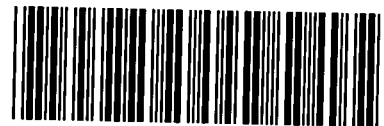


Solvay UK Holding Company Limited
Annual Report and Financial Statements
for the year ended 31 December 2017

Registered number 02767184

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Solvay UK Holding Company Limited

Annual report and financial statements 2017

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Solvay UK Holding Company Limited

Directors and Advisors

Directors

C Barraclough
A Brouhns
M Dawes
A Murphy

Company Secretary

A Murphy

Registered Office

Solvay House
Baronet Road
Warrington
Cheshire
WA4 6HA

Auditor

Deloitte LLP
Statutory Auditor
Birmingham
United Kingdom

Solvay UK Holding Company Limited

Strategic Report

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company's sole activity continues to be that of an investment holding Company. Details of the Company's investments and their activities are given in Note 9 to these financial statements.

Performance in the year ended 31 December 2017

Loss after tax for the year was £58,000 (2016: loss after tax of £372,000).

A dividend of £nil was received in 2017. A dividend of £nil was received in 2016.

The Company's balance sheet shows net assets of £68,902,000 (2016: £68,960,000).

Given that the principal activity of the company is as a holding company the directors do not consider that key performance indicators are applicable.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties are those of the underlying investments whose profitability will be influenced by volumes sold, the selling price and the price of energy. This will influence the dividends paid and the holding value of these investments.

FUTURE PROSPECTS/POST BALANCE SHEET EVENTS

The Company will continue to be a holding Company, for investments in a trading subsidiary in the UK and a dormant subsidiary in the UK.

Approved by the Board of Directors, and signed on behalf of the board



C Barraclough
Director
19 September 2018

Solvay UK Holding Company Limited

Directors' Report

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

In accordance with the Companies Act 2006, section 414c(11) information required by schedule 7 to the accounting regulations pertaining to principal risks and uncertainties and future developments has been set out in the company's Strategic Report and therefore is not separately disclosed in the Directors' Report.

DIRECTORS

Directors who served in the year and thereafter, except as noted below, are as follows:

C Barraclough
A Brouhns
M Dawes
A Murphy

DIRECTORS' INTERESTS

None of the directors held any interests in the share capital of the Company during the year (2016: none).

DIVIDENDS

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

GOING CONCERN

The directors have reviewed the current trading conditions of the Company's subsidiaries and have considered future expectations for these businesses, in the light of the current uncertain economic outlook, and have satisfied themselves that the Company can continue to respond positively to these conditions.

The Company is not directly dependent on external sources of finance, but on accounts held with Group companies. Details of these balances with Group companies are contained within notes 10 and 11.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to credit risk on the Company's principal financial assets, which are trade and other receivables mainly due from other Group entities. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with no historical issues with recoverability.

Solvay UK Holding Company Limited

Directors' Report (continued)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- (a) so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue as auditor. The Company, has agreed to retain Deloitte LLP as auditor, for another year, and as such Deloitte LLP are deemed reappointed.

Approved by the Board of Directors
and signed on behalf of the Board



C Barraclough
Director
19 September 2018

Solvay UK Holding Company Limited

Directors' Responsibilities Statement

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 and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 Solvay UK Holding Company Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Solvay Solutions UK Limited (the 'company') which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 16

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including [Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice)].

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.

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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Solvay UK Holding Company Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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: 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.

Report on other legal and regulatory requirements

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

Independent auditor's report to the members of Solvay UK Holding Company Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.



Peter Gallimore FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

27 September 2018

Solvay UK Holding Company Limited

Statement of comprehensive expenditure

For the year ended 31 December 2017

| | Note | 2017 £'000 | 2016 £'000 |
|---------------------------------|------|---------------|---------------|
| Operating costs | | (85) | (137) |
| Loss on disposal of investments | | - | (287) |
| Loss from operations | 4 | (85) | (424) |
| Investment revenue | 6 | 150 | 143 |
| Finance costs | 7 | (134) | (115) |
| Loss before taxation | | (69) | (396) |
| Taxation | 8 | 11 | 24 |
| Loss for the year | 13 | (58) | (372) |

Other than the loss for the year, the company had no recognised gains and losses in either the current or preceding year, therefore no statement of comprehensive income has been prepared.

