BASF Performance Products Limited (formerly BASF Performance Products Plc)

Annual report and financial statements

Registered number 3249009

31 December 2014

Contents

Strategic report

Principal activities

BASF is the world's leading chemical company offering customers intelligent solutions and sophisticated products. The principal activity of this company is the manufacture and sale of waste water and paper treatments, pigments and oilfield & mining products.

Business Model

BASF's strategic focus lies in industry orientation, innovation, sustainability, people and technology & operational excellence.

BASF Performance Products manufacture products used to enhance industrial processing in various industries including papermaking, mining, oil extraction and waste water treatments.

Business review and results

During 2014 the company reported a loss of £15,442k *(2013: loss £14,499k)*. The reported loss includes a pension cost of curtailment of £25,501k. A decision was made during the year to close the pension scheme to future accrual from December 2015 and this has reduced the asset recognisable under FRS17. The resulting cost of this curtailment has been recognised under operating costs.

In 2014 sales volume of product manufactured at the Bradford site has increased by 2.3% but sales value has fallen by 1.8%. Sales volume and value at the Paisley site dropped significantly in the second half of 2014 with all production lines closing by the end of 2014.

In addition there has been a slight increase in raw material costs resulting in a fall in gross profit margin from 14% in 2013 to 10% in 2014.

Distribution costs remain consistent at 3.4% of sales falling to £10,156k (2013: £11,156k).

Administration costs have decreased dramatically in 2014 due to the restructuring costs booked during 2013. Excluding restructuring costs of £1,214k *(2013: £38,294k)* (*note 3(b)*) the remaining administration costs have increased from £7,696k to £11,492k. This is due to litigation costs of £3,785k booked in 2014 for the defence of our UK patents.

BASF continues to implement a series of measures within its Performance Products segment to strengthen its competitiveness. BASF are optimising their global production network for pigments and this includes the announced closure of the Paisley plant. The global market for Azo Pigments manufactured at Paisley is shrinking thus BASF is consolidating its production at the group's most competitive sites. The site closure is due to be completed in 2015, and the remaining 72 employees at Paisley will leave during 2015. Following the announcement, a redundancy provision of £7,554k was booked during the last quarter of 2013. In addition all of the remaining Paisley fixed assets, with the exception of land, were impaired to nil net book value in December 2013. This resulted in an impairment cost of £19,896k.

Due to the ongoing closure programme at the Paisley site, plant closure costs of £3,375k *(2013: £859k)* were incurred during 2014 in relation to the decommissioning and demolition of the assets. The closure process is continuing in 2015, further costs attributable will be expensed in the profit and loss account as and when incurred.

Production at the Paisley site ceased at the end of 2014.

Strategic report *(continued)*

In March 2013 an Operational Value Improvement Program (OVIP) was launched at the Bradford site. This project was in reaction to outdated and unreliable plants, high costs, underutilisation and unstable processes.

The OVIP project includes a planned headcount reduction of 170 in the period 2013 to 2016, where possible the reduction will be through voluntary means. In June 2013 a redundancy provision of £8,800k was booked in response to the formal announcement. During 2013 and 2014 a total of 54 employees have left as part of the project with a further reduction in headcount of 90 expected by the end of 2016.

OVIP includes planned investments of €72m on new technologies to ensure process stabilisation and improve equipment reliability to result in a flexible plant. This will incorporate a combination of technical expertise with operating experience. In 2014 capital expenditure amounted to £18,660k as the initial stages of the investment began.

The overall aim of OVIP is to create a sustainable future and obtain cost leadership. As a result there will be a reduction in production lines. In 2013 production ceased for 4 lines and the associated assets were therefore impaired to nil net book value at a cost of £715k.

Upon completion of the project the remaining asset base will be optimised to serve the businesses and support other operating divisions.

Key performance indicators

The company's key performance indicators during the year were as follows:

	2014	2013	Change
Growth and profitability development			
Turnover (£000)	294,719	308,918	-4.6%
Gross profit margin	10%	14%	-29%
Average Headcount	812	881	(69)
Safety			
Accidents per 100,000 hours worked	0.00	0.05	-0.05

During 2014 the company has continued its focus on profitable sales and there has also been an increase in the sales volumes at the Bradford site. Sales prices have fallen slightly from 2013 due to the challenging market environment. Overall this has resulted in a decrease in turnover to £294,719k, representing a reduction of 4.5% from 2013.

The gross profit margin has fallen to 10% as a result of the decrease in turnover combined with a small increase in raw material prices compared to 2013.

The headcount reduction is due to the final stages of the closure programme at Paisley along with further leavers under the OVIP project at Bradford.

In 2014 there has been a continued focus within the BASF group on ensuring a safe work environment for all employees. This is demonstrated within the company by a further reduction in the accident rate to 0.00 per 100,000 hours worked.

Strategic report *(continued)*

Principal risks and uncertainties

The company's management meet quarterly to review risks and uncertainties, and evaluate what decisions are required. The principal risks and uncertainties facing the company are competition, industry development, environment and health and safety.

Competition

The company operates in competitive markets and has many traditional as well as new global competitors. All the businesses face competitive risks and uncertainties.

Industry development

Raw material and energy costs are prone to increase which the company makes all efforts to pass onto the customer. Dependent on the market, selling price increases cannot always be attained.

Environment, Health and Safety

The company meets the legal requirements to manage these risks. Given the importance the company places on managing those risks, it also adheres to best practice and Chemical Industries Association Standards. There are regular risk assessment activities carried out on a site by site basis. Where corrective actions are required these are implemented and reviewed at the next internal audit. The production sites have to follow COMAH (Control Of Major Accident Hazards) regulations and are subject to Health and Safety Executive audits.

