

Company Registration No. 03985379 (England and Wales)

HARSCO INVESTMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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HARSCO INVESTMENT LIMITED

COMPANY INFORMATION

Directors	G M Stubbs J J Sweeney S Cooper
Secretary	Graham Smith
Company number	03985379
Registered office	Harsco House Regent Park 299 Kingston Road Leatherhead Surrey KT22 7SG
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Portland Building 25 High Street Crawley West Sussex RH10 1BG
Bankers	National Westminster Bank plc St James' and Piccadilly Branch PO Box 2DG Piccadilly London W1A 2DG
Solicitors	Freeth Cartwright LLP Churchill House Regent Road Stoke on Trent Staffordshire ST1 3RQ

HARSCO INVESTMENT LIMITED

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HARSCO INVESTMENT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report and financial statements for the year ended 31 December 2016.

Fair review of the business

The company holds investments in other group companies and cash balances within the group pooling arrangements, which it will continue to do for the foreseeable future.

The company made losses in the year predominantly due to an increase in the pension deficit.

Due to a revival in the economic environment experienced by many of the entities held by the company, there has been an increase in the expected return that will be made by these entities. Therefore the company's investments have been written up by £62,703,000 (2015: down by £107,391,000) to the amount that the investments are deemed to be worth based upon a mixture of the net asset values and discounted cash flows of all the companies' direct and indirect investments.

The company is the principal sponsoring employer for the UK Harsco group pension schemes and as a result the pensions are accounted for in the company financial statements. The deficit on the defined benefit pension scheme increased from £85,025,000 last year to £163,146,000. In order to reduce the deficit a schedule of contributions has been put in place by the UK companies involved in the scheme which is reviewed by the actuaries every three years and which will endeavour to eliminate the deficit by 2025.

The results for the year and the financial position at year end were considered satisfactory by the directors.

Principal risks and uncertainties

As an investment holding company the primary risk is the performance of the underlying investments. From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the Harsco Corporation group and are not managed separately.

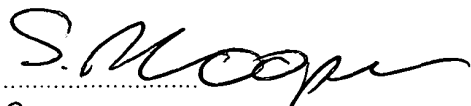
Future developments

The company expects to continue to act as a holding company.

Key performance indicators

The company is not a trading entity and the directors do not therefore use key performance indicators in assessing the performance of the company.

On behalf of the board



S Cooper

Director

26 September 2017

HARSCO INVESTMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2016.

Principal activities

The company is a subsidiary of Harsco Holdings Incorporated, a company incorporated in the United States of America. The company is an intermediate holding and finance company within the Harsco Corporation group of companies.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G M Stubbs
J J Sweeney
S Cooper

Results and dividends

The results for the year are set out on pages 7 and 8..

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments

Treasury operations and financial instruments

The company's operations expose it to a variety of financial risks that include liquidity risk, interest rate risk and credit risk.

Liquidity risk

The company has access to a mixture of long-term and short-term debt facilities that ensure that the company and group have sufficient available funds for operations and planned expansions.

Interest rate risk

The company has interest bearing assets in the form of bank deposits, which earn interest at the bank's standard variable rate. Amounts owed to and by group undertakings bear interest at a rate of 0% to 0.75% per annum (2015: 0% to 0.75% per annum). The bank overdraft is unsecured, repayable on demand and bears interest of 1% above the base rate.

Foreign currency risk

Foreign currency risk is managed at the consolidated group level. As a result, despite the company suffering from foreign exchange valuation fluctuations, there were compensating movements experienced elsewhere within the group.

Credit risk

The majority of debtors are amounts owed by group undertakings. Exposure to credit risk is considered minimal.

Investments and pension

As an investment holding company, the primary risk is the performance of the underlying investments when determining whether the investments continue to be carried at the amount recorded.

As the principal employer of the Harsco pension scheme, the company is responsible for ensuring the necessary payments are made to reduce the deficit. Due to the nature of stock markets and the financial environment, there is significant risk encountered in fluctuations of the pension deficit.

HARSCO INVESTMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

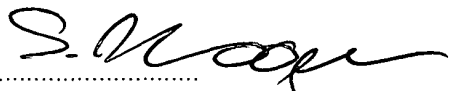
Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting.

Statement of disclosure to independent auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's independent auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's independent auditors are aware of that information.

On behalf of the board



S Cooper

Director

26 September 2017

HARSCO INVESTMENT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 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;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

The directors 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.

Independent auditors' report to the members of Harsco Investment Limited

Report on the financial statements

Our opinion

In our opinion, Harsco Investment Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

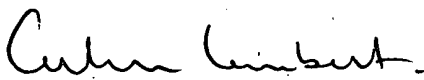
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Graham Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

27 September 2017

HARSCO INVESTMENT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

		2016	2015
	Notes	£'000	£'000
Administrative expenses		(2,244)	(2,371)
Other operating income		12,512	17,404
		<hr/>	<hr/>
Operating profit	3	10,268	15,033
Interest receivable and similar income	5	88	180
Amounts written off investments	6	62,703	(107,391)
Interest payable and similar expenses	7	(2,971)	(5,142)
		<hr/>	<hr/>
Profit/(loss) before taxation		70,088	(97,320)
Taxation	8	65	32
		<hr/>	<hr/>
Profit/(loss) for the financial year		70,153	(97,288)
		<hr/>	<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

HARSCO INVESTMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £'000	2015 £'000
Profit/(loss) for the financial year	70,153	(97,288)
Other comprehensive income		
Actuarial (loss)/gain on defined benefit pension schemes	(85,833)	55,907
Total comprehensive income for the year	<u>(15,680)</u>	<u>(41,381)</u>