The above results all derived from continuing operations.

The notes on pages 10 to 19 form part of the financial statements.

Solvay UK Holding Company Limited

Statement of changes in equity

For the year ended 31 December 2017

| | Note | Called up shares capital £'000 | Accumulated losses £'000 | Total equity £'000 |
|--|-------|---|--------------------------------|--------------------------|
| Shareholder's funds at 31 December 2015 | 12,13 | 75,000 | (5,668) | 69,332 |
| Loss and total comprehensive loss for the year | | - | (372) | (372) |
| Shareholder's funds at 31 December 2016 | 12,13 | 75,000 | (6,040) | 68,960 |
| Loss and total comprehensive loss for the year | | - | (58) | (58) |
| Shareholder's funds at 31 December 2016 | | 75,000 | (6,098) | 68,902 |

The notes on pages 10 to 19 form part of the financial statements.

Solvay UK Holding Company Limited

Balance sheet

As at 31 December 2017

| | Note | 2017 £'000 | 2016 £'000 |
|--|------|---------------|---------------|
| Non-current assets | | | |
| Investments | 9 | 59,620 | 59,620 |
| Current assets | | | |
| Trade and other receivables | 10 | 61,615 | 52,853 |
| | | 61,615 | 52,853 |
| Total assets | | 121,235 | 112,473 |
| Current liabilities | | | |
| Trade and other payables | 11 | (52,333) | (43,513) |
| Total liabilities | | (52,333) | (43,513) |
| Net current assets | | 9,282 | 9,340 |
| Total assets less current liabilities | | 68,902 | 68,960 |
| Net assets | | 68,902 | 68,960 |
| Equity | | | |
| Called up share capital | 12 | 75,000 | 75,000 |
| Accumulated losses | 13 | (6,098) | (6,040) |
| Shareholder's funds | | 68,902 | 68,960 |

The notes on pages 10 to 19 form part of the financial statements.

The financial statements of Solvay UK Holding Company Limited (registered number 02767184) were approved by the Board of Directors and authorised for issue on 19 September 2018. They were signed on its behalf by:



C Barraclough

Director

Solvay UK Holding Company Limited

Notes to the financial statements

For the year ended 31 December 2017

General information

Solvay UK Holding Company Limited (the Company) is a private Company limited by shares which is incorporated in the United Kingdom under the Companies Act 2006, and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements under the requirements of section 400 of the Companies Act 2006, because it is included in the group financial statements of Solvay SA. The group financial statements of Solvay SA are available to the public and can be obtained as set out in note 16.

The Company has applied FRS 101 'Reduced Disclosure Framework' incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

Adoption of new and revised Standards

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 7 Disclosure Initiative

The Company has adopted the amendments to IAS 7 for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The Company's liabilities arising from financing activities consist of Inter company borrowings (note 11). The application of these amendments has had no impact on the Company's financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference. The application of these amendments has had no impact on the Company's financial statements as the Company already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

Annual Improvements to IFRSs 2014–2016 Cycle

The Company has adopted the amendments to IFRS 12 included in the *Annual Improvements to IFRSs 2014 - 2016 Cycle* for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Company. IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

Solvay UK Holding Company Limited

Notes to the financial statements

For the year ended 31 December 2017

General information (continued)

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and [*in some cases*] had not yet been adopted by the EU:

| | |
|--|---|
| IFRS 9 | <i>Financial Instruments</i> |
| IFRS 15 | <i>Revenue from Contracts with Customers (and the related Clarifications)</i> |
| IFRS 16 | <i>Leases</i> |
| IFRS 17 | <i>Insurance Contracts</i> |
| IFRS 2 (amendments) | <i>Classification and Measurement of Share-based Payment Transactions</i> |
| IFRS 4 (amendments) | <i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i> |
| IAS 40 (amendments) | <i>Transfers of Investment Property</i> |
| Annual Improvements to IFRSs 2014 - 2016 Cycle | <i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IFRS 28 Investments in Associates and Joint Ventures</i> |
| IFRS 10 and IAS 28 (amendments) | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> |
| IFRIC 22 | <i>Foreign Currency Transactions and Advanced Consideration</i> |
| IFRIC 23 | <i>Uncertainty over Income Tax Treatments</i> |