Future developments

On 1st January 2015 the company's trade assets and liabilities of £28,307,000 were sold to BASF Plc where the ongoing programme of investment & cost rationalisation will continue for the Bradford site with additional focus on the increase of sales volumes. From this date the company had no remaining liabilities and held only an asset representing the consideration receivable for the sale of net assets. The company is expected to remain dormant for the foreseeable future and as such the use of the going concern assumption in preparing these financial statements is considered to remain appropriate.

By order of the board

T Urwin
Director

Earl Road
Cheadle Hulme
SK8 6QG

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Results and dividends

The loss for the year ended 31 December 2014 was £15,442k (*2013: loss £14,499k*). The directors do not recommend the payment of a dividend (*2013: Nil*).

Directors

The directors who held office during the year were as follows:

T B Jensen	resigned 31/12/2014
H Koerner	resigned 31/12/2014
T Urwin	
G Thomson	resigned 31/12/2014
G W Mackey	resigned 31/12/2014
M Halusa	resigned 31/12/2014
S Hatton	appointed 01/01/2015

Involvement of employees

Employee involvement and consultation is managed in a number of ways. The process of team briefings by line managers continues to be an important basis for ensuring good internal communications. These arrangements also promote a common awareness amongst employees of the financial and economic factors affecting the performance of their segments and the business. This is supplemented by both segmental and company-wide publications and an intranet.

Employment of disabled persons

Applications for disabled employees are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Financial instruments

The company primarily finances its operations using borrowings, cash and liquid resources, trade debtors and creditors, debt and equity. These financial instruments all arise in the normal course of the company's operating activities.

The company does not engage in speculative activities using derivative financial instruments. Company cash reserves are pooled and managed centrally in order to ensure the best returns. The majority of borrowing is also within the BASF Group, which also results in lower financing costs.

Interest rate risk, liquidity risk and exchange risk are managed at a Group level via a combination of BASF Services Europe GmbH and BASF SE, the company's ultimate parent. This reduces significantly the exposure of BASF Performance Products Limited to movements in the markets.

Disclosure of information to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report *(continued)*

Auditor

Pursuant to section 487 for the Companies Act 2006, the auditor will be deemed to be reappointed, and KPMG LLP will therefore continue in office.

By order of the board

S. Hatton

S Hatton
Secretary

Earl Road
Cheadle Hulme
SK8 6QG

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of BASF Performance Products Limited

We have audited the financial statements of BASF Performance Products Limited for the year ended 31 December 2014 set out on pages 9 to 35. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of BASF Performance Products Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- 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.

Frances Whittle

Frances Whittle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

29 June 2015.

Profit and loss account
for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Turnover	2	**294,719**	308,918
Cost of sales		**(266,673)**	(265,926)
Gross profit		**28,046**	42,992
Net operating expenses (excluding pension curtailment)	3(a)	**(22,862)**	(57,146)
Pension – cost of curtailment	9(c)	**(25,501)**	-
Total operating costs		**(48,363)**	(57,146)
Operating loss	3(b)	**(20,317)**	(14,154)
Loss on sale of tangible fixed asset	4	**(246)**	(219)
Loss before finance charges		**(20,563)**	(14,373)
Interest payable	5	**(2,893)**	(6,227)
Interest receivable	6	**14**	20
Other finance income	7	**5,734**	5,622
Loss on ordinary activities before taxation		**(17,708)**	(14,958)
Tax on loss on ordinary activities	8	**2,266**	459
Loss for the financial year	20	**(15,442)**	(14,499)

The accompanying notes on pages 12 to 35 form an integral part of the financial statements.

All trading activity arises from operations which were discontinued in the company on 1 January 2015 but will continue in BASF plc.

Balance sheet

as at 31 December 2014

	Notes	**2014**	**2014**	2013	2013
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*11*		**929**		789
Tangible assets	*12*		**89,811**		79,329
			90,740		80,118
Current assets					
Stocks	*13*	**47,090**		54,815	
Debtors:					
due within one year	*14*	**463,993**		48,196	
due after one year	*14*	**2,392**		457,125	
Cash at bank and in hand		**-**		100	
		513,475		560,236	
Creditors: amounts falling due within one year	*15*	**(564,201)**		(283,654)	
Net current (liabilities)/assets			**(50,726)**		276,582
Total assets less current liabilities			**40,014**		356,700
Creditors: amounts falling due after more than one year	*16*		**-**		(372,283)
Provisions for liabilities and charges	*18*		**(14,722)**		(20,084)
Net assets/(liabilities) excluding pension asset			**25,292**		(35,667)
Pension asset	*9(e)*		**3,015**		14,359
Net assets/(liabilities)			**28,307**		(21,308)
Capital and reserves					
Called up share capital	*19*		**50,991**		49,991
Share premium account	*20*		**124,032**		60,032
Profit and loss account	*20*		**(146,716)**		(131,331)
Equity shareholders' funds	*21*		**28,307**		(21,308)

The accompanying notes on pages 12 to 35 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 26/6/15 and were signed on its behalf by:

T Urwin
Director

Statement of Total Recognised Gains and Losses
for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Loss for the financial year		**(15,442)**	(14,499)
Actuarial gain/(loss) on Ciba UK Pension Scheme	*9(c)*	**261**	(17,494)
Actuarial loss on Ex-Gratia Pension Scheme	*9(d)*	**(190)**	(92)
Movement on deferred tax relating to the actuarial gains and losses on the pension schemes		**(14)**	4,044
Other gains relating to the year	*21*	**57**	(13,542)
Total recognised losses since last annual report		**(15,385)**	(28,041)

The accompanying notes on pages 12 to 35 form an integral part of the financial statements.