HARSCO INVESTMENT LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Investments	9	281,429	218,726
Current assets			
Debtors	11	17,862	18,685
Cash at bank and in hand		1,351	327
		19,213	19,012
Creditors: amounts falling due within one year	12	(3,676)	(3,213)
Net current assets		15,537	15,799
Total assets less current liabilities		296,966	234,525
Provisions for liabilities	13	(163,146)	(85,025)
Net assets		133,820	149,500
Capital and reserves			
Called up share capital	14	424,747	424,747
Share premium account		7,267	7,267
Profit and loss account		(298,194)	(282,514)
Total equity		133,820	149,500

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

26 September 2017


S Cooper
Director

Company Registration No. 03985379

HARSCO INVESTMENT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2015		418,048	7,267	(241,553)	183,762
Year ended 31 December 2015:					
Loss for the financial year		-	-	(97,288)	(97,288)
Other comprehensive income:					
Actuarial gains on defined benefit plans		-	-	55,907	55,907
Total comprehensive income for the year		-	-	(41,381)	(41,381)
Issue of share capital	16	6,699	-	-	6,699
Credit to equity for equity settled share-based payments	16	-	-	420	420
Balance at 31 December 2015		424,747	7,267	(282,514)	149,500
Year ended 31 December 2016:					
Profit for the financial year		-	-	70,153	70,153
Other comprehensive income:					
Actuarial losses on defined benefit plans		-	-	(85,833)	(85,833)
Total comprehensive income for the year		-	-	(15,680)	(15,680)
Balance at 31 December 2016		424,747	7,267	(298,194)	133,820

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Harsco Investment Limited is a private company limited by shares incorporated in England and Wales. The registered office is Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey, KT22 7SG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The shareholder has been notified in writing that the company would take any and all exemptions from FRS102 and from the company's status of inclusion in the fully consolidated financial statements of its parent company, Harsco Corporation, a company registered in the United States of America. Specifically it has used the exemption available not to prepare a statement of cash flows.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

Harsco Investment Limited is a wholly owned subsidiary of Harsco Corporation and the results of Harsco Investment Limited are included in the consolidated financial statements of Harsco Corporation which are available from Harsco Corporation, 350 Poplar Church Road, Camp Hill, Pennsylvania 17001, USA.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.4 Cash and cash equivalents

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

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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 an undiscounted basis.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.9 Retirement benefits

The Company operates contributory defined benefit pension schemes. The scheme funds are administered by trustees and are independent of the Company's finances.

The Company also operates a contributory defined contribution scheme. Contributions are charged to the profit and loss account in the period to which they relate. The company has adopted Section 28 of FRS 102 "Employee Benefits" in these financial statements.

In accordance with the provisions of Section 28 of FRS 102 "Employee Benefits", the company is required to provide disclosure of the full actuarial valuation and the deficit and the related pension costs are recognised in these financial statements as the company is the principal employer of the UK Harsco pension scheme.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.10 Share-based payments

The fair value of investments acquired by issuing shares is calculated as the higher of the expected future cash flows or the net asset value of the investment at the time of acquisition.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Investment impairment

The company's investments in its subsidiaries are valued at the higher of the net asset value of the company and an investment valuation using discounted cash flows generated by each cash generating unit. Due to the significant estimation uncertainty involved in the investment valuation of the cash generating units, judgements are made on whether each subsidiary should be valued at net asset value or discounted cash flow.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Investment valuation

Determining whether the company's investment in subsidiaries is impaired requires an estimation of the value in use of the cash generating units. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. This will only resolve upon sale or closure of the subsidiary.

Pension liabilities and assets

In arriving at the liabilities and assets of the pension scheme the company's actuaries make estimates of the expected future cash flows generated by the contributions made to the scheme, payments out of the scheme, life expectancy of the scheme's members, discount rate and expected gains and loss from the investments made by the pension scheme. Since the pension scheme is closed to new entrants, resolution of the estimation uncertainty will occur when the scheme has no members.

3 Operating profit

	2016 £'000	2015 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	27	16
Fees payable to the company's independent auditors for the audit of the company's financial statements	120	120
	<u> </u>	<u> </u>

Other operating income of £12,512,000 (2015: £17,404,000) represents the contributions made by fellow UK Harsco group subsidiaries towards the defined benefit pension scheme.

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Administration	3	3
Directors	3	3
	<u>6</u>	<u>6</u>

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	159	153
Social security costs	18	18
Pension costs	9	9
	<u>186</u>	<u>180</u>

None of the directors (2015: none) have received any remuneration for their services to the company during the year, nor are they accruing any benefits under retirement benefit schemes operated by the company (2015: none). The directors were remunerated by Harsco Metals Group Limited.

5 Interest receivable and similar income

	2016 £'000	2015 £'000
Interest income		
Interest on bank deposits	70	129
Income from fixed asset investments		
Income from participating interests - associates	18	51
	<u>88</u>	<u>180</u>

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

6 Amounts written off investments

	2016 £'000	2015 £'000
Other gains and losses	62,703	(107,391)

Due to a revival in the economic environment experienced by many of the entities held by the company, there has been a increase in the expected return that will be made by these entities. Therefore the company's investments have been written up by £62,703,000 (2015: down by £107,391,000) to the amount that the investments are deemed to be worth based upon a mixture of the net asset values and discounted cash flows of all the companies' direct and indirect investments.

7 Interest payable and similar expenses

	2016 £'000	2015 £'000
Interest payable to group undertakings	23	81
	23	81
Interest on the net defined benefit liability	2,948	5,061
	2,971	5,142

8 Taxation

	2016 £'000	2015 £'000
Current tax		
UK corporation tax on profits/(losses) for the current year	(65)	(46)
Adjustments in respect of prior years	-	14
Total current tax	(65)	(32)

The corporation tax rate in the UK reduced to 20% from 21% on 1 April 2015. The applicable tax rate has therefore reduced from 20.25% to 20%.