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

2. Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group financial statements of Solvay SA. The group financial statements of Solvay SA are available to the public and can be obtained as set out in note 16. The financial statements have been prepared on the historical cost basis, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Solvay UK Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

2. Significant accounting policies (continued)

Basis of accounting (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic report on page 2.

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Solvay SA, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Solvay UK Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

2. Significant accounting policies (continued)

Foreign currencies (continued)

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Operating profit

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

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 balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Impairment of investments

At each balance sheet date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no

Solvay UK Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

2. Significant accounting policies (continued)

Impairment of investments (continued)

impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value.

Loans and receivables

Trade debtors, loans, and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Trade receivables and other receivables have fixed or determinable payments and are not quoted in an active market. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet 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 of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss

Solvay UK Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. Financial liabilities, including borrowings, are initially measured at fair value.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in financial statements are discussed below.

Going Concern

The directors have reviewed the current trading conditions of the Company and its subsidiaries and have considered future expectations for the business, in the light of the current uncertain economic outlook, and have satisfied themselves that the Company can continue to respond positively to these conditions.

The Company is not directly dependent on external sources of finance. Details of the balances held with Group companies are contained within note 10 and 11.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' values in use and / or carrying amount where applicable. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £59,620,000 (2016: £59,620,000) with an impairment loss recognised in 2017 of £nil (2016: £nil).

Solvay UK Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

4. Loss from operations

Loss from operations is stated after charging:

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Auditor remuneration for audit of Company's annual financial statements | 2 | 2 |

Non-audit fees payable to Deloitte LLP totalled £nil (2016: £nil).

5. Employees and directors

The average monthly employees:

| | 2017 No. | 2016 No. |
|---|-------------|-------------|
| Average number of employees (all employees are directors) | 5 | 5 |

The wages and salaries of directors are borne by a number of Solvay Group companies. No recharges were made on the basis that the majority of the directors' time was spent on other Group companies and was not practical to evaluate the small amount of time spent by the directors' on this Company matters and to recharge this time to the Company. Directors and key management personnel are deemed to be the same.

6. Investment revenue

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Interest receivable from Group undertakings | 150 | 143 |

7. Finance costs

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Interest payable to group undertakings | 134 | 115 |

Solvay UK Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

8. Taxation

Analysis of tax credit on ordinary activities

| | 2017 £'000 | 2016 £'000 |
|-------------|---------------|---------------|
| Current tax | 11 | 24 |

Factors affecting tax credit for the current year

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Loss on ordinary activities before tax | (69) | (396) |
| Tax at 19.25% (2016: 20%) thereon | 13 | 79 |
| Expenses not deductible for tax purposes | (2) | (55) |
| Tax credit for the year | 11 | 24 |

A reduction in the UK corporation tax rate from 21% to 20% took effect from 1 April 2015. Finance (No.2) Act 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. Finance Act 2016 included a further reduction to the corporation tax rate to 17% from 1 April 2020.

9. Investments

Fixed assets comprise investments in wholly owned subsidiaries.

| | 2017 £'000 | 2016 £'000 |
|--------------------------------|---------------|---------------|
| Cost | | |
| At 1 January | 59,620 | 60,920 |
| Disposals | - | (1,300) |
| At 31 December | 59,620 | 59,620 |
| Impairment | | |
| At 1 January | - | - |
| Impairment charge for the year | - | - |
| Eliminated in disposals | - | - |
| At 31 December | - | - |
| Net book value | | |
| At 31 December | 59,620 | 59,620 |

Investments where the holding value is greater than the net assets of the Company are subject to an annual impairment review.

