

# **INEOS Silicas Limited**

Annual report and financial statements

Registered number 48745

31 December 2017

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## **Directors' report for the year ended 31 December 2017**

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

### **Principal activities and business review**

The company is no longer trading and exists solely to maintain and account for the company's pension scheme.

### **Future developments**

The directors do not expect any change in the company's activities during the next financial year.

### **Key performance indicators ("KPIs")**

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### **Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of INEOS Holdings Limited. The directors have received confirmation that INEOS Holdings Limited intends to support the company for at least one year after these financial statements are signed.

### **Results**

The result for the year ended 31 December 2017 was a loss for the financial year of £2,039,000 (2016: loss of £2,256,000).

### **Dividends**

No dividends were declared or paid in respect of the year (2016: none).

### **Financial risk management**

The company is funded internally by the INEOS Group and therefore has no direct exposure to liquidity or debt market risk. Interest rate exposures are managed on a group basis and are fully disclosed in the consolidated financial statements of INEOS Group Holdings S.A..

### **Directors**

The directors who held office during the year and up to the date of signing the financial statements are given below:

G Leask  
J Dolan  
D Smeeton  
J Ginns  
Y Ali  
B Foster

## Directors' report for the year ended 31 December 2017 (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, 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; 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.

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.

### Disclosure of information to auditors

The directors confirm that as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and that they have taken all steps necessary as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Independent auditors

PricewaterhouseCoopers LLP are deemed to be reappointed in accordance with an elective resolution made under section 487 of the Companies Act 2006.

### Small company provision

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Approved and signed on behalf of the Board

Y S Ali

Company Secretary

INEOS Silicas Limited

Hawkslease, Chapel Lane, Lyndhurst, SO43 7FG

18 April 2018

## **Independent auditors' report to the members of INEOS Silicas Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, INEOS Silicas Limited's 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 (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2017; the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## **Independent auditors' report to the members of INEOS Silicas Limited (continued)**

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

#### **Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

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.

**Independent auditors' report to the members of INEOS Silicas Limited (continued)**

**Other required reporting**

**Companies Act 2006 exception reporting**

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

We have no exceptions to report arising from this responsibility.

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Ian Marsden (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
18 April 2018

**Profit and Loss Account**  
*for the year ended 31 December 2017*

	Note	2017 £000	2016 £000
Administrative expenses		(464)	(273)
Other operating income	5	1,288	1,548
Interest payable and similar expenses	6	(3,883)	(3,670)
<b>Loss before taxation</b>		<b>(3,059)</b>	<b>(2,395)</b>
Tax on loss	7	1,020	139
<b>Loss for the financial year</b>		<b>(2,039)</b>	<b>(2,256)</b>

All activities of the company relate to continuing operations.

**Statement of Comprehensive Income**  
*for the year ended 31 December 2017*

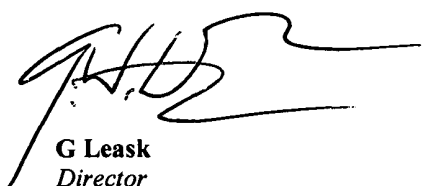
	Note	2017 £000	2016 £000
<b>Loss for the financial year</b>		<b>(2,039)</b>	<b>(2,256)</b>
<b>Other comprehensive income/(expense)</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Deferred tax arising on actuarial (gains)/losses in the pension scheme	11	(5,209)	2,868
Actuarial gain/(loss) recognised in the pension scheme	12	30,643	(16,870)
<b>Other comprehensive income/(expense) for the year, net of income tax</b>		<b>25,434</b>	<b>(14,002)</b>
<b>Total comprehensive income/(expense) for the year</b>		<b>23,395</b>	<b>(16,258)</b>



**Balance Sheet**  
*As at 31 December 2017*

	<i>Note</i>	2017 £000	2017 £000	2016 £000	2016 £000
<b>Fixed assets</b>					
Investments	8		-		-
Post-employment benefits	12		2,418		-
			<u>2,418</u>		<u>-</u>
<b>Current assets</b>					
Debtors	9	5,665		9,396	
<b>Creditors: amounts falling due within one year</b>	10	(71,449)		(62,672)	
<b>Net current liabilities</b>			(65,784)		(53,276)
<b>Total assets less current liabilities</b>			(63,366)		(53,276)
<b>Provisions for liabilities</b>					
Deferred tax	11		(411)		-
Post-employment benefits	12		-		(33,896)
			<u>(411)</u>		<u>(33,896)</u>
<b>Net liabilities</b>			(63,777)		(87,172)
<b>Capital and reserves</b>					
Called up share capital	13		19,005		19,005
Share premium account			3,395		3,395
Profit and loss account			(86,177)		(109,572)
<b>Total shareholders' deficit</b>			(63,777)		(87,172)

