</u>	<u>1,488</u>	<u>1,117</u>	<u>3,935</u>
- Current	1,330	-	1,117	2,447
- Non-current	<u>-</u>	<u>1,488</u>	<u>-</u>	<u>1,488</u>

Estimated long term restoration provisions, are based on the Group's environmental management plans in compliance with current technological, environmental and regulatory requirements. Based on damage done to date the net present value of expected restoration cost estimates are recognised and provided for in full in the financial statements. This provision is estimated to be utilised between 2017 and 2054.

The Group made the decision to close one of its manufacturing sites at the end of 2018. The announcement was made to employees and costs were provided for in the financial statements.

The Group has been subject to a case of illegal dumping at one of its quarries. An investigation into this is being led by the Environment Agency. The cost for disposing of the material and the associated Landfill Tax has been provided for in the financial statements.

The estimates are reviewed annually and are discounted using a pre-tax risk free rate that is adjusted to reflect the current market assessments of the time value of money.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

21. DEFERRED TAX

The following are the major deferred tax liabilities and (assets) recognised by the Group and movements thereon during the current reporting period.

	Accelerated tax depreciation £'000	Revaluation of mineral reserve £'000	Retirement benefit obligations £'000	Tax losses £'000	Total £'000
At 1 January 2016	4,036	861	(4,278)	(1,049)	(430)
Recognised in income	(716)	(55)	739	332	300
Recognised in equity	-	-	(2,748)	-	(2,748)
At 31 December 2016	3,320	806	(6,287)	(717)	(2,878)
Recognised in income	(236)	(3)	296	(528)	(471)
Recognised in equity	-	-	2,309	-	2,309
At 31 December 2017	<u>3,084</u>	<u>803</u>	<u>(3,682)</u>	<u>(1,245)</u>	<u>(1,040)</u>

Certain deferred tax assets and liabilities have been offset.

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2017 £'000	2016 £'000
Deferred tax liabilities	3,887	4,126
Deferred tax assets	<u>(4,927)</u>	<u>(7,004)</u>
	<u>(1,040)</u>	<u>(2,878)</u>

Temporary differences not recognised in the above are insignificant.

At the balance sheet date, the Group has unused tax losses of £7.3m (2016: £4.2m) available for offset against future profits and a deferred tax asset has been recognised in respect of these losses. The deferred tax asset has been recognised as the Group is expected to generate adequate taxable profits in the foreseeable future to recover the asset.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

22. EMPLOYEE BENEFIT OBLIGATIONS

The Group operates a defined benefit scheme for qualifying employees which requires contributions to be made to a separately administered fund.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out in June 2016 by Mercer LLC, a firm of actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The Defined Benefit Scheme was closed to future accrual in May 2009.

The actuarial valuations described above have been updated at 31 December 2017 by the actuaries using assumptions that are consistent with the requirements of IAS 19.

The amounts recognised in the statement of financial position are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	(105,114)	(118,907)
Fair value of plan assets	<u>83,554</u>	<u>82,022</u>
Net liability	<u>(21,560)</u>	<u>(36,885)</u>

The amounts recognised in profit or loss are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Past service cost	-	(1,133)
Interest cost	3,142	3,610
Interest income	<u>(2,182)</u>	<u>(2,739)</u>
	<u>960</u>	<u>(262)</u>
Actual return on plan assets	<u>5,279</u>	<u>14,901</u>

Changes in the present value of the defined benefit obligation are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	118,907	97,020
Past service cost	-	(1,133)
Interest cost	3,142	3,610
Remeasurements - Effects of changes in financial assumptions	(11,810)	28,328
Benefits paid	<u>(5,125)</u>	<u>(8,918)</u>
	<u>105,114</u>	<u>118,907</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

22. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2017	2016
	£'000	£'000
Opening fair value of scheme assets	82,022	73,351
Contributions by employer	2,700	2,688
Interest income	2,182	2,739
Benefits paid	(5,125)	(8,918)
Remeasurements - return on plan assets (excluding interest)	<u>1,775</u>	<u>12,162</u>
	<u>83,554</u>	<u>82,022</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2017	2016
	£'000	£'000
Actuarial gains/(losses)	<u>13,583</u>	<u>(16,166)</u>
	<u>13,583</u>	<u>(16,166)</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2017	2016
	£'000	£'000
Equity instruments	4,796	15,771
Debt instruments	11,797	32,712
Cash and cash equivalents	3,095	82
Property	-	1,442
Other assets	-	6,135
Assets held insurance company	26,093	25,880
Liability driven investments	16,857	-
Diversified growth funds	<u>20,916</u>	<u>-</u>
	<u>83,554</u>	<u>82,022</u>

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2017	2016
Discount rate	2.50%	2.70%
Inflation rate (consumer price index)	2.30%	2.50%
Future pension increases	3.10%	3.30%
Interest income on assets	2.50%	2.70%

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

**22. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

In assessing the post retirement mortality of members in the defined benefit scheme, the Group has used S2Nx tables with a -0.3 year male age rating and a -1.5 year female age rating. CMI 2016 projections with a 1.00% p.a. long term improvement rate have been used for mortality improvements.

Assumed life expectations on retirement at age 65

	2017	2016
Retiring today (male member age 65)	22.3	23.3
Retiring in 25 years (male member age 40 today)	24.1	25.4
Retiring today (female member age 65)	24.9	25.6
Retiring in 25 years (female member age 40 today)	26.9	27.5

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table shows the defined benefit obligation resulting from adjustments to the assumptions.

