Registered No. 3107016

Compass Minerals (Europe) Limited

Report and Accounts

31 December 2018

Report and Accounts
for the year ended 31 December 2018

Directors and Advisors

Directors
B G Dunn
R S Thomson

Secretary
R S Thomson

Auditors
Ernst & Young LLP
2 St Peter's Square
Manchester M2 3EY

Bankers
Bank of Scotland
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5 St Paul's Square
Old Hall Street
Liverpool L3 9SJ

Solicitors
JMW Solicitors LLP
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Registered No. 3107016

Strategic report

The directors present their strategic report for the year ended 31 December 2018.

Principal activities and review of the business

Compass Minerals (Europe) Limited is an investment holding company. The principal business of its operating subsidiaries is the extraction, marketing and distribution of salt and document storage and archiving.

At 31 December 2018 the group consisted of Compass Minerals UK Holdings Limited, an intermediate holding company holding the investment in Compass Minerals UK Limited whose main activity is the extraction, processing and marketing of salt, and Deepstore Holdings Limited, the holding company of Compass Minerals Storage and Archives Limited whose main activity is document storage and archiving.

The loss for the year, after taxation, is £346,000 (2017: profit £1,255,000).

Key financial indicators

The company's key financial indicators in the year were as follows:

	2018 £'000	2017 £'000	Change %
(Loss)/profit for the year before tax	(227)	1,317	-228.0%
Net assets	32,053	32,399	-0.01%

Principal risks and uncertainties

The company views the ongoing performance of its subsidiaries as being critical to its results. The key risk within the subsidiaries is that of competition and Compass Minerals UK Limited manages contracts which are subjected to periodic competitive tender. Renewal of these contracts is based on financial and performance criteria.

Financial risk management policies

The company makes no use of financial instruments. Exposure to price, credit, currency, and cash flow risks is not material to the assessment of assets, liabilities and profit or loss of the company.

On behalf of the board

R S Thomson
Director
27 September 2019

Directors' report

The directors present their report and financial statements for the year ended 31 December 2018.

Dividends

The directors do not intend to declare a dividend for the year (2017: £nil).

Going concern

The company is a Going Concern as it has net current assets of £22,433,000 (2017: net current assets of £20,857,000) because it is funded by a long term loan from a fellow group company not due for repayment until December 2027. Accordingly the directors continue to adopt the going concern basis in preparing the accounts.

Directors

B G Dunn and R S Thomson held office for the whole of the year to 31 December 2018.

Directors' insurance

Directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

Future development of the business

As far as the company is concerned future developments of the business will take place in the subsidiaries Compass Minerals UK Limited and Compass Minerals Storage & Archives Limited as described in the directors' report of those companies.

Political or charitable contributions

The company has made no political or charitable contributions in the year (2017: £nil).

Disclosure of information to the 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, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to as a director in order to have made himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

R S Thomson
Director

27 September 2019

Directors' responsibilities statement

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

Company law requires the directors to prepare 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 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;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 auditor's report

to the members of Compass Minerals (Europe) Limited

Opinion

We have audited the financial statements of Compass Minerals (Europe) Limited for the year ended 31 December 2018 which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report (continued)

to the members of Compass Minerals (Europe) Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report (continued)

to the members of Compass Minerals (Europe) Limited

Responsibilities of 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

Anne Wong (Senior statutory auditor)
for and on behalf of Ernst & Young LLP (Statutory Auditor)
Manchester
30 September 2019

Statement of income and retained earnings
for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Other operating income		**617**	1,389
Operating profit	3	**617**	1,389
Interest receivable and similar income	6	**182**	141
Interest payable	7	**(1,026)**	(213)
(Loss)/profit on ordinary activities before taxation		**(227)**	1,317
Taxation on (loss)/profit on ordinary activities	8	**(119)**	(62)
(Loss)/profit for the financial year		**(346)**	1,255
Retained profit at 1 January		**11,195**	9,940
Retained profit 31 December		**10,849**	11,195

All amounts relate to continuing activities.