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Taxation

(Continued)

The actual credit for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £'000	2015 £'000
Profit/(loss) before taxation	70,088	(97,320)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	14,018	(19,707)
Tax effect of expenses that are not deductible in determining taxable profit	4,626	4,916
Tax effect of income not taxable in determining taxable profit	(6,168)	(7,002)
Adjustments in respect of prior years	-	14
Amounts written off investments	(12,541)	21,747
Taxation for the year	(65)	(32)

The tax effect of expenses that are not deductible for the purpose of determining taxable profit relate to administrative costs and interest expenses in relation to the pension scheme. The tax effect of income that is not taxable in determining taxable profit relate to contributions and interest income in relation to the pension scheme.

9 Fixed asset investments

	Notes	2016 £'000	2015 £'000
Investments in subsidiaries	10	281,429	218,726

Fixed asset investments not carried at market value

All investments are held at historic cost adjusted for impairments. The carrying value of the net assets or the discounted future cash flows of the company's subsidiaries, is used to determine the subsidiary's fair value in use to the business. This value is compared against the carrying value of the investment held by the company. Where the carrying value of the net assets is lower than carrying value of investments an impairment loss is recorded. Where the carrying value of the net assets is higher than the carrying value of investments any previously recorded impairment loss is reversed to the extent that the carrying value of the investment becomes the lower of historic cost and the carrying value of the net assets of the subsidiary.

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

9 Fixed asset investments	(Continued)
Movements in fixed asset investments	
	Shares in group undertakings £'000
Cost or valuation	
At 1 January 2016 & 31 December 2016	591,137
Impairment	
At 1 January 2016	372,411
Impairment losses	(62,703)
At 31 December 2016	309,708
Carrying amount	
At 31 December 2016	281,429
At 31 December 2015	218,726

10 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	In total
Slag Reductie Pacific B.V.	Zuidplein 126, WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands	Holding company	Ordinary	100.00	100.00
Harsco Infrastructure Group Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Holding company	Ordinary	100.00	100.00
SteelServ Limited	NZ Steel Siet, 131 Mission Bush Road, Glenbrook, Auckland, New Zealand	Metals production support services	Ordinary		50.00
SGB Holdings Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Holding company	Ordinary		100.00

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries	(Continued)
SGB Holdings Limited	<div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Holding company</div> <div>Preference</div> <div>100.00</div>
Harsco Surrey Limited	<div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div>
Harsco (UK) Holdings Limited	<div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div>
SGB Investments Limited	<div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div>
Harsco Metals Holdings Limited	<div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Metals production support services</div> <div>Ordinary</div> <div>100.00</div>
Harsco Infrastructure Holdings Inc	<div>The Corporation Trust Co., 1209 Orange Street, Wilmington, DE 19801, USA</div> <div>Financing</div> <div>Ordinary</div> <div>100.00</div>
Harsco (UK) Group Limited	<div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Holding company</div> <div>Ordinary</div> <div>100.00</div>
Harsco Infrastructure Hong Kong Limited	<div>Suite 2603, Tung Wai Commercial Building, 109-111 Gloucester Road, wan Chai, Hong Kong</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div>

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10	Subsidiaries		(Continued)		
	Slag Reductie Nederland B.V.	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Holding company	Ordinary	100.00
	MultiServ Technologies South Africa (Pty) Limited	Delfos Boulevard, South Gate Entrance, c/o Arcelor Mittal, Vanderbijlpark 1900 South Africa	Dormant	Ordinary	100.00
	Cuplok Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Dormant	Ordinary	100.00
	Cuplok Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Dormant	Preference	100.00
	Parker Scaffolding Co. Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Dormant	Ordinary	100.00
	Parker Scaffolding Co. Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Dormant	Preference	96.00
	Parker Scaffolding Co. Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Dormant	Founder	100.00

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries	(Continued)
Scaffolding (Great Britain) Limited	<div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div>
SGB Middle East Limited	<div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div>
Rovacabin Limited	<div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div>
MultiServ Investment Limited	<div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div>
Faber Prest Limited	<div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div>
Harsco Metals Limited	<div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div>
Harsco Track Technologies Limited	<div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div>

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries	(Continued)
The Slag Reduction Company Limited	<div> <div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div> </div>
The Slag Reduction Company Limited	<div> <div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Deferred</div> <div>100.00</div> </div>
Heckett Limited	<div> <div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div> </div>
MultiServ Logistics Limited	<div> <div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div> </div>
MultiServ Limited	<div> <div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div> </div>
Harsco Metals Group Limited	<div> <div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Metals production support services</div> <div>Ordinary</div> <div>100.00</div> </div>
Mastclimbers Limited	<div> <div>Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG</div> <div>Dormant</div> <div>Ordinary</div> <div>100.00</div> </div>

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries

(Continued)

Harsco Metals 373 Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Dormant	Ordinary	100.00
Harsco Metals 373 Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Dormant	Preference	100.00
Harsco Metals 373 Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Dormant	Redeemable Preference	100.00
Harsco Global Sourcing Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Dormant	Ordinary	100.00
Harsco Infrastructure Services Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Property investment	Ordinary	100.00
Fourninezero Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Dormant	Ordinary	100.00
Fourninezero Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Dormant	Special	100.00

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries	(Continued)
Short Bros. (Plant) Limited Harsco House, Dormant Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Ordinary 100.00
Harsco (York Place) Limited 5th Floor Holding company Quartermile Two, 2 Lister Square, Edinburgh ED3 9GL, Scotland	Ordinary 100.00
Harsco Fairways Partnership 5th Floor Financing Quartermile Two, 2 Lister Square, Edinburgh ED3 9GL, Scotland	100.00
Harsco Fairerways Partnership 5th Floor Financing Quartermile Two, 2 Lister Square, Edinburgh ED3 9GL, Scotland	1.00
Harsco Fairestways Partnership 5th Floor Financing Quartermile Two, 2 Lister Square, Edinburgh ED3 9GL, Scotland	1.00
Harsco Higherlands Partnership 5th Floor Financing Quartermile Two, 2 Lister Square, Edinburgh ED3 9GL, Scotland	1.99
Harsco Highestlands Partnership 5th Floor Financing Quartermile Two, 2 Lister Square, Edinburgh ED3 9GL, Scotland	1.99
Harsco Luxembourg S.A.R.L. 100 Route de Holding company Volmerange, L-3593 Dudelange, Luxembourg	Ordinary 41.51
Harsco Asia China Investment B.V. Zuidplein 126, Financing WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands	Ordinary 41.51
GasServ (Netherland) VII B.V. Zuidplein 126, Financing WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands	Ordinary 41.51