	2017 £'000	2016 £'000
Decrease in discount rate of 0.25% (2016: 0.50%)	109,529	132,679
Increase in discount rate of 0.25% (2016: 0.50%)	100,699	107,025
Decrease in inflation rate of 0.25% (2016: 1.00%)	102,802	107,655
Increase in inflation rate of 0.25% (2016: 1.00%)	107,427	133,064
Members one year younger than assumed	109,739	123,687

The estimated amount of contributions expected to be paid to the scheme during the 2018 financial year is £2,806,000 (2017: £2,734,000).

**Defined contribution scheme**

The Group operates defined contribution retirement benefit schemes for certain qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The total cost charged to income of £1,650,000 (2016: £400,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. In 2016 there was a past service gain of £1,133,000 which offset the £1,533,000 cost of contributions payable to the schemes.

**23. CONTINGENT LIABILITIES**

**a) Other**

Other contingent liabilities arise in the normal course of business. It is not anticipated that any material loss will arise in connection therewith.

**b) Other Guarantee**

The Group has a duty guarantee for £500,000 (2016: £500,000) and a Stand By Letter of Credit for £800,000 (2016: £nil).

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

24. RELATED PARTY DISCLOSURES

**Group**

Related party transactions of the Group which are considered to be material are as follows:-

a) Ultimate Controlling Party

The ultimate parent company is Omya AG, a company registered in Switzerland.

b) Subsidiary Companies

Details of investments in subsidiary companies are disclosed in note 11.

c) Overseas Group Companies

During the year, the Group traded with fellow subsidiary companies of Omya AG, situated overseas. The Group's trading activities, all of which were in the ordinary course of business and at arms'- length with these companies, included £10,181,000 (2016: £9,495,000) for the sale of goods, £1,996,000 (2016: £1,616,000) for services provided to the Group, £10,419,000 (2016: £10,552,000) for the purchase of goods, £750,000 (2016: £785,000) for interest expenses on loans and £5,339,000 (2016: £5,526,000) for service charges from group companies.

The amounts owed by overseas group companies at the year-end amounted to £1,003,000 (2016: £887,000) and the amounts owed to overseas group companies at the year-end amounted to £967,000 (2016: £937,000).

Details of loans from the parent company, which is a related party, are provided in note 18.

**Company**

Related party transactions of the Company which are considered to be material are as follows:-

Included within receivables from related parties amount to £3,000,000 (2016: £3,000,000). The receivables are unsecured in nature and bear no interest.

Included within payables related parties amount to £10,936,000 (2016: £10,936,000). The payables are unsecured in nature and bear no interest.

25. RECONCILIATION OF (LOSS)/PROFIT BEFORE (INCOME)/EXPENSE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017	2016
	£'000	£'000
(Loss)/profit before taxation	(4,287)	1,071
Depreciation charges	3,831	3,686
Profit on disposal of fixed assets	(7)	(7)
Amortisation and impairment charges	520	64
Difference between pension charge and cash contributions	(1,742)	(2,950)
Increase in provisions	2,532	42
Finance costs	<u>1,769</u>	<u>1,700</u>
	<b>2,616</b>	<b>3,606</b>
(Increase)/decrease in inventories	(760)	575
(Increase)/decrease in trade and other receivables	(1,019)	247
Increase/(decrease) in trade and other payables	<u>2,686</u>	<u>(901)</u>
<b>Cash generated from operations</b>	<b><u>3,523</u></b>	<b><u>3,527</u></b>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017

26. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2017

	31.12.17	1.1.17
	£'000	£'000
Cash and cash equivalents	1,281	6
Bank overdrafts	-	(105)
	<u>1,281</u>	<u>(99)</u>

Year ended 31 December 2016

	31.12.16	1.1.16
	£'000	£'000
Cash and cash equivalents	6	1,578
Bank overdrafts	(105)	-
	<u>(99)</u>	<u>1,578</u>

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

**27. FINANCIAL AND CAPITAL RISK**

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the treasury function under policies approved by the board of directors.

**Market risk** - The Group's interest rate risk arises from long-term borrowings. The Group is funded substantially by a LIBOR linked interest bearing loan from the ultimate parent company. At 31 December 2017, the Group had a loan of £42.8m (2016: £34.5m) with the ultimate parent company which carried an interest rate at 1.60% over 3 months LIBOR.

**Credit risk** - The Group's credit risk is primarily attributable to its trade receivables. The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. At 31 December 2017, 0.4% (2016: 0.2%) of trade debtors were over two months overdue.

**Liquidity risk** - Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the treasury function maintains flexibility in funding by maintaining availability under committed credit lines. At 31 December 2017, the Group had available £3.2m (2016: £6.7m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

**Interest rate risk** - The Group is funded substantially by interest bearing payables to the Omya AG group. As a consequence the Group is dependent on the Omya AG group treasury department for managing interest rate risk. The impact of the interest rate risk is passed down from the Omya AG group to the Group through the increase or decrease in the rate payable on group funding. If the Group interest rate had increased by 1% with all other variables held constant, pre-tax profit for the year would have been £349,000 (2016: £343,000) lower.

The following table analyses the Group non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>At 31 December 2017</b>					
<b>Borrowings</b>	-	-	-	-	42,784
<b>Bank overdraft</b>	-	-	-	-	-
<b>Trade and other payables</b>	15,657	297	8	-	-
<b>Provisions</b>	-	2,447	-	-	1,448
	<u>15,657</u>	<u>2,744</u>	<u>8</u>	<u>-</u>	<u>44,232</u>
<b>At 31 December 2016</b>					
<b>Borrowings</b>	-	-	-	-	34,314
<b>Bank overdraft</b>	105	-	-	-	-
<b>Trade and other payables</b>	13,008	258	10	-	-
<b>Provisions</b>	-	-	-	-	1,440
	<u>13,113</u>	<u>258</u>	<u>10</u>	<u>-</u>	<u>35,754</u>



**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2017**

**27. FINANCIAL AND CAPITAL RISK – continued**

Capital Risk - The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.