Registered No: 3107016

Statement of financial position at 31 December 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Investments	9	**56,863**	60,630
Current assets			
Debtors	10	**22,544**	36,263
Creditors: amounts falling due within one year	11	**(111)**	(15,406)
Net current assets		**22,433**	20,857
Total assets less current liabilities		**79,296**	81,487
Creditors: amounts falling due after one year	12	**(47,243)**	(49,088)
Net assets		**32,053**	32,399
Capital and reserves			
Called up share capital	14	**21,130**	21,130
Other reserve	15	**74**	74
Profit and loss account		**10,849**	11,195
Total equity shareholders' funds		**32,053**	32,399

The financial statements on pages 8 to 19 were approved by the board of directors on 27 September 2019 and were signed on its behalf by:

R S Thomson
Director

Notes to the financial statements as at 31 December 2018

1 Company information

Compass Minerals (Europe) Limited is a limited liability company incorporated in England, registration number 3107016 and its registered office is Astbury House, Bradford Road, Winsford, Cheshire, United Kingdom CW7 2PA. The nature its operations and principal activities are set out in the directors' strategic report.

2 Basis of preparation and principal accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard FRS 102-'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The financial statements are presented in Sterling (£).

The accounts present information about the company as an individual undertaking and not about its group.
The directors consider that the company is a qualifying entity in accordance with the conditions for exemption under the Companies Act 2006 section 401 and Financial Reporting Standard FRS 102 section 1 as it is a wholly owned subsidiary of Compass Minerals International, Inc. incorporated in the USA, which produces consolidated financial statements that comply with US Generally Accepted Accounting Principles. These accounts are publicly available from the address in note 17.

The directors have adopted the following disclosure exemptions:

a) presentation of consolidated financial statements (FRS 102.9.3)
b) requirement to present a statement of cash flows (FRS 102 section 7)
c) financial instrument disclosures (FRS 102.11.39-48A and FRS 102.12.26-29)
d) share-based payment disclosures (FRS 102.26.18b, FRS 102.26.19-21 and FRS 102.26.23)
e) related party transactions (FRS 102.33.1a)

Going concern

The company is a Going Concern as it has net current assets of £22,433,000 (2017: net current assets of £20,857,000) because it is funded by a long term loan from a fellow group company not due for repayment until December 2027. Accordingly, the directors continue to adopt the going concern basis in preparing the accounts.

Consolidated financial statements

It is the opinion of the directors that consolidated financial statements for the company and its subsidiaries need not be prepared. The directors consider that the company is a qualifying entity in accordance with the conditions for exemption under the Financial Reporting Standard FRS 102 as it is a wholly owned subsidiary of Compass Minerals International, Inc. incorporated in the USA, which produces consolidated financial statements that comply with US Generally Accepted Accounting Principles. These accounts are publicly available from the address in note 17.

Investments

Fixed asset investments are stated at cost less provision for diminution in value. The carrying values of investments are reviewed for impairment at the reporting date and if events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period. Exchange gains or losses are taken to the profit and loss account in the financial period in which they arise. Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into except for transactions to be settled at a contractual rate which are translated at these contracted rates.

Notes to the financial statements as at 31 December 2018 (continued)

2 Basis of preparation and principal accounting policies (continued)

Taxation

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

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income tax and expenses in tax assessment in periods different from those in which they are recognised in the financial statements, except that:

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Debtors and creditors

Debtors and creditors receivable or payable within one year are recorded at transaction price less any impairment and any loss arising from impairment is recognised in other operating expenses. Loans receivable and other financial liabilities are measured initially at fair value and subsequently at amortised cost less any impairment.

Significant judgements and estimates

Preparation of the financial statements requires the directors to make significant judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following are the company's key sources of estimation uncertainty:

Impairment

Where there are indicators of impairment of individual assets, the company performs impairment tests based on a value in use calculation using a discounted cash flow model. The cash flows are derived from the budget for the next five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions). No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity, unless invoiced to the company by its parent undertaking.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Notes to the financial statements as at 31 December 2018 (continued)

2 Basis of preparation and principal accounting policies (continued)

Equity-settled transactions (continued)

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.
The company is part of a group share-based payment plan and its expense is measured on an allocation of the expense recognised for the group as a whole.

3 Operating profit

	2018	2017
	£'000	£'000
Operating (loss)/profit is stated after charging:		
Auditors' remuneration for:		
Audit	-	25

Auditors' remuneration of £1,000 is included in the accounts of a fellow group undertaking.
There were no non-audit fees in either year

Included within admin expenses is a foreign exchange gain of £617,000 (2017: gain of £1,446,000) relating to the loans denominated in foreign currencies.

