

Ciba UK Investment Limited

Directors' Report and Financial Statements

Registered number: 3482322

for the Year Ended 31 December 2017

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Directors' Report for the Year Ended 31 December 2017

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

Principal activity

The principal activity of the company is that of an investment holding company.

Results and dividends

The company reported a loss on ordinary activities after tax of £3,060,000 in the year ended 31 December 2017 (2016: loss of £425,000).

The directors do not recommend the payment of a dividend (2016: £nil).

Risks and uncertainties

The risks and uncertainties of the company are integrated with those of the BASF group and are not managed separately.

Directors of the company

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

T Urwin

S Hatton (resigned 30 April 2017)

H Koerner (appointed 1 May 2017)

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditor

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 25 April 2018 and signed on its behalf by:



H Koerner
Director

PO Box 4
Earl Road
Cheadle Hulme
Cheadle
Cheshire
SK8 6QG
England

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Director's 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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 apply them consistently;
- make judgements and accounting 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;
- assess the company'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 company 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 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are responsible for 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, and 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 LLP

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

Independent Auditor's Report to the Members of Ciba UK Investment Limited

Opinion

We have audited the financial statements of Ciba UK Investment Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 company 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.

Independent Auditor's Report to the Members of Ciba UK Investment Limited (continued)

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, 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 company'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.

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.

**Independent Auditor's Report to the Members of Ciba UK Investment Limited
(continued)**

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

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.



.....
Christopher Martin (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Date:..... 23 MAY 2018

Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Other operating income	3	79	-
Income from other fixed asset investments		-	46
Other interest receivable and similar income	4	-	9
Interest payable and similar charges	5	-	(372)
Profit/(loss) before tax		79	(317)
Taxation	8	(3,139)	(108)
Loss for the financial year		(3,060)	(425)

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Statement of Comprehensive Income for the Year Ended 31 December 2017

	2017	2016
	£ 000	£ 000
Loss for the year	<u>(3,060)</u>	<u>(425)</u>
Total comprehensive income for the year	<u><u>(3,060)</u></u>	<u><u>(425)</u></u>

Balance Sheet as at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Investments	9	-	-
Current assets			
Debtors due within one year	10	79	-
Debtors falling due after more than one year	11	-	3,139
Net current assets		<u>79</u>	<u>3,139</u>
Net assets		<u>79</u>	<u>3,139</u>
Capital and reserves			
Called up share capital	12	206,000	206,000
Share premium reserve		72,237	72,237
Profit and loss account		<u>(278,158)</u>	<u>(275,098)</u>
Total equity		<u>79</u>	<u>3,139</u>

Approved and authorised by the Board on 25 April 2018 and signed on its behalf by:



T Urwin
 Director

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

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2016	206,000	-	(274,673)	(68,673)
Loss for the year	-	-	(425)	(425)
Total comprehensive income	-	-	(425)	(425)
New share capital subscribed	-	72,237	-	72,237
At 31 December 2016	206,000	72,237	(275,098)	3,139
	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	206,000	72,237	(275,098)	3,139
Loss for the year	-	-	(3,060)	(3,060)
Total comprehensive income	-	-	(3,060)	(3,060)
At 31 December 2017	206,000	72,237	(278,158)	79

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

1 General information

The company is a private company limited by share capital, incorporated in England.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS102").

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Summary of disclosure exemptions

The company's ultimate parent undertaking, BASF Societas Europaea (BASF SE) includes the company in its consolidated financial statements. The consolidated financial statements of BASF SE are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period; and
- Cash Flow Statement and related notes

The financial statements of BASF SE may be obtained from BASF Societas Europaea, D67056 – Ludwigshafen, Germany.

Going concern

The financial statements have been prepared on a going concern basis. After making all appropriate enquires, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the company's financial statements.

Exemption from preparing group accounts

The company has taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is a small sized group.

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

2 Accounting policies (continued)

Tax

Tax on profit or loss for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company.

Deferred tax is measured at the rate that is expected to apply to the reversal of the related difference, using tax rates that have been enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Investments

Investments in subsidiaries are carried at cost less impairment.

Debtors

Debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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

3 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2017 £ 000	2016 £ 000
Miscellaneous other operating income	<u>79</u>	<u>-</u>

Miscellaneous other operating income relates to unsecured loan notes which matured in 2003. Where the loan note holders failed to redeem their notes it was a condition that the money must be held in trust for a period of at least twelve years, after which any remaining principal and interest reverted to the company.

4 Other interest receivable and similar income

	2017 £ 000	2016 £ 000
Interest receivable from group undertakings	<u>-</u>	<u>9</u>

5 Interest payable and similar charges

	2017 £ 000	2016 £ 000
Interest payable to group undertakings	<u>-</u>	<u>372</u>

6 Directors' remuneration

The directors provide services to a number of group companies. Remuneration is not allocated by entity and the amounts disclosed represent the total remuneration receivable by the directors for their services to the wider group.