Solvay UK Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

9. Investments (continued)

The future cash flows of the business are assessed over a 5 year horizon, using the current budgeted results and a discount rate of 8.1% (2016: 8.1%). Allowance may be made for benefits derived to the Group from the business of the subsidiary.

The growth rates are based on management estimates taking into account current trading performance and expected future conditions.

The investments in Group undertakings comprise:

- (a) 1,300,000 ordinary shares of £1 each at a cost of £1,300,000 being 100% of the issued share capital in Solvay Chemicals Ltd, a Company operating in Great Britain. This Company was dissolved on 5 April 2017.
- (b) 30,000,000 ordinary shares of £1 each, at a cost of £59,620,000 being 100% of the issued share capital in Solvay Interlox Ltd, a Company operating in Great Britain. The principal activity of the Company is the manufacture and sale of peroxygen chemical products. At 31 December 2017 the net assets of the subsidiary were £25,472,000 (2016: £6,607,000). The profit for the year was £6,741,000 (2016: profit of £2,949,000).
- (c) 1 ordinary share of £1 being 100% of the issued share capital of Solvay Specialty Polymers UK Limited, a Company incorporated in England. On 31st December 2016 the trade and assets of this company were divested to Solvay Interlox Limited for £1,000,000. Following this transaction the company became dormant.

The registered office for these entities is: Solvay House, Baronet Road, Warrington, Cheshire, WA4 6HA

In the opinion of the directors, the value of the investment in Group undertakings is not less than the aggregate amount at which they are shown in the Company's balance sheet.

10. Trade and other receivables

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Amounts falling due within one year: | | |
| Amounts owed by parent undertakings | 61,596 | - |
| Amounts owed by fellow subsidiary undertakings | 13 | 52,848 |
| Other debtors | 6 | 5 |
| | <u>61,615</u> | <u>52,853</u> |

11. Trade and other payables

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Amounts falling due within one year: | | |
| Amounts owed to parent undertakings | 133 | 852 |
| Loans from subsidiary undertakings | 55,919 | 42,657 |
| Accruals and deferred income | 9 | 4 |
| | <u>52,333</u> | <u>43,513</u> |

Amounts due by and to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

12. Called-up share capital

Solvay UK Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Authorised | | |
| 100,000,000 ordinary shares of £1 each | 100,000 | 100,000 |
| Called up, allotted and fully paid | | |
| 75,000,000 ordinary shares of £1 each | 75,000 | 75,000 |

The Company has one class of ordinary share which carry no right to fixed income.

13. Accumulated losses

| | 2017 £'000 | 2016 £'000 |
|-------------------|---------------|---------------|
| As at 1 January | (6,040) | (5,668) |
| Loss for the year | (58) | (372) |
| At 31 December | (6,098) | (6,040) |

14. Payables due to group members

Analysis by currency

All borrowings are in pounds sterling. The other principal features of the Company's borrowings are as follows:

- (i) The majority of transactions are processed elsewhere in the Group and are reflected in Group current accounts, and
- (ii) Current accounts with UK Subsidiaries pay interest at 0.27% (2016: 0.43%).

The exposure to the above interest rates is dependent on the UK base rate and European Medium Term Note and the effect of a 1% increase in interest rates is to reduce the Company's profit for the year by £246,000 (2016: £267,000).

As all accounts are designated in sterling there is no exchange risk.

Solvay UK Holding Company Limited

Notes to the financial statements (continued)

For the year ended 31 December 2017

15. Controlling party

The Company is a wholly owned subsidiary of Solvay S.A., a Company registered in Belgium and listed NYSE Euronext Stock Exchange in Brussels and Paris, which represents the largest and smallest Group that consolidates these financial statements and the ultimate controlling party. Copies of these financial statements can be obtained from the registered office of Solvay S.A. at 310 Rue de Ransbeek, 1120 Brussels, Belgium.

16. Related party transactions

The company has taken advantage of the exemption under FRS101, to avoid the disclosure of the details of material transactions between the reporting entity and any wholly owned related parties, on the grounds that it is a wholly owned subsidiary of a group headed by Solvay SA, a company incorporated in Belgium whose financial statements are publicly available.