4 Directors' emoluments

The directors of the company are also directors of fellow group companies. Their services as directors of this company are inconsequential to their other roles hence no remuneration is disclosed.

5 Employee share option schemes

The company is a wholly-owned subsidiary of Compass Minerals International, Inc. (CMP), located in the United States of America. CMP has an equity compensation plan whereby share options and restricted stock units (RSUs) are issued to a limited number of executive officers and other key employees. The share options vest rateably, in tranches, over a four-year service period. Unexercised share options expire after seven years. The RSUs vest after three years of service. Both share options and RSUs entitle holders to receive non-forfeitable dividends or other distributions declared on CMP common stock equal to, and at the same time as, the per share dividend declared. The common stock is traded on the New York Stock Exchange, and accordingly, the exercise price and value of awards are denominated in US dollars.

Notes to the financial statements as at 31 December 2018 (continued)

5 Employee share option schemes (continued)

For equity-settled share-based payment transactions (i.e. the issuance of share options), the exercise price is the closing stock price on the grant date. CMP measures the fair value of options on the day of the grant using the Black Scholes option valuation model. Award recipients are grouped together according to exercise behaviour. Unless better information is available to estimate the expected term of the options, the estimate is based on historical exercise experience. US treasury yields with maturities matching the expected term are used to estimate the risk-free rate. Stock price volatility is determined using CMP's historical stock prices. The expense in the Income Statement in relation to share options represents the product of the total number of options anticipated to vest and the fair value of those options; this amount is allocated to accounting periods on a straight-line basis over the vesting period.

The cumulative charge to the profit and loss account is reversed only when an employee in receipt of share options relinquishes service prior to completion of the expected vesting period.

The expense recognised for share-based payments in respect of director services received during the year to 31 December 2018 is £nil (2017: £nil).

The directors consider that the company is a qualifying entity in accordance with the exemption provided in Financial Reporting Standard FRS 102 section 26, and a statement of outstanding share options is not included in these accounts. The company is a wholly owned subsidiary of Compass Minerals International, Inc. which includes this information in its accounts. These accounts are publicly available from the address in note 17.

6 Interest receivable and similar income

	2018 £'000	2017 £'000
Loans to subsidiary undertakings	182	141
	182	141

7 Interest payable

	2018 £'000	2017 £'000
Loan from parent company	31	213
Loan from subsidiary undertaking	995	-
	1,026	213

Notes to the financial statements as at 31 December 2018 (continued)

8 Tax

	2018	2017
	£'000	£'000
(a) Tax on (loss)/profit on ordinary activities		
The tax charge is made up as follows;		
Current tax:		
UK corporation tax at 19% (2017: 19.25%)	**(43)**	(51)
Adjustment in respect of group tax relief for prior years	**162**	69
Total current tax charge	**119**	18
Deferred tax:		
Origination and reversal of timing differences	-	9
Adjustment in respect of previous periods	-	36
Changes in tax rates	-	(1)
Total deferred tax charge	-	44
Tax charge on loss/(profit) on ordinary activities (note 8 (b))	**119**	62

(b) Factors affecting the tax charge/(credit)

The tax assessed on the loss on ordinary activities differs from the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The difference is explained below:

	2018	2017
	£'000	£'000
(Loss)/profit on ordinary activities before tax	**(227)**	1,317
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.25%).	**(43)**	254
Effects of:		
Transfer pricing adjustments	-	(296)
Adjustments in respect of prior years	**162**	105
Effect of changes in tax rates	-	(1)
Total tax charge - (note 8 (a))	**119**	62

(c) Factors that may affect future tax charges

At the Corporation Tax year-end 2017, changes had been enacted to reduce the rate from 20% to 19% with effect from 1 April 2017 and then to 17% with effect from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these rates

Notes to the financial statements as at 31 December 2018 (continued)

9. Fixed asset investments

	Subsidiary undertakings £'000
Cost 31 December 2017	**85,710**
Less: loan note repaid	**3,767**
Cost 31 December 2018	**81,943**
Amounts provided at 1 January 2018 and 31 December 2018	**25,080**
Net Book Value at 1 January 2018	60,630
Net Book Value at 31 December 2018	**56,863**

The net book value of investments at 31 December 2018 comprise investment in the shares of Compass Minerals (UK) Holdings Limited of £45.6m (2017: £45.6m), investment in the shares of Deepstore Holdings Limited £11.2m (2017: £11.2m) and loan note to Compass Minerals UK Limited of £nil (2017: £3.8m).