	2017 £ 000	2016 £ 000
Remuneration	300	315
Contributions paid to money purchase schemes	<u>53</u>	<u>27</u>
	<u>353</u>	<u>342</u>

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

6 Directors' remuneration (continued)

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2017 No.	2016 No.
Received or were entitled to receive shares under long term incentive schemes	1	1
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>2</u>

In respect of the highest paid director:

	2017 £ 000	2016 £ 000
Remuneration	96	204
Company contributions to money purchase pension schemes	<u>45</u>	<u>10</u>

7 Auditor's remuneration

The auditor's remuneration of £3,754 (2016: £3,754) was borne by BASF plc a group undertaking.

8 Taxation

Tax charged/(credited) in the profit and loss account

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax	-	(74)
UK corporation tax adjustment to prior periods	<u>-</u>	<u>(3)</u>
	<u>-</u>	<u>(77)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	3,554	-
Arising from changes in tax rates and laws	<u>(415)</u>	<u>185</u>
Total deferred taxation	<u>3,139</u>	<u>185</u>
Tax expense in the profit and loss account	<u><u>3,139</u></u>	<u><u>108</u></u>

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

8 Taxation (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Profit/(loss) before tax	<u>79</u>	<u>(317)</u>
Corporation tax at standard rate	15	(63)
Effect of revenues exempt from taxation	-	(9)
UK deferred tax expense (credit) relating to changes in tax rates or laws	(414)	185
Increase (decrease) from tax losses for which no deferred tax asset was recognised	3,538	-
Increase (decrease) in UK and foreign current tax from unrecognised temporary difference from a prior period	-	(3)
Tax increase (decrease) arising from group relief	<u>-</u>	<u>(2)</u>
Total tax charge	<u>3,139</u>	<u>108</u>

The UK corporation tax rate was reduced from 20% to 19% effective on 1 April 2017. A further reduction to 18% (effective from 1 April 2020) was substantively enacted on 26 October 2015 and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Deferred tax is provided at a rate of 17% (2016: 17%).

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000
2016	
Unused tax losses	<u>3,139</u>

There are £20,771,000 of unused tax losses (2016 - £2,388,000) for which no deferred tax asset is recognised in the Balance Sheet.

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

9 Investments in subsidiaries, joint ventures and associates

	2017 £ 000	2016 £ 000
Investments in subsidiaries	-	-
	-	-
Subsidiaries		£ 000
Cost or valuation		
At 1 January 2017 and 31 December 2017		713,929
Provision		
At 1 January 2017 and 31 December 2017		713,929
Carrying amount		
At 31 December 2017		-
At 31 December 2016		-

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2017	2016
Subsidiary undertakings				
Low Moor Securities Limited	Earl Road, Cheadle Hulme, Cheshire, SK8 6QG, England	Ordinary shares	100%	100%
Ciba Specialty Chemicals Water Treatments Limited	Cleckheaton Road, Low Moor, West Yorkshire, BD12 0JZ, England	Ordinary shares	100%	100%

The principal activity of Low Moor Securities Limited is that of an investment holding company.

The principal activity of Ciba Specialty Chemicals Water Treatments Limited is that of a holding company.

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

10 Debtors falling due within one year

	Note	2017 £ 000	2016 £ 000
Amounts owed by group undertakings	13	<u>79</u>	<u>-</u>

Amounts owed by group undertakings at 31 December 2017 comprise a short term interest-bearing deposit.

11 Debtors falling due after more than one year

	Note	2017 £ 000	2016 £ 000
Deferred tax assets	8	<u>-</u>	<u>3,139</u>

12 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>206,000</u>	<u>206,000</u>	<u>206,000</u>	<u>206,000</u>

13 Related party transactions

All transactions with related parties during the current and prior year have been with the company's immediate parent, fellow subsidiaries and other group undertakings. As such, the company has taken advantage of the exemption allowed under FRS 102.33.1A not to disclose such transaction. Related party balances outstanding at the balance sheet date are disclosed in total under the relevant notes above.

14 Parent and ultimate parent undertaking

The company's immediate parent is BASF UK Holdings Limited, incorporated in England. Registered office PO Box 4, Cheadle, Cheshire, SK8 6QG.

The ultimate parent is BASF Societas Europaea, incorporated in Germany.

The most senior parent entity producing publicly available financial statements is BASF Societas Europaea. These financial statements are available upon request from BASF Societas Europaea, D67056 – Ludwigshafen, Germany.

The ultimate controlling party is BASF Societas Europaea.