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries	(Continued)
Harsco Asia Pacific Investment B.V.	Zuidplein 126, WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands Holding company Ordinary 41.51
Harsco Asia Investment B.V.	Zuidplein 126, WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands Holding company Ordinary 41.51
Harsco China Holding Company Limited	31st Floor, Edinburgh Tower, The Landmark, 15 Queens Road Central, Hong Kong Holding company Ordinary 41.51
Harsco (Tangshan) Metallurgical Minerals Technology Co. Limited	Tangshan City, Hebei Province, Peoples Republic of China Metals production support services Ordinary 26.98
Harsco Apac Rail Machinery Trading (Beijing) Co. Limited	508-114, Xitian Government Official Building, No. 8 Xitong Road, Miyun, Beijing 508-114, China Railtrack maintenance Ordinary 41.51
Shanxi Tisco-Harsco Technology Co. Limited	118 Datong Road, Taiyuan, Shanxi Province, China Metals production support services Ordinary 24.91
Harsco Industrial Grating China Holding Company Limited	31st Floor, Edinburgh Tower, The Landmark, 15 Queens Road Central, Hong Kong Holding company Ordinary 41.51
Harsco Industrial Grating China Holding Company Limited	31st Floor, Edinburgh Tower, The Landmark, 15 Queens Road Central, Hong Kong Holding company Preference 41.51
Jiangsu Harsco Industrial Grating Company Limited	3 Zhen Yang Road, Qingyang Town Industrial Park District, Jiangyin City, China Industrial equipment manufacture Ordinary 41.51

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries					(Continued)
Jiangsu Harsco Industrial Grating Company Limited	3 Zhen Yang Road, Qingyang Town Industrial Park District, Jiangyin City, China	Industrial equipment manufacture	Preference	41.51	
Harsco Technology China Co. Ltd	Kanghau Plaza 6F, No.100 Gongkang Road, Hangzhou City, Zhejiang Province, China	Metals production support services	Ordinary	41.51	
Harsco Minerals Austria GmbH	8662 Mitterdorf im Murztal, Grazer StraBe 1, Austria	Dormant	Ordinary	41.51	
Harsco Minerali D.O.O.	Koroska Bela, Cesta Borisa Kidrica 44, Jesenice, Slovenia	Metals production support services	Ordinary	41.51	
Harsco International Finance S.A.R.L.	100 Route de Volmerange, L-3593 Dudelange, Luxembourg	Financing	Ordinary	41.51	
Harsco Leatherhead Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Holding company	Ordinary	41.51	
Harsco Mole Valley Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Financing	Ordinary	41.51	
Harsco Rail Europe GmbH	Rehhecke 80, D-40885 Ratingen, Germany	Railtrack maintenance	Ordinary	41.51	
Harsco Metals CTS Pretacao de Servicos Tecnicos e Alguer de Equipamentos LDA Unipessoal	Largo do Souto no. 42C, 4425-538 S. Pedro de Fins, Portugal	Metals production support services	Ordinary	41.51	
Harsco Infrastructure Sverige A.B.	Visma Services AB, Box 34212, 100 26 Stockholm, Sweden	Dormant	Ordinary	41.51	

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries	(Continued)
Harsco Metals Middle East FZE (formerly known as Hünnebeck Middle East FZE) Office 201, Building 5EA, PO Box 54495, Dubai Airport Freezone, Dubai, UAE	Administration company Ordinary 41.51
Harsco Infrastructure Norge A.S. Svennerudveien 34, i Sørums Kommune, Norway	Ordinary 41.51
Harsco Investments Europe B.V. Zuidplein 126, WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands	Holding company Ordinary 41.51
Harsco Metals Egypt LLC 5 Ismail Mohamed St, Zamalek, Egypt	Metals production support services Ordinary 41.51
Harsco Infrastructure B.V. Breedbandweg 1, 1951MC Velsen-Noord, The Netherlands	Ordinary 41.51
Harsco Infrastructure Construction Services B.V. Breedbandweg 1, 1951MC Velsen-Noord, The Netherlands	Ordinary 41.51
Harsco Infrastructure Industrial Services B.V. Breedbandweg 1, 1951MC Velsen-Noord, The Netherlands	Ordinary 41.51
Harsco Infrastructure Logistic Services B.V. Breedbandweg 1, 1951MC Velsen-Noord, The Netherlands	Ordinary 41.51
SGB Industrial Services B.V. Breedbandweg 1, 1951MC Velsen-Noord, The Netherlands	Ordinary 41.51
Harsco Infrastructure SSH B.V. Breedbandweg 1, 1951MC Velsen-Noord, The Netherlands	Ordinary 41.51
Hünnebeck Nederland B.V. Breedbandweg 1, 1951MC Velsen-Noord, The Netherlands	Ordinary 41.51
Harsco Europa B.V. Zuidplein 126, WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands	Holding company Ordinary 41.51