These financial statements on pages 8 to 21 were approved by the board of directors on 18 April 2018 and were signed on its behalf by:

  
**G Leask**  
Director  
Company registered number: 48745

**Statement of Changes in Equity**  
*for the year ended 31 December 2017*

	Called up Share capital £000	Share Premium Account £000	Profit and loss account £000	Total shareholders' deficit £000
Balance at 1 January 2016	19,005	3,395	(93,314)	(70,914)
Loss for the financial year	-	-	(2,256)	(2,256)
Other comprehensive expense	-	-	(14,002)	(14,002)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the year	-	-	(16,258)	(16,258)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	19,005	3,395	(109,572)	(87,172)
	<hr/>	<hr/>	<hr/>	<hr/>

	Called up Share capital £000	Share Premium Account £000	Profit and loss account £000	Total shareholders' deficit £000
Balance at 1 January 2017	19,005	3,395	(109,572)	(87,172)
Loss for the financial year	-	-	(2,039)	(2,039)
Other comprehensive income	-	-	25,434	25,434
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	23,395	23,395
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2017</b>	<b>19,005</b>	<b>3,395</b>	<b>(86,177)</b>	<b>(63,777)</b>
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (forming part of the financial statements)

### 1 Accounting policies

INEOS Silicas Limited (the “Company”) is a private company, limited by shares, incorporated, registered and domiciled in England, UK.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Business combinations – Business combinations that took place prior to 1 January 2013 have not been restated.
- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of INEOS Group Holdings S.A. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*

The accounting policies set out below have, unless otherwise stated, been applied consistently on the going concern basis, to all periods presented in these financial statements and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

## Notes (forming part of the financial statements) (continued)

### 1 Accounting policies (continued)

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of INEOS Holdings Limited. The directors have received confirmation that INEOS Holdings Limited intends to support the company for at least one year after these financial statements are signed.

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### 1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

##### *Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Investments*

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment.

##### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### 1.5 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

#### 1.6 Interest

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

## Notes (forming part of the financial statements) (continued)

### 1 Accounting policies (*continued*)

#### 1.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### 1.8 Post employment benefits

##### *Defined benefit plan*

The Company's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from the defined benefit plan comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

## Notes (forming part of the financial statements) (continued)

### 2 Auditors' remuneration

Fees receivable by the Company's auditors and its associates in respect of services to the Company and its associates, are disclosed on a consolidated basis in the consolidated financial statements of INEOS Group Holdings S.A..

### 3 Staff numbers and costs

The Company had no employees during the year (2016: nil).

### 4 Directors' remuneration

No Directors received any fees or remuneration in respect of their services as a Director of the Company during the financial year (2016: none).

### 5 Other operating income

The company recognised a profit of £1,288,000 (2016: £1,548,000) relating to compensation from PQ for tax relief related to the sale of the company in 2008.

### 6 Interest payable and similar expenses

	2017 £000	2016 £000
Interest payable and similar expenses	3,068	2,948
Net interest on net defined benefit plan assets	815	722
	<u>3,883</u>	<u>3,670</u>

Interest payable and similar expenses includes £3,068,000 (2016: £2,948,000) payable to group undertakings.

## Notes (forming part of the financial statements) (continued)

### 7 Tax on loss

#### Recognised in the profit and loss account

	2017 £000	2017 £000	2016 £000	2016 £000
<i>UK corporation tax</i>				
Current tax on income for the year	(1,681)		(1,378)	
Adjustments in respect of prior periods	(303)		259	
	<hr/>		<hr/>	
Total current tax		(1,984)		(1,119)
<i>Deferred tax</i>				
Origination and reversal of temporary differences	1,092		900	
Reduction in tax rate	(128)		(135)	
Adjustments in respect of prior periods	-		215	
	<hr/>		<hr/>	
Total deferred tax		964		980
		<hr/>		<hr/>
Tax on loss		(1,020)		(139)
		<hr/>		<hr/>

#### Reconciliation of effective tax rate

	2017 £000	2016 £000
Total tax credit	(1,020)	(139)
	<hr/>	<hr/>
Loss before taxation	(3,059)	(2,395)
Loss before taxation multiplied by the standard rate of tax in the UK of 19.25% (2016: 20%)	(589)	(478)
Reduction in tax rate on deferred tax balances	(128)	(135)
Adjustments in respect of prior periods	(303)	474
	<hr/>	<hr/>
Total tax credit	(1,020)	(139)
	<hr/>	<hr/>

The UK Corporation tax rate was reduced from 20% to 19% with effect from 1 April 2017. The rate will reduce further to 17% from 1 April 2020.