Notes to the financial statements

1 Accounting policies

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

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement as the company is a wholly owned subsidiary undertaking of a company incorporated in Germany, and a consolidated cash flow statement is included in that company's financial statements, which are publicly available.

Going concern

The company's current liabilities exceed the current assets by £50,726,000. The financial statements have been prepared on a going concern basis, which assumes the company will continue in operational existence for the foreseeable future. The ability of the company to continue as a going concern is reliant on the ongoing financial support provided by the BASF Group. The directors, having made appropriate enquiries and having regard to the continuing support from the Group, consider it appropriate to prepare the financial statements on a going concern basis. Furthermore, on 1 January 2015 the assets and liabilities of £28,307,000 of the company were sold to BASF plc. From this date the company had no remaining liabilities and held only an asset representing the consideration receivable for the sale of net assets. The company is expected to remain dormant for the foreseeable future and as such the use of the going concern assumption in preparing these financial statements is considered to remain appropriate.

Turnover

Turnover is defined as the amounts invoiced for goods supplied excluding value added tax or equivalent overseas sales taxes and is recognised when the goods are despatched to the customer.

Intangible assets

Positive goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life of 20 years. Provision is made for any impairment.

Emission allowances, principally relating to the emissions of carbon dioxide, are recorded as intangible assets and are initially recorded at cost and subsequently at the lower of cost and net realisable value. Where emission allowances are granted by relevant authorities, cost is deemed to be equal to the fair value at the date of allocation. Receipts of such grants are treated as deferred income, and this is reduced upon impairment of the related intangible asset. Impairments are made to reflect reductions in open market values. A provision is recorded in respect of the obligation to deliver emission allowances.

Income from emission allowances that are sold is reported as part of other operating income.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation of tangible fixed assets is provided on a straight line basis to write off the cost by equal annual instalments over their estimated lives, taking into account commercial and technical obsolescence as well as normal wear and tear. Depreciation on assets qualifying for government grants is calculated on their full cost. No depreciation is provided on land and assets in the course of construction. Revised depreciation is provided where an asset is expected to become obsolete before the end of its normal useful life.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets (continued)

The principal estimated lives are as follows:

Buildings	-	15-50 years
Plant and machinery	-	5-25 years
Fixtures and fittings	-	3-10 years

Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. These reviews assess the recoverable amount by reference to the net present value of expected future cash flows of the relevant income-generating unit, or disposal value if higher, resulting in revised depreciation or amortisation as appropriate.

Government grants

Government grants in respect of capital expenditure are credited to the profit and loss account over the estimated life of the fixed assets to which they relate. The grants shown in the balance sheet represent the total grants received to date less the amounts so far credited to the profit and loss account.

Investments

Except as stated below, fixed asset investments are shown at cost less provision for impairment.

Research and development

All research and development expenditure borne by the company, including all expenditure in respect of patents and trademarks, is written off as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. The cost of products manufactured includes an appropriate allocation of overheads. Provision is made for obsolete and slow moving stocks.

Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and disposal.

Translation of foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange ruling at the year end. Exchange gains and losses are taken to trading profit.

Pension and post-retirement benefits

The company participates in the Ciba group defined benefit and defined contribution scheme which is self-administered and is funded by contributions from members and from the company. In accordance with FRS17, the service cost of pension provision relating to the period, together with the cost of any benefits relating to past service, is charged to the profit and loss account. A charge equal to the increase in the present value of the company's share of the scheme liabilities and a credit equivalent to the long-term expected return on the company's share of the scheme assets (based on the fair value) at the start of the period, are included in the profit and loss account.

The difference between the fair value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet net of deferred tax. Any difference between the expected return on assets and that actually achieved is recognised in the statement of total recognised gains and losses along with differences which arise from experience gains and losses and changes of assumptions.

Further information on pension arrangements is set out in note 9(c) to the accounts.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Financial instruments

The company holds and uses financial instruments to finance its operations and to manage its interest rate, liquidity and currency risks. The company primarily finances its operations using borrowings, cash and liquid resources, trade debtors and creditors, debt and equity. These financial instruments all arise in the normal course of the company's operating activities.

As directed by the board the company does not engage in speculative activities using derivative financial instruments. Company cash reserves are held centrally to take advantage of the most rewarding short-term investments opportunities. Forward foreign currency contracts are used in the management of currency risk.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and exchange rate risk. The board reviews and agrees the policies for managing each of these risks in accordance with the worldwide group's financial policies.

Interest rate risk

The company's policy is to regularly review the terms of its available short-term borrowing facilities and to individually assess and manage each long-term borrowing commitment accordingly.

Liquidity risk

Cash resources are largely generated through operations. Short-term flexibility is achieved by overdraft facilities, money market facilities and intercompany loans.

Currency risk

Exposure to currency risk primarily arises from incurring transactional foreign currency costs. The company's policy is to cover all significant foreign currency commitments by using forward foreign currency contracts.

Notes to the financial statements *(continued)*

2 Turnover

Turnover originates wholly within the UK and is analysed by destination as follows:

	2014 £000	2013 £000
United Kingdom	**1,244**	6,703
Europe	**291,160**	299,635
Americas	**370**	24
Asia, Australia and Africa	**1,945**	2,556
	294,719	308,918

Further segmental information has been excluded as the directors believe disclosure would be seriously prejudicial to the company.