Details of the investments in which the company holds at least 20% of the nominal value of any class of share capital are as follows:

Name of Company	Holding	% of voting rights and shares held	Nature of business
Compass Minerals UK Holdings Ltd	Ord shares	100	Holding company
Compass Minerals UK Limited*	Ord shares	100	Extraction, marketing and distribution of salt
Deepstore Holdings Ltd	Ord shares	100	Holding company
Compass Minerals Storage & Archives Limited*	Ord shares	100	Document Archiving
Salt Union Limited*	Ord shares	100	Holding company
Deepstore Limited*	Ord shares	100	Holding company

*Held by a subsidiary undertaking.
All companies are registered in England and Wales

Notes to the financial statements as at 31 December 2018 (continued)

10 Debtors

	2018	2017
	£'000	£'000
Amounts due from subsidiary undertakings	22,544	36,263
	22,544	36,263

There was no impairment charge for the year against debtors (2017; nil).

11 Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Corporation tax	111	-
Accruals and deferred income	-	47
Amounts due to parent undertaking	-	14,784
Amounts due to subsidiary undertaking (see note 2 - Going concern)	-	575
	111	15,406

12 Creditors: amounts falling due after one year

	2018	2017
	£'000	£'000
Amounts due to subsidiary undertaking	47,243	49,088
	47,243	49,088

The Compass Minerals (Europe) Limited group, of which the company is a member, undertook a restructuring of the intercompany loans within the group in December 2017. These loans are now due for repayment in December 2027 and consequently the amounts owed have been reclassified as a creditor falling due after one year.

13 Deferred tax

	2018 £'000	2017 £'000
At 1 January	-	(44)
Deferred tax charge for the year	-	44
At 31 December	-	-

Notes to the financial statements as at 31 December 2018 (continued)

14 Called up share capital

	2018	2017
Issued	**£**	£
Allotted, called up and fully paid		
21,130,203 Ordinary shares of £1 each	**21,130,203**	21,130,203

15 Reserves

	Other reserve £'000
At 1 January 2018	74
Movement in the year	-
At 31 December 2018	**74**

Called up share capital represents the nominal value of shares that have been issued.

Other reserve represents a contribution received from the ultimate parent company in respect of its share option scheme.
Profit and loss account includes all current and prior period retained profits and losses.

16 Financial risk management

The company expects to mitigate liquidity risk through managing operating cash flows and the available facility of intra-group borrowing.

17 Ultimate controlling party

The directors regard Compass Minerals International, Inc. of Kansas, USA, as the ultimate parent and controlling party.

Compass Minerals International, Inc is the parent undertaking of the smallest and largest group of which the company is a member and for which group accounts are drawn up. Copies of these accounts can be obtained from its registered office at 9900 West 109th Street, Overland Park, Kansas, 66210, USA.

18 Related parties

The group has taken advantage of the exemption available under Financial Reporting Standard FRS 102 section 33 as a qualifying entity in order not to disclose intra-group transactions. There are no other related party transactions requiring disclosure.

Notes to the financial statements as at 31 December 2018 (continued)

19 Contingent liability

(i) Revolving credit facility/term loans

The Ultimate Parent Company's main credit agreement consists of two senior secured term loans and a senior secured revolving credit facility which mature July 1, 2021. Interest on the outstanding credit agreement borrowings is variable based on either the LIBOR or a base rate (defined as the greater of a specified U.S. or Canadian prime lending rate or the federal funds effective rate, increased by 0.5%) plus a margin, which is dependent upon the Ultimate Parent Company's leverage ratio and the type of term loan borrowing. As of December 31, 2018, the weighted average interest rate was 4.4% on all borrowings outstanding under the credit agreement. The outstanding term loans are payable in quarterly instalments of interest and principal and can be prepaid at any time without penalty. The credit agreement requires the Ultimate Parent Company to maintain certain financial ratios, including a minimum interest coverage ratio and a maximum total leverage ratio. In September 2017, the Ultimate Parent Company entered into an amendment to its credit agreement, which increased the maximum allowed leverage ratio under the credit agreement through September 2018.