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries					(Continued)
Harsco (UK) Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Financing	Ordinary	41.51	
Harsco (UK) Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Financing	Preference	41.51	
Harsco Rail Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG	Railtrack maintenance	Ordinary	39.43	
Harsco Metals Holland B.V.	Zuidplein 126, WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands	Metals production support services	Ordinary	41.51	
Harsco Metals Transport B.V.	Wenckebachstra at 1, 1951JZ Velsen-Noord, The Netherlands	Holding company	Ordinary	41.51	
Minerval Metallurgical Additives B.V.	Zuidplein 126, WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands	Metals production support services	Ordinary	41.51	
Harsco India Private Limited	8-2-684/40 Anand Banjara Colony, Road #12, Banjara Hills, Hyderabad 500034, India	Metals production support services	Ordinary	38.10	
Harsco India Metals Private Limited	8-2-684/40 Anand Banjara Colony, Road #12, Banjara Hills, Hyderabad 500034, India	Metals production support services	Ordinary	38.09	
MultiServ International B.V.	Zuidplein 126, WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands	Holding company	Ordinary	41.51	

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries	(Continued)
Heckett MultiServ China B.V.	Zuidplein 126, WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands Holding company Ordinary 41.51
Harsco Metals Zhejiang Co. Limited	Liuwen Village, Banshan Town, Hangzhou City, Zhejiang Province, China Metals production support services Ordinary 29.06
Harsco Metals (Ningbo) Pty. Limited	Puti road No. 8, Beilum Xiapu Industry Park, Ningbo City, Zhejiang Province, China Metals production support services Ordinary 29.06
Heckett MultiServ (FS) (Pty) Limited	Clearwater Office Park, Building 2, First Floor, Millenium St, Roodepoort 1729, South Africa Dormant Ordinary 41.51
Harsco Metals 385 Limited	Harsco House, Regent Park, 299 Kingston Road, Leatherhead, Surrey KT22 7SG Financing Ordinary 41.51
Harsco Metals Australia Holding Investment Company Pty Limited	Level 3, 308-310 Crown Street, Wollongong, NSW 2500, Australia Holding company Ordinary 41.51
Harsco Metals Australia Pty Limited	Level 3, 308-310 Crown Street, Wollongong, NSW 2500, Australia Metals production support services Ordinary 41.51
Harsco Metals Luxequip S.A.	100, Rue de Volmerange, L-3593 Dudelange, Luxembourg Metals production support services Ordinary 41.51
Harsco Metals Luxembourg S.A.	BP24, L-4503 Differdange, Luxembourg Metals production support services Ordinary 41.51
Harsco Minerals Europe B.V.	Zuidplein 126, WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands Holding company Ordinary 41.51

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10	Subsidiaries	(Continued)
Harsco Minerals Deutschland GmbH	52134 Herzogenrath, Eurode-Park 1, Germany	Dormant
Harsco France SAS	1 rue Charles Fourier, 59760 Grande Synthe, France	Holding company
Harsco Brazil Investments Sprl	14 rue des Ateliers, 6200 Chatelet, Belgium	Holding company
Harsco Americas Investments S.A.R.L.	100 Route de Volmerange, L-3593 Dudelange, Luxembourg	Holding company
Harsco do Brasil Participacoes e Servicos Siderurgicos Ltda	Avenida Marechal Camara 160, 20020-080 Rio de Janeiro, Brazil	Holding company
Harsco Metals Ltda	Av Marechal Camara , n 160, 10 Andar Salas 1033 a 1035 Parte, Centro, Rio de Janeiro cep 20.020-080,	Metals production support services
Heckett Comercio de Rejeitos Industriais Importacao e Exportacao Ltda	Av Parque Oeste, N 1400, Patio Sid Cearense, Distrito Industrial, Maracanaú Cep 61.939-120 , Brazil	Dormant
Harsco Rail Ltda	Avenida Marechal Camara 160, 20020-080 Rio de Janeiro, Brazil	Railtrack maintenance
Harsco Chile Investments Sprl	14 rue des Ateliers, 6200 Chatelet, Belgium	Holding company
Harsco Metals Chile S.A.	Barros Arana 162 office 63 Concepcion, Chile	Metals production support services

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10	Subsidiaries				(Continued)
	Harsco Nederland Slag B.V.	Zuidplein 126, WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands	Holding company	Ordinary	41.51
	Harsco Metals South Africa (Pty.) Limited	Clearwater Office Park, Building 2, First Floor, Millenium St, Roodepoort 1729, South Africa	Holding company	Ordinary	41.51
	Harsco Metals Ilanga Pty Limited	PO box 795, Strubensvalley, Roodepoort, 1735, South Africa	Metals production support services	Ordinary	30.72
	Harsco Metals SRH Mill Services (Proprietary) Limited	Clearwater Office Park, Building 2, First Floor, Millenium St, Roodepoort 1729, South Africa	Dormant	Ordinary	41.51
	Harsco Metals RSA (Proprietary) Limited	Clearwater Office Park, Building 2, First Floor, Millenium St, Roodepoort 1729, South Africa	Dormant	Ordinary	41.51
	Czech Slag Nova Hut SRO	Frydecka 462, 71900 Ostrava, Kuncice, Czech Republic	Metals production support services	Ordinary	26.98
	Harsco Metals Cz SRO	Frydecka 462, 71900 Ostrava, Kuncice, Czech Republic	Metals production support services	Ordinary	42.09
	Harsco Metals Slovensko SRO	Vstupny areal U.S. Steel, 04454 Kosice, The Slovak Republic	Metals production support services	Ordinary	41.51
	Harsco Infrastructure South Africa (Pty.) Limited	65 Silver Oak Street, Atlas Gardens, Contermanskloof Road, Durbanville 7550, South Africa	Dormant	Ordinary	41.51