3 (a) Net operating expenses

	2014 £000	2013 £000
Distribution	**10,156**	11,156
Administration	**12,706**	45,990
	22,862	57,146

3 (b) Operating profit on ordinary activities

Operating profit on ordinary activities is stated after charging/(crediting) the following:

	2014 £000	2013 £000
Depreciation of tangible fixed assets	**7,916**	10,073
Amortisation of intangible assets	**11**	10
Operating leases:		
plant and machinery	**410**	488
Restructuring costs:		
Impairment costs	**12**	20,611
Plant closure costs	**3,375**	859
Severance costs (note 18)	**(2,173)**	16,798
Other restructuring costs	**-**	26
Amounts transferred from government grants	**-**	(284)
Exchange (gains)/losses	**(68)**	(293)
Provisions charge/(credit) in the year (note 18):		
Post retirement medical insurance	**62**	(378)
Litigation costs	**1,761**	-
Long term service awards	**23**	23
Legal claims	**90**	-
Climate change levy penalty	**(57)**	(535)
Unrecoverable import duty	**(367)**	395
Stock options	**(84)**	32

Notes to the financial statements *(continued)*

3 (b) Operating profit on ordinary activities *(continued)*

Auditor's remuneration:

	2014 £000	2013 £000
Audit of these financial statements	**111**	138

3 (c) Central research

BASF Performance Products Limited makes a contribution to the central research expenditure of the ultimate holding company. Agreed costs are reimbursed by the ultimate holding company.

4 Loss on disposal of tangible fixed assets

The loss on sale of tangible fixed assets of £246,000 (*2013: £219,000 loss*) relates to the disposal and scrapping of assets.

5 Interest payable

	2014 £000	2013 £000
Interest payable		
On loans wholly repayable within five years:		
Group companies	**(2,892)**	(4,744)
Bank interest and similar charges	-	(1,452)
Finance leases and hire purchase contracts	**(1)**	(1)
Amortised loan interest	-	(30)
	(2,893)	(6,227)

6 Interest receivable

	2014 £000	2013 £000
Interest receivable		
Group companies	**14**	17
Other interest	-	3
	14	20

Notes to the financial statements *(continued)*

7 Other finance income

	2014	2013
	£000	£000
Expected return on Ciba UK Pension Scheme assets (note 9 (c))	**39,434**	36,306
Interest on Ciba UK Pension Scheme liabilities (note 9 (c))	**(33,654)**	(30,639)
Interest on Ex-Gratia Pension Scheme liabilities (note 9 (d))	**(46)**	(45)
	5,734	5,622

8 Tax on loss on ordinary activities

	2014	2013
	£000	£000
Current tax		
UK corporation tax	**(1,766)**	1,060
Adjustments in respect of prior years	**53**	4,562
Total current tax	**(1,713)**	5,622
Deferred tax		
Adjustments in respect of prior periods	**67**	(4,502)
Origination and reversal of timing differences	**(620)**	(1,579)
Total deferred tax	**(553)**	(6,081)
Total tax credit on ordinary activities	**(2,266)**	(459)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2014	2013
	£000	£000
Loss on ordinary activities before tax	**(17,708)**	(14,958)
Tax on ordinary activities at standard UK corporation tax rate of 21.5% *(2013: 23.25%)*	**(3,807)**	(3,478)
Effects of:		
Expenses not deductible for tax purposes	**401**	1,723
Income not based on profit before tax	**973**	1,052
Capital allowances in excess of depreciation	**(1,064)**	3,230
Short term timing differences	**1,731**	253
Tax losses carried forward	**-**	(1,720)
Prior year adjustments	**53**	4,562
Current tax (credit)/charge for period	**(1,713)**	5,622

Notes to the financial statements *(continued)*

8 Tax on profit on ordinary activities *(continued)*

The Finance Bill 2013 received Royal Assent on 17 July 2013 and accordingly the UK corporation tax rates will reduce to 21% from 1 April 2014 and 20% from 1 April 2015. This will reduce the company's future current tax charge and deferred tax position at 31 December 2014 which has been calculated based on the rate of 20% enacted at the balance sheet date.

9 Employees

(a) The monthly average number of full time equivalents employed by the company (including executive directors) during the year, analysed by category, was as follows:

	2014 Number	2013 Number
Production	**656**	718
Administration	**156**	163
	812	881

(b) Cost of employees, including executive directors:

	2014 £000	2013 £000
Wages and salaries	**34,833**	36,495
Social security costs	**3,312**	3,423
Pension costs	**4,416**	3,760
	42,561	43,678
Education, training and welfare	**361**	331
	42,922	44,009

(c) Pension scheme

The company participates in a single UK defined benefit and defined contribution scheme, funded by contributions from members and from the company. The assets of the pension scheme are held in a separate trustee administered fund.

The surplus is the excess of the value of the assets in the scheme over the present value of the scheme liabilities. The employer should recognise an asset to the extent that it is able to recover a surplus through reduced contributions in the future or through refunds from the scheme. A decision was made during the year to close the pension scheme to future accrual from December 2015 and this has reduced the asset recognisable under FRS17. The resulting cost of this curtailment has been reported under operating costs in the profit and loss account

Using an estimated current service cost of £1.4 million, the surplus is calculated to be £30 million, reduced to £5 million by the restrictions imposed by paragraph 37 of FRS17.

Notes to the financial statements *(continued)*

9 Employees *(continued)*

(c) Pension scheme *(continued)*

The amounts recognised in the balance sheet are as follows:

	2014	2013
	£000	£000
Development of Net Balance Sheet Position		
Actuarial value of Scheme liabilities	**(851,966)**	(776,336)
Fair value of assets (FVA)	**882,403**	795,380
Surplus in the Scheme	**30,437**	19,044
Unrecognised past service cost	-	-
Amount not recognised due to paragraph 37 restriction	**(25,501)**	-
Related deferred tax liability	**(987)**	(3,809)
Net pension asset	**3,949**	15,235
Reconciliation to the Balance Sheet		
Defined benefit asset/(liability) at end of prior period	**19,044**	24,936
Net benefit expense for period	**(23,837)**	1,907
Employer contributions	**9,468**	9,695
Benefits paid directly by the Company	-	-
Gain/(loss) recognised via the STRGL	**261**	(17,494)
Gain/(loss) on acquisitions during period	-	-
Defined benefit asset at end of current period	**4,936**	19,044
Related deferred tax liability	**(987)**	(3,809)
Net pension asset	**3,949**	15,235
Assumptions and Dates Used at Disclosure *(1)*		
Discount rate	**3.700%**	4.400%
Price inflation	**3.100%**	3.400%
Rate of salary increase *(2)*	**3.600%[2]**	3.400%[2]
Pension increases for deferred benefits		
• RPI-linked	**3.100%**	3.400%
• CPI-linked	**2.100%**	2.800%
Pension Increase for In-Payment Benefits		
• Pre 07 benefits	**2.900%**	3.100%
• Post 07 benefits	**1.900%**	2.000%
Scheme membership census date	**31/12/2011**	31/12/2011

(1) Rates are expressed on an annual basis where applicable

(2) Pensionable salary growth is capped at inflation

Notes to the financial statements *(continued)*

9 Employees *(continued)*

(c) Pension scheme *(continued)*

The amounts recognised in the profit and loss account are as follows

	2014	2013
	£000	£000
Disclosed Expense		
Employer service cost	**4,116**	3,760
Interest cost	**33,654**	30,639
Expected return on assets	**(39,434)**	(36,306)
Net benefit expense before special events	**(1,664)**	(1,907)
Cost of curtailments	**25,501**	-
Disclosed expense	**23,837**	(1,907)
Statement of Total Recognised Gains and Losses (STRGL)		
Actuarial (gain)/loss arising during period	**(261)**	17,494
Effect of the limit in paragraph 37	-	-
Total (gain)/loss recognised via STRGL during period	**(261)**	17,494
Cumulative actuarial loss recognised via STRGL at end of period	**89,037**	89,298
Assumptions Used to Determine Expense *(1)*		
Discount rate	**4.400%**	4.400%
Price inflation	**3.400%**	2.800%
Long-term rate of return on assets	**5.000%**	5.000%
Rate of salary increase *(2)*	**3.400%**[2]	2.800%[2]
Pension increases for deferred benefits		
• RPI-linked	**3.400%**	2.800%
• CPI-linked	**2.800%**	2.200%
Pension Increase for In-Payment Benefits		
• Pre 07 benefits	**3.100%**	2.700%
• Post 07 benefits	**2.000%**	1.800%

(1) These assumptions were used to calculate Net Benefit Expense as of the beginning of the year. Rates are expressed on an annual basis where applicable

(2) Pensionable salary growth is capped at inflation

Both the profit and loss charge and the employer contributions above exclude hybrid DC contributions, which amounted to £389,000 in 2014. Expected contributions to the defined benefit pension scheme (with hybrid contributions in addition) for 2015 are around £9.6 million.

Notes to the financial statements *(continued)*

9 Employees *(continued)*

(c) Pension scheme *(continued)*

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

	2014	2013
	£000	£000
Change in Actuarial Value of Scheme Liabilities		
Scheme liabilities at prior period end	**776,336**	709,303
Employer service cost	**4,116**	3,760
Interest cost	**33,654**	30,639
Scheme participants' contributions	**1,201**	1,175
Actuarial loss	**61,522**	58,843
Benefits paid from Scheme assets	**(24,863)**	(27,384)
Settlements	-	-
Scheme liabilities at current period end	**851,966**	776,336

	2014	2013
Change in Scheme Assets		
Fair value of assets at prior period end	**795,380**	734,239
Expected return on assets	**39,434**	36,306
Actuarial gains	**61,783**	41,349
Employer contributions	**9,468**	9,695
Scheme participants' contributions	**1,201**	1,175
Benefits paid	**(24,863)**	(27,384)
Settlements	-	-
Fair value of assets at current period end	**882,403**	795,380

The major categories of plan assets as a percentage of total plan assets are as follows:

Scheme Asset Information

	2014	2013
Equity securities	**32.9%**	37.9%
Debt securities	**66.0%**	61.2%
Real estate/property	**0.0%**	0.0%
Other	**1.1%**	0.9%
Total	**100.0%**	100.0%
Fair value of Scheme assets	**882,403**	795,380

Notes to the financial statements *(continued)*

9 Employees *(continued)*

(c) Pension scheme *(continued)*

	£000
Expected Future Benefit Payments for period ending 31 December 2015	**26,141**
Expected Contributions for period ending 31 December 2015	
Employer	**9,641**
Scheme participants	**1,124**
	10,765

	2014 £'000
Actual Return on Scheme Assets during period ending 31 December 2014	
Expected return on assets	**39,434**
Asset gain during period	**61,783**
Actual return on assets	**101,217**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Assumption (% per annum)	2014	2013
Discount rate	**3.7**	4.4
Rate of inflation	**3.1**	3.4
Salary increases	**3.1**	3.4
Expected return on equities	**6.4**	7.0
Expected return on bonds	**3.6**	4.2
Expected return on cash	**2.5**	3.1

The following table shows assumed life expectations for example members at 31 December:

Life expectancy (years)	2014	2013
Current pensioner, male aged 65	**22.5**	22.5
Current pensioner, female aged 65	**24.8**	24.7
Future pensioner, male aged 65*	**24.1**	24.0
Future pensioner, female aged 65*	**26.6**	26.5

* Aged 65 in 15 years time.

At 31 December 2014, members were assumed to commute some of their pension in order to receive tax- free cash of around 90% *(2013 : 90%)* of the post-'A day' maximum (before allowance for money purchase funds).