## Notes (forming part of the financial statements) (continued)

### 8 Investments

The Company has the following investments in subsidiaries and associates:

Subsidiaries	Country of incorporation	Class of share	Ownership	
			2017	2016
INEOS Healthcare Holdings Limited (A)	England	Ordinary	20%	20%
INEOS Healthcare Limited (A)	England	Ordinary	20%	20%
INEOS Silicas Trustees Limited (B)	England	Ordinary	100%	100%

The registered office addresses of the investments disclosed in this note are:

**Reference Registered office address**

- (A) Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom  
 (B) Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom

### 9 Debtors

	2017 £000	2016 £000
Amounts owed by group undertakings	5,661	3,634
Deferred taxation (note 11)	-	5,762
Other	4	-
	<u>5,665</u>	<u>9,396</u>

Amounts owed by group undertakings are unsecured, attract interest at commercial rates, have no fixed date of repayment and are repayable on demand.

### 10 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Amounts owed to group undertakings	71,407	62,648
Other	42	24
	<u>71,449</u>	<u>62,672</u>

Amounts owed to group undertakings are unsecured, attract interest at commercial rates, have no fixed date of repayment and are repayable on demand.



## Notes (forming part of the financial statements) (continued)

### 11 Deferred taxation

The amounts provided for deferred taxation are set out below.

	2017 £000	2016 £000
Deferred tax asset on pension scheme liability	-	(5,762)
Deferred tax liability on pension scheme asset	411	-
	<u>411</u>	<u>-</u>

### Analysis of movement in the year

	£000
At 1 January 2017	(5,762)
Charge to the profit and loss account	964
Charge to the statement of total recognised gains and losses	5,209
	<u>411</u>
At 31 December 2017	<u>411</u>

### 12 Post-employment benefits

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the years shown.

	2017 £000	2016 £000
Total defined benefit asset	128,141	113,617
Total defined benefit liability	(125,723)	(147,513)
	<u>2,418</u>	<u>(33,896)</u>
Net liability for defined benefit obligations (see following table)	2,418	(33,896)
	<u>2,418</u>	<u>(33,896)</u>
Total post-employment benefits	<u>2,418</u>	<u>(33,896)</u>

## Notes (forming part of the financial statements) (continued)

### 12 Post-employment benefits (continued)

#### Movements in net defined benefit liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset/(liability)	
	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000
Balance at 1 January	(147,513)	(111,162)	113,617	89,639	(33,896)	(21,523)
Included in profit or loss						
Current service cost	(217)	(98)	-	-	(217)	(98)
Interest income/(cost)	(3,795)	(4,180)	2,980	3,458	(815)	(722)
	<u>(151,525)</u>	<u>(115,440)</u>	<u>116,597</u>	<u>93,097</u>	<u>(34,928)</u>	<u>(22,343)</u>
Included in other comprehensive income/(expense)						
Remeasurements gain/(loss):						
Actuarial gain/(loss) arising from						
- Changes in demographic Assumptions	6,311	-	-	-	6,311	-
- Change in financial assumptions	3,373	(35,609)	-	-	3,373	(35,609)
- Experience adjustment	12,313	(98)	-	-	12,313	(98)
Return on plan assets excluding interest income	-	-	8,646	18,837	8,646	18,837
	<u>21,997</u>	<u>(35,707)</u>	<u>8,646</u>	<u>18,837</u>	<u>30,643</u>	<u>(16,870)</u>
Other						
Contributions paid by the employer	203	217	6,703	5,317	6,906	5,534
Benefits paid	3,602	3,417	(3,805)	(3,634)	(203)	(217)
	<u>(125,723)</u>	<u>(147,513)</u>	<u>128,141</u>	<u>113,617</u>	<u>2,418</u>	<u>(33,896)</u>

#### Plan assets

	2017 £000	2016 £000
Cash and cash equivalents	5,047	2,678
Equities (fund manager portfolio)	15,173	61,624
Bonds – Government & Corporate	90,628	44,143
Real estate	-	1,525
Other assets	17,293	3,647
<b>Total</b>	<u>128,141</u>	<u>113,617</u>

## Notes (forming part of the financial statements) (continued)

### 12 Post-employment benefits (continued)

The Company operates a defined benefit pension scheme. The scheme covers employees of INEOS Silicas Limited. The scheme is managed by Trustees, who are directors of INEOS Chemicals Pension Plan which has a trust deed in favour of INEOS Silicas Limited. The scheme is now closed to new entrants and frozen to future accrual.