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries	(Continued)
MultiServ (Sweden) A.B.	Svarvargatan 22B, SE 738 33 Norberg, Sweden Holding company Ordinary 41.51
Montanus Industriforvaltning A.B.	Svarvargatan 22B, SE 738 33 Norberg, Sweden Holding company Ordinary 41.51
Harsco Metals Sweden A.B.	Svarvargatan 22B, SE 738 33 Norberg, Sweden Metals production support services Ordinary 41.51
MultiServ OY	Refelco OY, Virkamaankatu 11, 954 20 Tornio, Finland Dormant Ordinary 41.51
SGB Scafform Limited	Commercial House, Millbank Business Park, Lucan, Co. Dublin, Ireland Dormant Ordinary 41.51
Harsco Metals SteelServ (Pty.) Limited	Clearwater Office Park, Building 2, First Floor, Millenium St, Roodepoort 1729, South Africa Dormant Ordinary 41.51
Excell Africa Holdings Limited S.A.R.L.	100 Route de Volmerange, L-3593 Dudelange, Luxembourg Dormant Ordinary 41.51
Harsco Metals and Minerals France SAS	1 rue Charles Fourier, 59760 Grande Synthe, France Metals production support services Ordinary 41.51
Harsco Infrastructure Cz SRO	Frydecka 462, 71900 Ostrava, Kuncice, Czech Republic Dormant Ordinary 41.52
Harsco Infrastructure Slovensko SRO	Vstupny areal U.S. Steel, 04454 Kosice, The Slovak Republic Dormant Ordinary 41.52
Harsco Metals Argentina S.A.	Suipacha 268, Piso 12 - Ciudad Autonoma de Buenos Aires, Argentina Dormant Ordinary 41.51

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries					(Continued)
Harsco Metals Guatemala S.A.	Kilometro 38, Residenciales Las Victorias Casa No 4, Sector 21, Palin, Escuintla, Guatemala	Metals production support services	Ordinary	41.51	
Harsco Metals Lycrete SAU	Las Mercedes, 25 - 4 48930 Las Arenas (Getxo, Bizkaia), Spain	Metals production support services	Ordinary	41.51	
Harsco Metals Reclamet S.A.	Las Mercedes, 25 - 4 48930 Las Arenas (Getxo, Bizkaia), Spain	Metals production support services	Ordinary	41.51	
MultiServ Nordiska A.B.	Svarvargatan 22B, SE-738 33, Norberg, Sweden	Holding company	Ordinary	41.51	
Harsco Metals Norway A.S.	Tungtransportveien, 8626 Mo I Rana, Norway	Metals production support services	Ordinary	41.51	
Harsco Metals Nord Italia S.r.l.	196 - 05100 Terni (TR) Viale Benedetto Brin 196, Italy	Metals production support services	Ordinary	41.51	
Harsco Metals Italia S.r.l.	Viale Benedetto Brin 96 - 05100 Terni (TR), Italy	Metals production support services	Ordinary	41.51	
ILServ S.r.l.	218 - 05100 (TR) Viale Benedetto Brin, Italy	Metals production support services	Ordinary	26.98	
MultiServ Finance B.V.	Zuidplein 126, WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands	Holding company	Ordinary	41.51	
Harsco Metals Holding LLC	The Corporation Trust Co., 1209 Orange Street, Wilmington, DE 19801, USA	Holding company	Ordinary	41.51	
Harsco Metals VB LLC	The Corporation Trust Co., 1209 Orange Street, Wilmington, DE 19801, USA	Financing	Ordinary	41.51	
Harsco Metals Intermetal LLC	The Corporation Trust Co., 1209 Orange Street, Wilmington, DE 19801, USA	Financing	Ordinary	41.51	

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries	(Continued)
Harsco Metals Operations LLC The Corporation Financing Trust Co., 1209 Orange Street, Wilmington, DE 19801, USA	Ordinary 41.51
Harsco Belgium Sprl 14 rue des Ateliers, 6200 Chatelet, Belgium	Ordinary 41.51
Harsco Metals Belgium S.A. 14 rue des Ateliers, 6200 Chatelet, Belgium	Ordinary 41.51
Harsco Rail Emirates Maatschap Societe de Droit Commun PO Box 46400, Level 4, Al Muroor Road, Al Mamoura Building B, Abu Dhabi, UAE	Ordinary 41.51
Harsco Metals Emirates Maatschap GDS/Labtech Building, University Road, Industrial Area - 17, Shariah, UAE	Ordinary 26.98
Heckett MultiServ MV&MS CA Av. San Juan Bosco Urb. Altamira Centro Altamira, Piso 8 O, Caracas, Venezuela	Ordinary 41.51
Harsco (Peru) Holdings B.V. Zuidplein 126, WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands	Ordinary 41.51
Harsco Metals Peru S.A. Miguel Aljovin 530 Urbanizations Santa Rita, Santiago de Surco, Lima, Peru	Ordinary 41.47
Harsco Canada General Partner Limited Brookfield Place, 181 Bay Street, Suite 4400, Toronto, Ontario M5J 2T3, Canada	Ordinary 41.51
Harsco Nova Scotia Holding Corporation Suite 900, Upper Water Street 1959, Halifax, Nova Scotia B3J 3N2, Canada	Ordinary 41.51

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries		(Continued)		
Harsco Canada Limited Partnership	Brookfield Place, Holding company 181 Bay Street, Suite 4400, Toronto, Ontario M5J 2T3, Canada	Ordinary		41.51
Harsco Canada Corporation	1200 rte des Acieries, Contrecoeur (Quebec), J0L1C0, Canada	Metals production support services	Ordinary	41.51
Harsco Metals Investment LLC	The Corporation Holding company Trust Co., 1209 Orange Street, Wilmington, DE 19801, USA	Ordinary		41.51
Harsco Metals Gesmefesa S.A.	Las Mercedes, 25 - 4 48930 Las Arenas (Getxo, Bizkaia), Spain	Dormant	Ordinary	41.51
Harsco Metals Kemaman Sdn. Bhd.	Luther Corporation Services Sdn Bhd, Unit C-12-4, Level 12, Block C, Megan Avenue 11, 12 Jalan Yap K	Dormant	Ordinary	41.51
Harsco (Mexico) Holdings B.V.	Zuidplein 126, WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands	Holding company	Ordinary	41.51
Irving S.A.de C.V.	Norte 35 Num 908, Industrial Vallejo CP 02300, Ciudad de México	Holding company	Ordinary	41.51
Harsco Metals de Mexico S.A. de C.V.	Avenida Morelos 177 Poniente, Centro, Monterrey, Nuevo Leon, C.P. 64000, Mexico	Metals production support services	Ordinary	41.51
Harsco Industrial IKG de Mexico S.A. de C.V.	Prolongación Corregidora Norte # 487, Parques Industriales CP 76160, Querétaro, Qro, México	Industrial equipment manufacture	Ordinary	41.51