Notes to the financial statements *(continued)*

9 Employees *(continued)*

(c) Pension scheme *(continued)*

Five-year history of assets and liabilities experience gains and losses:

	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Asset experience					
1 Asset (gain)/loss during period	**(61,783)**	(41,349)	(21,233)	(30,017)	(20,607)
2 Asset (gain)/loss expressed as percentage of Scheme assets	**(7.0%)**	(5.2%)	(2.9%)	(4.4%)	(3.3%)
Liability experience					
1 Liability loss/(gain) during period	-	(573)	3,359	-	(35,615)
2 Liability loss/(gain) expressed as percentage of Scheme liabilities	**(0%)**	0.1%	0.5%	0%	(5.7%)
Surplus/(deficit) in the Scheme					
1 Actuarial value of Scheme liabilities	**(851,966)**	(776,336)	(709,303)	(649,310)	(626,856)
2 Fair value of assets (FVA)	**882,403**	795,380	734,239	689,865	630,383
3 Surplus/(deficit) in the Scheme	**30,437**	19,044	24,936	40,555	3,527

Notes to the financial statements *(continued)*

9 Employees *(continued)*

(d) Ex-gratia pension

The company pays a pension to certain ex-employees based on the number of years' service. This scheme is now closed.

The amounts recognised in the balance sheet are as follows:

	2014	2013
	£000	£000
Development of Net Balance Sheet Position		
Actuarial value of Scheme liabilities	**(1,167)**	(1,095)
Fair value of assets (FVA)	-	-
Surplus/(deficit) in the Scheme	**(1,167)**	(1,095)
Unrecognised past service cost	-	-
Amount not recognised due to paragraph 37 restriction	-	-
Related deferred tax asset	**233**	219
Net pension liability	**(934)**	(876)
Reconciliation to the Balance Sheet		
Defined benefit liability at end of prior period	**(1,095)**	(1,071)
Net benefit expense for period	**(46)**	(45)
Employer contributions	**164**	113
Benefits paid directly by the Company	-	-
Loss recognised via the STRGL	**(190)**	(92)
Gain/(loss) on acquisitions during period	-	-
Defined benefit liability at end of current period	**(1,167)**	(1,095)
Related deferred tax asset	**233**	219
Net pension liability	**(934)**	(876)
Assumptions and Dates Used at Disclosure *(1)*		
Discount rate	**3.700%**	4.400%
Price inflation	**3.100%**	3.400%
Rate of salary increase	**n/a**	n/a
Pension increases for deferred benefits		
• RPI-linked	**n/a**	n/a
• CPI-linked	**n/a**	n/a
Pension Increase for In-Payment Benefits		
• RPI-linked	**2.900%**	3.400%
• Non-increasing	**0.000%**	0.000%
Scheme membership census date	**30/09/2014**	30/06/2013

(1) Rates are expressed on an annual basis where applicable

Notes to the financial statements *(continued)*

9 Employees *(continued)*

(d) Ex-gratia pension *(continued)*

The amounts recognised in the profit and loss account are as follows

	2014	2013
	£000	£000
Disclosed Expense		
Employer service cost	-	-
Interest cost	46	45
Other costs	-	-
Net benefit expense before special events	46	45
Cost of Settlement	-	-
Disclosed expense	46	45
Statement of Total Recognised Gains and Losses (STRGL)		
Actuarial loss arising during period	190	92
Effect of the limit in paragraph 37	-	-
Total loss recognised via STRGL during period	190	92
Cumulative actuarial gain recognised via STRGL at end of period	(113)	(303)
Assumptions Used to Determine Expense *(1)*		
Discount rate	4.400%	4.400%
Price inflation	3.400%	2.800%
Long-term rate of return on assets	n/a	n/a
Rate of salary increase	n/a	n/a
Pension increases for deferred benefits		
• RPI-linked	n/a	n/a
• CPI-linked	n/a	n/a
Pension Increase for In-Payment Benefits		
• RPI-linked	3.100%	2.800%
• Non-increasing	0.000%	0.000%

(1) These assumptions were used to calculate Net Benefit Expense as of the beginning of the year. Rates are expressed on an annual basis where applicable

Notes to the financial statements *(continued)*

9 Employees *(continued)*

(d) Ex-gratia pension *(continued)*

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

	2014	2013
	£000	£000
Change in Actuarial Value of Scheme Liabilities		
Scheme liabilities at prior period end	**1,095**	1,071
Employer service cost	-	-
Interest cost	**46**	45
Scheme participants' contributions	-	-
Actuarial loss/(gain)	**190**	92
Benefits paid from Scheme assets	**(164)**	(113)
Other	-	-
Scheme liabilities at current period end	**1,167**	1,095

	2014	2013
Change in Scheme Assets		
Fair value of assets at prior period end	-	-
Actual return on assets	-	-
Employer contributions	**164**	113
Scheme participants' contributions	-	-
Benefits paid	**(164)**	(113)
Settlements	-	-
Fair value of assets at current period end	-	-

The major categories of plan assets as a percentage of total plan assets are as follows:

Scheme Asset Information

	2014	2013
Equity securities	**0.0%**	0.0%
Debt securities	**0.0%**	0.0%
Real estate/property	**0.0%**	0.0%
Other	**0.0%**	0.0%
Total	**0.0%**	0.0%
Fair value of Scheme assets	-	-

Notes to the financial statements *(continued)*

9 Employees *(continued)*

(d) Ex-gratia pension *(continued)*

	£000
Expected Future Benefit Payments for period ending 31 December 2015	**166**
Expected Contributions for period ending 31 December 2015	
Employer	**166**
Scheme participants	-
	166

	2014
	£'000
Actual Return on Scheme Assets during period ending 31 December 2014	
Expected return on assets	-
Asset gain during period	-
Actual return on assets	-

(e) The pension assets and liabilities in the balance sheet are comprised as follows:

	2014	2013
	£000	£000
Net pension asset from the Ciba UK Pension Scheme	**3,949**	15,235
Net pension liability from the Ex-Gratia Pension Scheme	**(934)**	(876)
	3,015	14,359

Notes to the financial statements *(continued)*

9 Employees *(continued)*

(f) Post-retirement medical insurance (note 18)

The company provides contributions towards medical insurance costs of certain employees beyond their retirement date. These arrangements are unfunded but provided for and the latest full actuarial valuation was carried out at 31 December 2014 by independent actuaries. The valuation reflects the actual 2014 medical cost trend of 7.5%.