In accordance with FRS101, pension charges in relation to the INEOS Chemicals Pension Plan have been accounted for under IAS 19 "Revised Employee Benefits" in these financial statements. The scheme is of a defined benefit type under which benefits are based on employees' years of service and final remuneration.

#### Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages);

	2017	2016
Discount rate at 31 December	2.70%	2.60%
Rate of price inflation	3.20%	3.30%
Rate of pension increases (in-payment)	2.10%	3.00%
Rate of Pension Increases (In Deferment)	2.20%	2.20%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Current pensioner aged 65: 23.941 years (male), 26.078 years (female).
- Future retiree upon reaching 65: 25.958 years (male), 27.849 years (female).

#### Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting year would have increased/(decreased) as a result of a change in the respective assumptions by 1%.

	2017 £000	2016 £000
Discount rate	29,228,000	40,979,000
Inflation (RPI, CPI)	8,996,000	15,032,000

In valuing the liabilities of the pension fund at £125,723,000 (2016: £147,513,000), mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities would be £130,011,000 (2016: £152,170,000) having increased by £4,288,000 (2016: £4,656,000 increased) before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 December 2016 and are applied to adjust the defined benefit obligation at the end of the reporting year for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

#### Funding

The company expects to contribute £6,500,000 to its closed defined benefit scheme in 2018 under a deficit reduction program.

## Notes (forming part of the financial statements) (continued)

### 13 Called up share capital

	2017 £000	2016 £000
<i>Allotted, called up and fully paid</i>		
19,005,001 (2016: 19,005,001) Ordinary share of £1	19,005	19,005

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 14 Contingencies

The Company is party to a Senior Secured Term Loans agreement dated 27 April 2012 (as amended). The total outstanding indebtedness under the Senior Secured Term Loans agreement at 31 December 2017 was €3,450.5 million (2016: €4,604.6 million). The Company is a guarantor under the Senior Secured Term Loans agreement. These obligations are secured by fixed and floating charges over the assets of the Company.

The Company is party to the Senior Secured Notes due 2023 Indenture dated 5 May 2015 and the Senior Secured Notes due 2025 Indenture dated 3 November 2017. The total outstanding indebtedness under the Senior Secured Notes at 31 December 2017 was €1,320.0 million (2016: €770.0 million). The Company is a guarantor under the Senior Secured Notes Indentures. These obligations are secured by fixed and floating charges over the assets of the Company.

The Company is party to the Senior Notes due 2024 Indenture dated 9 August 2016. The total outstanding indebtedness under the Senior Notes at 31 December 2017 was €1,068.8 million (2016: €2,289.0 million). The Company is a guarantor under the Senior Notes Indentures. These guarantees are on an unsecured senior subordinated basis.

### 15 Controlling parties

As at 31 December 2017 the immediate parent undertaking was INEOS Holdings Limited, a company incorporated in England and Wales.

The ultimate parent company at 31 December 2017 was INEOS Limited, a company incorporated in Isle of Man. INEOS Group Holdings S.A. is the parent undertaking of the only group of undertakings to consolidate these financial statements. Copies of the financial statements of INEOS Group Holdings S.A. can be obtained from the Company Secretary, 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

The directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in the ultimate parent undertaking INEOS Limited.

## **Notes (forming part of the financial statements) (continued)**

### **16 Accounting estimates and judgements**

#### **Taxation**

All the Company's operation are in the UK. Management is required to estimate the tax payable and this involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the balance sheet of the Company. Management have performed an assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Company's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

The Company has, from time to time, contingent tax liabilities arising from trading and corporate transactions. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

Details of amounts recognised with regard to taxation are disclosed in Notes 7 and 11.

#### **Post-employment benefits**

The Company operates a defined benefit post-employment scheme. The plan is now closed to new entrants and frozen to future accrual. Under IAS 19 Revised Employee Benefits, management is required to estimate the present value of the future defined benefit obligation of each defined benefit scheme. The costs and year end obligations under the defined benefit scheme is determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- inflation rate projections; and
- discount rate for scheme liabilities.

Details of post-employment benefits are set out in Note 12.