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries	(Continued)
Harsco Track Machines and Bengal Services Private Limited	<div> <div>Railtrack maintenance</div> <div>Ordinary</div> <div>41.51</div> </div> <div>Intelligent Park, 2nd Floor, Building Alpha Block - EP & GP, Sector V, Bidhan Nagar, North 24</div>
Harsco India Services Private Limited	<div> <div>Administration company</div> <div>Ordinary</div> <div>41.51</div> </div> <div>Building 3, 2nd Floor, iLabs Centre, Unit No 18, Software Untis Layout, Madhapur, Hyderabad 500081,</div>
Harsco Metals (Thailand) Company Limited	<div> <div>Metals production support services</div> <div>Ordinary</div> <div>41.51</div> </div> <div>55 Moo 5, Tambol Nong La-Lok, Amphur Ban Khai, Rayong 21120, Thailand</div>
Harsco (Australia) Pty. Limited	<div> <div>Holding company</div> <div>Ordinary</div> <div>41.51</div> </div> <div>Baker & McKenzie, Level 27 AMP Centre, 50 Bridge Street, Sydney NSW 2000, Australia</div>
Harsco Rail Pty. Limited	<div> <div>Railtrack maintenance</div> <div>Ordinary</div> <div>41.51</div> </div> <div>4 Strathwyn Street, Brendale, Queensland 4500, Australia</div>
Harsco Industrial Air-X Changers Pty. Limited	<div> <div>Dormant</div> <div>Ordinary</div> <div>41.51</div> </div> <div>Lot 63, Shed 6, 61-69 Croft Crescent, Toowoomba, Queensland 4350, Australia</div>
Excell Americas Holdings Limited S.A.R.L.	<div> <div>Holding company</div> <div>Ordinary</div> <div>41.51</div> </div> <div>100 Route de Volmerange, L-3593 Dudelange, Luxembourg</div>
Harsco Minerais Ltda	<div> <div>Metals production support services</div> <div>Ordinary</div> <div>41.51</div> </div> <div>Rod BR-381, s/n, km: 195; Bairro Nucleo Industrial, Timoteo cep 35.180-001, Brazil</div>
Harsco Metals Oostelijk Staal International B.V.	<div> <div>Dormant</div> <div>Ordinary</div> <div>41.51</div> </div> <div>Zuidplein 126, WTC, Toren H, 15th fl, 1077XV Amsterdam, The Netherlands</div>

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries	(Continued)
Harsco Metals Polska Z.o.o. Pilsudskiego 82 street 42-400 Zawierciu, Poland	Metals production support services Ordinary 41.51
Harsco Metals D.o.o. Smederevo Radinac, PO Box 69, 11300 Smederevo, Serbia	Metals production support services Ordinary 41.51
Harsco Metals Sri LLC The Corporation Trust Co., 1209 Orange Street, Wilmington, DE 19801, USA	Holding company Ordinary 41.51
Slag Processing Company Egypt (Slar) SAE 1 Wadi El Nile, St Mohandessin, Egypt	Dormant Ordinary 24.91
Heckett MultiServ Bahna SAE Floor 2, Al-Kawsar Building, Mohamed Hosny Moubarak St, Abu Yussif, Alexandria, Egypt	Dormant Ordinary 26.98
Heckett Bahna Co. for Industrial Operations SAE Floor 2, Al-Kawsar Building, Mohamed Hosny Moubarak St, Abu Yussif, Alexandria, Egypt	Dormant Ordinary 27.06
AluServ Middle East W.L.L. Road 5138, Building 1430, Block 951, Askar, Kingdom of Bahrain	Metals production support services Ordinary 26.98
Heckett MultiServ Saudi Arabia Co. Ltd. Al-Jubail, 25 Dhu Al-Hijjah 1414, Saudi Arabia	Metals production support services Ordinary 22.83
Ballagio S.A.R.L. 100 rue de Volmerange, L-3593, Dudelange, Grand Duchy of Luxembourg	Holding company Ordinary 39.43
Harsco Switzerland Holdings GmbH Grabenstrasse 15, 8200 Schaffhausen, Switzerland	Holding company Ordinary 39.43
Harsco Switzerland Finance GmbH Grabenstrasse 15, 8200 Schaffhausen, Switzerland	Financing Ordinary 39.43

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Subsidiaries

(Continued)

Harsco Rail Switzerland GmbH	Grabenstrasse 15, 8200 Schaffhausen, Switzerland	Railtrack maintenance	Ordinary	39.43
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11 Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Corporation tax recoverable	65	46
Amounts owed by group undertakings	17,797	17,841
Amounts owed by associate undertakings	-	798
	<u>17,862</u>	<u>18,685</u>

Amounts owed by group undertakings are unsecured, bear interest at 0% per annum (2015: 0% per annum) and have no fixed date of repayment.

Amounts owed by participating interests are unsecured, bear interest at 6.7% per annum (2015: 6.7% per annum) and were repaid in the year.

12 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to group undertakings	3,643	3,194
Accruals and deferred income	33	19
	<u>3,676</u>	<u>3,213</u>

Amounts owed to group undertakings are unsecured, bear interest at a rate of 0% to 0.75% per annum (2015: 0% to 0.75% per annum) and have no fixed date of repayment.