Under the revolving credit facility, $40 million may be drawn in Canadian dollars and $10 million may be drawn in British pounds sterling. Additionally, the revolving credit facility includes a sub-limit for short-term letters of credit in an amount not to exceed $50 million. As of December 31, 2018, there was $197.0 million outstanding under the revolving credit facility, and, after deducting outstanding letters of credit totalling $10.6 million, the Ultimate parent Company's borrowing availability was $92.4 million. The Ultimate Parent Company incurs participation fees related to its outstanding letters of credit and commitment fees on its available borrowing capacity. The rates vary depending on the Ultimate Company's leverage ratio. Bank fees are not material.

In December 2018, the Ultimate Parent Company entered into an amendment to its credit agreement, which eased restrictions in certain covenants contained in the agreement. In connection with this amendment, the Ultimate Parent Company paid fees totalling $1.4 million ($1.4 million was capitalised as deferred financing costs with less than $0.1 million recorded as an expense).

The loans related to the Ultimate Parent Company's Produquimica business in Brazil have maturity dates ranging from March 2019 through November 2023 and bear interest at rates at either a percentage of CDI, an overnight inter-bank lending rate in Brazil, or LIBOR plus a margin. A portion of the loans are denominated in U.S. dollars and a portion of the loans are denominated in Brazilian reais, Produquimica's functional currency. The Ultimate Parent Company has entered into foreign currency swap agreements in relation to some of these loans whereby it agreed to swap interest and principal payments on loans denominated in U.S. dollars for principal and interest payments denominated in Brazilian reais. In September and November 2017, the Ultimate Parent Company refinanced $54.3 million of loans it assumed in the Produquimica acquisition using proceeds from approximately $87 million of new loans. The new loans bear interest rates ranging from 108.7% and 118.0% of CDI and mature in November 2019.

In the first quarter of 2018, the Ultimate Parent Company entered into a new U.S. dollar denominated loan which matures in March 2020. No material fees were paid in connection with this transaction. A portion of the loans are denominated in U.S. dollars and a portion of the loans are denominated in Brazilian reais, Produquimica's functional currency. The Ultimate parent Company has also entered into foreign currency swap agreements whereby it agreed to swap interest and principal payments on loans denominated in the U.S. dollars for principal and interest payments in Brazilian reais. During the third quarter of 2018, the Ultimate Parent Company paid off approximately $36 million of its Brazilian loans and entered into a new $20 million Brazilian loan. The new variable rate loan bears interest of 117.5% of CDI and matures in September 2020. In the fourth quarter of 2018, the Ultimate Parent Company entered into $18.4 million of loans in Brazil which bear interest at 133.1% of CDI and mature in June and October of 2019.

Notes to the financial statements as at 31 December 2018 (continued)

19 Contingent liability (continued)

(ii) Group guarantee

The 4.875% Senior Notes due 2024 (the "4.875% Notes") are subordinate to the credit agreement borrowings. Interest on the 4.875% Notes is due annually in January and July.

The Credit Agreement and the agreements governing the 4.875% Notes and other indebtedness contain covenants that limit the Ultimate Parent Company's ability, among other things, to incur additional indebtedness or contingent obligations or grant liens; pay dividends or make distributions to stockholders; repurchase or redeem the Ultimate Parent Company's stock; make investments or dispose of assets; prepay, or amend the terms of certain junior indebtedness; engage in sale and leaseback transactions; make changes to the Ultimate Parent Company's organisational documents or fiscal periods; enter into third-party agreements that limit the Ultimate Parent Company's ability to grant liens on the Ultimate Parent Company's assets or make certain intercompany dividends, investments or asset transfers; enter into new lines of business; enter into transactions with the Ultimate Parent Company's stockholders and affiliates; and acquire the assets of, or merge or consolidate with, other companies.

The Ultimate Parent Company's Credit Agreement borrowings are secured by substantially all the existing and future U.S. assets of the Ultimate Parent Company, the Goderich mine in Ontario, Canada, and capital stock of certain subsidiaries. As of December 31, 2018, the Ultimate Parent Company was in compliance with each of its covenants.