The principal assumptions can be summarised as follows:

(i) The rate of medical expenses inflation has been assumed as 7.5% for 2014, decreasing 1% per year thereafter until reaching the ultimate rate of 5.5%.

(ii) The discount rate used is 3.7%.

(iii) Other assumptions are consistent with those made in evaluating the pension cost.

10 Directors

The Directors of the Company are employed by other subsidiaries within the group and do not take any remuneration from the company.

11 Intangible fixed assets

	Goodwill £000	Emission rights £000	Total £000
Cost			
At 1 January 2014	205	676	881
Additions	-	503	503
Utilisation	-	(352)	(352)
At 31 December 2014	205	827	1,032
Amortisation			
At 1 January 2014	(92)	-	(92)
Amortisation charge for the year	(11)	-	(11)
At 31 December 2014	**(103)**	-	**(103)**
Net book value			
At 31 December 2014	**102**	**827**	**929**
At 31 December 2013	113	676	789

The goodwill arose on the acquisition of the Metasheen trade and assets during 2005.

Notes to the financial statements *(continued)*

12 Tangible Fixed assets

	Freehold land and buildings £000	Plant and Machinery £000	Fixtures and Fittings £000	Assets in the course of construction £000	Total £000
Cost					
At 1 January 2014	82,880	316,305	17,013	13,319	429,517
Additions	534	2,810	-	15,316	18,660
Disposals	(7,687)	(38,609)	(521)	(42)	(46,859)
Transfers	2,269	7,725	-	(9,994)	-
At 31 December 2014	**77,996**	**288,231**	**16,492**	**18,599**	**401,318**
Depreciation					
At 1 January 2014	59,557	271,602	16,864	2,165	350,188
Charge for the year	1,073	6,819	24	-	7,916
Impairment	-	12	-	-	12
Disposals	(7,687)	(38,359)	(521)	(42)	(46,609)
At 31 December 2014	**52,943**	**240,074**	**16,367**	**2,123**	**311,507**
Net book value					
At 31 December 2014	**25,053**	**48,157**	**125**	**16,476**	**89,811**
At 31 December 2013	23,323	44,703	149	11,154	79,329
Assets held under finance lease included above:					
Net book value					
At 31 December 2014	**-**	**4**	**-**	**-**	**4**
At 31 December 2013	-	12	-	-	12

Freehold land with a value of £2.8 million at 31 December 2014 (*2013: £2.8 million*) has not been depreciated.

Following the site closure announcement at the Paisley site, all assets with a carrying value were impaired to zero in 2013. As the decommissioning process has progressed, these assets have started to be de-commissioned and disposed of. This accounts for £35.2 million of the cost & depreciation of disposals above.

Capital commitments

Contracts for capital expenditure for which provision has not been made in the financial statements amounted to £5,574,000 (*2013: £1,212,000*).

Notes to the financial statements *(continued)*

13 Stocks

	2014 £000	2013 £000
Raw materials and consumables	12,997	12,355
Work in progress	149	187
Finished goods	33,944	42,273
	47,090	54,815

There is no material difference between the balance sheet value of stocks and their replacement cost.

14 Debtors

	2014 £000	2013 £000
Amounts falling due within one year		
Trade debtors	820	2,613
Amounts owed by Group undertakings	461,660	44,174
Other debtors	102	152
Prepayments and accrued income	753	574
Corporation tax	658	683
	463,993	48,196
Amounts falling due after more than one year		
Amounts owed by Group undertakings	-	452,436
Deferred tax	2,392	4,689
	2,392	457,125

Deferred tax is provided and unprovided as follows:

	Provided 2014 £000	Unprovided 2014 £000	Provided 2013 £000	Unprovided 2013 £000
Accelerated capital allowances	2,836	-	1,845	-
Other timing differences	(2,083)	-	(3,276)	-
Tax losses	(3,145)	-	(3,258)	-
Deferred tax debtor	(2,392)	-	(4,689)	-
(Debtor)/creditor at beginning of year	(4,689)		3,536	
Amount debited/(credited)to profit and loss account:				
Adjustments in respect of prior periods	67		(4,501)	
Origination and reversal of timing differences	2,230		(3,724)	
Debtor at end of year	(2,392)		(4,689)	

The deferred taxation relating to pensions is not included above but is netted off against the pension asset see note 9(c) & 9(d).

Notes to the financial statements *(continued)*

15 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	**8,645**	11,447
Obligations under finance leases and hire purchase contracts	**5**	10
Amounts owed to Group undertakings	**549,254**	266,321
Other creditors	**77**	127
Other taxation and social security	**2,633**	2,021
Accruals and deferred income	**3,587**	3,728
	564,201	283,654

16 Creditors: amounts falling due after more than one year

	2014 £000	2013 £000
Obligations under finance leases and hire purchase contracts	**-**	5
Amounts owed to Group undertakings	**-**	372,278
	-	372,283

Finance leases are repayable as follows:

	2014 £000	2013 £000
In more than one year but not more than two years	**-**	5
In more than two years but not more than five years	**-**	-
In more than five years	**-**	-
	-	5

Notes to the financial statements *(continued)*

17 Financial instruments

An outline of the company's policies and approach in respect to its treasury management, including the management of interest rate, liquidity and currency risk, is provided in the accounting policies note (see note 1).