13 Provisions for liabilities

	Notes	2016 £'000	2015 £'000
Retirement benefit obligations	15	163,146	85,025
		<u>163,146</u>	<u>85,025</u>

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14 Share capital

	2016 £'000	2015 £'000
Ordinary share capital		
Issued and fully paid		
424,746,857 (2015: 424,746,857) Ordinary shares of £1 each	424,747	424,747

15 Retirement benefit schemes

	2016 £'000	2015 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	9	9

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Defined benefit schemes

Harsco Investment Limited ("the Company") is the principal employer of the United Kingdom Harsco Pension Scheme ("the Scheme"). All participating employers taken together are referred to as the "Group". The Scheme comprises ten sections: seven defined benefit sections relating to Harsco Metals subsidiaries ("the Harsco Metals section of the Scheme"), two defined benefit sections relating to Harsco Infrastructure subsidiaries ("the Harsco Infrastructure section of the Scheme") and one combined defined contribution section.

The defined benefit sections were closed to new entrants in 1998 (the Harsco Metals section) and 2002 (the Harsco Infrastructure section). New employees after those dates were admitted to the defined contribution section on the pension scheme. With effect from 1 January 2004, in respect of the Harsco Infrastructure section, and 31 December 2008 all other sections, members did not accrue any further service in their sections of the defined benefit scheme and were transferred to the defined contribution scheme for future service.

On 26 November 2013 Harsco Infrastructure Services Limited left the scheme, its remaining obligations were assumed by the remaining sponsoring employers, and Harsco Corporation Incorporated, the ultimate parent entity, put in place a guarantee for all future liabilities of the Scheme up to a maximum of £200,000,000.

The defined benefit schemes are funded schemes with assets held in separate trustee administered funds.

An actuarial valuation was carried out as at 31 December 2016 for the United Kingdom scheme by Mercer, a qualified actuary. The valuation of the United Kingdom scheme, using the projected unit credit method, is disclosed in these financial statements.

The pension schemes do not invest in any financial instruments of the Harsco Corporation nor does Harsco Corporation utilise any of the assets, including property, in which the pension schemes have invested.

<i>Key assumptions</i>	2016 %	2015 %
Discount rate	2.7	3.8
Expected rate of increase of pensions in payment	3.2	3.0
Price inflation rate (CPI)	2.2	2.0

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

15 Retirement benefit schemes

(Continued)

<i>Mortality assumptions</i>	2016	2015
	Years	Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	22.7	22.2
- Females	25.2	25.0
Retiring in 20 years		
- Males	25.0	24.5
- Females	27.6	27.4

	2016	2015
	£'000	£'000
<i>Amounts recognised in the profit and loss account</i>		
Net interest on defined benefit liability/(asset)	2,948	5,061

Included in other operating income is £12,512,000 (2015: £17,404,000) of contributions to the pension scheme from fellow group undertakings.

	2016	2015
	£'000	£'000
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(82,981)	(16,941)
Less: calculated interest element	18,330	17,174
Return on scheme assets excluding interest income	(64,651)	233
Actuarial changes related to obligations	150,484	(56,140)
Total costs/(income)	85,833	(55,907)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2016	2015
	£'000	£'000
Present value of defined benefit obligations	719,936	571,726
Fair value of plan assets	(556,790)	(486,701)
Deficit in scheme	163,146	85,025

	2016
	£'000
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 January 2016	571,726
Benefits paid	(23,552)
Actuarial gains and losses	150,484
Interest cost	21,278

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

15 Retirement benefit schemes

(Continued)

At 31 December 2016	719,936
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The defined benefit obligations arise from plans which are wholly or partly funded.

<i>Movements in the fair value of plan assets</i>	2016 £'000
Fair value of assets at 1 January 2016	486,701
Interest income	18,330
Return on plan assets (excluding amounts included in net interest)	64,651
Benefits paid	(23,552)
Contributions by the employer	12,512
Other	(1,852)
At 31 December 2016	556,790

	2016 £'000	2015 £'000
<i>The fair value of plan assets at the reporting year end was as follows:</i>		
Equity instruments	316,377	277,439
Debt instruments	166,682	150,848
Government bonds	72,226	56,714
Cash	1,505	1,700
	556,790	486,701

16 Share-based payment transactions

In July 2015 the company acquired Harsco (York Place) Limited from its parent, Harsco Holdings Incorporated in exchange for issuing £6,699,100 £1 ordinary shares and £419,627 of share premium. In accordance with Companies Act 2006 Part 17 Chapter 7 Section 611 Group Reconstruction Relief, the exemption granted for share premium transactions between fellow group companies that do not involve cash, the share premium was taken to the profit and loss reserve.

17 Financial commitments, guarantees and contingent liabilities

The company has unlimited cross guarantees in favour of certain Harsco companies in the United Kingdom, as part of a cash pooling arrangement. This arrangement is underwritten by Harsco Corporation. As at 31 December 2016, the contingent liability was £1,328,855 (2015: £1,518,813).

18 Related party transactions

Transactions with related parties

HARSCO INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

18 Related party transactions

(Continued)

The company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with group companies on the grounds that all such transactions are between companies that are ultimately wholly owned by Harsco Corporation.

Harsco Infrastructure Ukraine LLC, a company registered in Ukraine, is a participating interest in which Harsco Corporation ultimately owned a 29.03% interest. For the period in which Harsco Infrastructure Ukraine LLC was a participating interest, the company received £18,103 (2015: £51,226) from Harsco Infrastructure Ukraine LLC. The loan and interest were fully repaid in the year. At year end the Harsco Infrastructure Ukraine LLC owed the company £nil (2015: £797,578). There are no other unexempted related party transactions.

19 Controlling party

The company's immediate parent company is Harsco Holdings Inc., a company incorporated in the United States of America.

Harsco Corporation, a company incorporated in the United States of America, is the company's ultimate parent company.

The financial statements of Harsco Corporation are the largest and smallest group into which the company is consolidated. Copies of the group financial statements of Harsco corporation may be obtained from Harsco Corporation, 350 Poplar Church Road, Camp Hill, PA 17011, USA.