The company has excluded short-term debtors and creditors from the following analysis.

Financial assets

Other than cash at bank and short-term debtors and intercompany loans the company has no other financial assets.

Financial liabilities

The company's financial liabilities at the year end were held in sterling (*2013: sterling*).

At 31 December, the company's borrowings were at floating and fixed rates. The interest rate profile of these financial liabilities was:

	2014 £000	**Weighted average interest rate %**	2013 £000	Weighted average interest rate %
Fixed rate financial liabilities	-	-	-	-
Floating rate financial liabilities – group loans	**539,678**	**0.42**	615,278	0.48
	539,678		615,278	

The weighted average period for which rates are fixed is 5 *(2013: 5 years)*.

Maturity of financial liabilities

At the end of 2014, the maturity profile of the company's financial liabilities in more detail as at 31 December is as follows:

	2014 £000	2013 £000
In one year or less, or on demand	**539,678**	243,000
In more than one year but not more than two years	-	-
In more than two years but not more than five years	-	-
In more than five years	-	372,278
	539,678	615,278

Fair values of financial liabilities

A comparison by category of the book values and fair values of the financial liabilities of the company at 31 December is shown below:

	2014 Book value £000	**2014 Fair value £000**	2013 Book Value £000	2013 Fair value £000
Group loans to finance the company's operations	**539,678**	**539,678**	615,278	615,278
Long-term borrowings	-	-	-	-

Notes to the financial statements *(continued)*

18 Provisions for liabilities and charges

	Litigation costs	Post retirement medical insurance (note 9(f))	Environ -mental	Restru- cturing	Emission allowances	Other	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 January 2014	-	603	1,243	16,097	367	1,774	20,084
Utilised during the year	-	(85)	(52)	(4,026)	150	(604)	(4,617)
Charged/(credited) to profit and loss account	1,761	62	-	(2,173)	-	(395)	(745)
At 31 December 2014	**1,761**	**580**	**1,191**	**9,898**	**517**	**775**	**14,722**

The company is currently involved in the defence of patent rights, the costs incurred but not yet received to date relating to this litigation are provided for above. The balance at 31 December 2014 is expected to be utilised during 2015.

The environmental provision is for the cost of probable future site remediation, based on independent reports. The timing of the use of the provision is not known.

The restructuring provision relates to the operational value improvement program at Bradford and the site closure announcement at Paisley. The balance at 31 December 2014 will be utilised by the end of 2016.

The emission allowances provision is an obligation to deliver allowances for CO2 emissions within the BASF Group.

Other provisions includes legal claims in respect of on-going employee claims against the company, long service awards in respect of employees who are due to receive awards for length of service and stock options in respect of the fair value of un-exercised options as at 31 December 2014. The timing and use of the legal claims provision is unknown. The long service awards provision will be utilised as personnel anniversaries are reached. Stock options are settled in cash when exercised.

19 Called up share capital

	2014	2013
	£000	£000
Allotted, called up and fully paid		
1,019,813,362 ordinary shares of £0.05 each	**50,991**	49,991
2 ordinary A shares of £0.05 each	-	-
1 ordinary B share of £1 each	-	-
	50,991	49,991

On 4th December 2014 the company issued 20,000,000 ordinary shares of £0.05 each for consideration of £3.25 per share leading to additional share premium of £64,000,000 (£3.20 per share issued).

Notes to the financial statements *(continued)*

20 Reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2014	60,032	(131,331)
Premium on new share capital subscribed	64,000	-
Loss for the financial year	-	(15,442)
Other recognised gains	-	57
At 31 December 2014	**124,032**	**(146,716)**

The share premium arose on the issue of ordinary shares on 4th December 2014.

21 Reconciliation of movements in equity shareholders' funds

	2014 £000	2013 £000
New share capital subscribed	**1,000**	-
Premium on new share capital subscribed	**64,000**	-
Loss for the financial year	**(15,442)**	(14,499)
Other recognised gains/(losses)	**57**	(13,542)
Opening equity shareholders' funds	**(21,308)**	6,733
Closing equity shareholders' funds	**28,307**	(21,308)

22 Commitments

Annual commitments for the company to make payments under non-cancellable operating leases:

	2014 Land £000	**2014 Other £000**	2013 Land £000	2014 Other £000
Commitments expiring:				
within one year	-	-	-	-
within two to five years	-	**376**	-	385
after 5 years	-	-	-	-
Total commitments	-	**376**	-	385

23 Contingent liabilities

During 2012 a professional assessment was undertaken to identify the environmental financial provisions required for the Bradford, Duxford, and Paisley sites. As a result of this assessment, contingent liabilities totalling £4,013,000 were identified. The directors have been advised that it is possible, but not probable, the liability will arise and accordingly no provision for any liability has been made in these financial statements.

Notes to the financial statements *(continued)*

24 Post balance sheet events

On 1st January 2015 the company's trade assets and liabilities of £28,307,000 were sold to BASF plc.

On 23rd March 2015 the company was re-registered as a private limited company.

25 Ultimate parent undertaking and controlling party

The immediate parent undertaking of the company was Ciba Specialty Chemicals Water Treatments Limited, a company incorporated in England and Wales.

The directors consider that the ultimate parent company is BASF Societas Europaea (BASF SE), a company incorporated in Germany.

BASF SE is the parent undertaking of the smallest group of which BASF Performance Products Limited is a member and for which group financial statements are drawn up. Copies of these group financial statements are available from Press Office, BASF SE, 67056 Ludwigshafen, Germany.

As a subsidiary undertaking of BASF SE, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" not to disclose transactions with other members of the group.