INEOS Compounds UK Ltd

Annual report and financial statements

Registered number 02514084

31 December 2016

Contents

Strategic report

The directors present their strategic report for the year ended 31 December 2016 for INEOS Compounds UK Ltd (the Company).

Business overview
The Company's principal activity up until 31 December 2009 was the manufacture and sale of vinyl compound. On that date the Company ceased production and selling and as at 31 December 2016 the company has not restarted production. All remaining employees are seconded to other related parties.

Business review
The results of the Company are set out in the income statement on page 8 which shows a profit on ordinary activities before taxation of £521,000 (2015: £303,000 loss).

Objectives and strategy
The directors do not expect any change in the Company's activities during the next financial year as the Company will continue to act as a holding company.

Principal risks and uncertainties
The key business risks and uncertainties affecting the Company are considered to be the risk surrounding repayment of loans receivable by group companies and foreign exchange exposure on those loans.

Key Performance Indicators
The directors of INEOS Group Holdings S.A. manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using performance indicators of the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of INEOS Compounds UK Ltd. The development, performance and position of the group, including this company, are discussed in the group's annual report which does not form part of this report.

Approved and signed by order of the Board

A Brown
Director
11 May 2017

Directors' report

The directors present their report and the audited financial statements of INEOS Compounds UK Ltd for the year ended 31 December 2016.

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

A White
G Leask
T Crotty
D Smeeton
A Brown
IM Fyfe (resigned 15 December 2016)
John Nicolson (appointed 15 December 2016)

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..

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

Dividends
The directors do not recommend the payment of an interim or final dividend (2015: nil)

Charitable Donations
During the year the Company did not make any charitable donations (2015: nil) or political donations (2015: nil).

Statement of directors' responsibilities
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 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.

Directors' report (continued)

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.

Approved and signed by order of the Board

A Brown
Director
INEOS Compounds UK Ltd
Runcorn Site HQ South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE
11 May 2017

Independent auditors' report to the members of INEOS Compounds UK Ltd

Report on the financial statements

Our opinion

In our opinion, INEOS Compounds UK Ltd's financial statements (the "financial statements"):

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

What we have audited

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

- the Statement of Financial Position as at 31 December 2016;
- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of INEOS Compounds UK Ltd (continued)

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

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

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

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

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

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

Ian Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
11 May 2017

Income Statement
for year ended 31 December 2016

	Note	2016 £000	2015 £000
Administrative Expense		**(28)**	(95)
Operating loss	2	**(28)**	(95)
Finance Income	4	**734**	182
Finance Costs	5	**(185)**	(390)
Profit/(loss) on ordinary activities before taxation		**521**	(303)
Tax on profit/(loss) on ordinary activities	6	**(68)**	(676)
Profit/(loss) for the financial year		**453**	(979)

All activities of the company relate to discontinued operations.

Statement of Comprehensive Income
for year ended 31 December 2016

	Note	2016 £000	2015 £000
Profit/(loss) for the financial year		**453**	(979)
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss:			
Actuarial (loss) / gain recognised in the pension scheme	*11*	**(4,188)**	443
		(4,188)	443
Total comprehensive expense for the year		**(3,735)**	(536)

Statement of Financial Position
as at 31 December 2016

	Note	2016	2016	2015	2015
		£000	**£000**	£000	£000
Fixed assets					
Property, plant and equipment	*7*		**151**		151
Current assets					
Trade and other receivables	*8*	**11,911**		11,199	
Cash and cash equivalents		**578**		980	
		12,489		12,179	
Creditors: amounts falling due within one year	*9*	**(279)**		(207)	
Net current assets			**12,210**		11,972
Total assets less current liabilities			**12,361**		12,123
Creditors: amounts falling due after more than one year	*10*	**(532)**		(564)	
Employee benefits	*11*	**(9,043)**		(5,038)	
			(9,575)		(5,602)
Net assets			**2,786**		6,521
Called up share capital	*12*		**29,000**		29,000
Retained earnings			**(26,214)**		(22,479)
Total shareholders' funds			**2,786**		6,521

These financial statements on pages 8 to 21 were approved by the board of directors on 11 May 2017 and were signed on its behalf by:

A Brown

Director

Company registered number: 02514084

Statement of Changes in Equity
for year ended 31 December 2016

	Called up share capital £000	Retained earnings £000	Total shareholders' funds £000
Balance at 1 January 2015	29,000	(21,943)	7,057
Loss for the financial year	-	(979)	(979)
Other comprehensive income for the year	-	443	443
Balance at 31 December 2015	29,000	(22,479)	6,521

	Called up share capital £000	Retained earnings £000	Total shareholders' funds £000
Balance at 1 January 2016	29,000	(22,479)	6,521
Profit for the financial year	-	453	453
Other comprehensive expense for the year	-	(4,188)	(4,188)
Balance at 31 December 2016	**29,000**	**(26,214)**	**2,786**

Notes
(forming part of the financial statements)

1 Accounting policies

INEOS Compounds UK Ltd is a private company, limited by shares, incorporated and registered in England.

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:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- 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; and
- 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.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Based on the budgeted cash flows of the Company and taking into account the facilities available, the directors continue to adopt the going concern basis in preparing the financial statements.

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.

Notes (continued)

(forming part of the financial statements)

1 Accounting policies (continued)

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.

1.5 Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 25 years
- Plant and equipment 3-10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.6 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes (continued)

(forming part of the financial statements)

1 Accounting policies (continued)

1.7 Post employment benefits

Defined benefit plan

A defined benefit plan is a post employment benefit plan other than a defined contribution 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.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.8 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.

1.9 Expenses

Interest receivable and Interest payable

Interest payable includes interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

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

1 Accounting policies (continued)

1.10 Taxation

Tax on the profit or loss for the period 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 period, 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.

2 Operating loss

Included in the operating loss are the following:

	2016	2015
	£000	£000
Pension service cost	**94**	164
Depreciation	**-**	61

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 Directors' remuneration

No directors (2015: none) received any fees or remuneration in respect of their services as a Director of the Company. The company had no employees during the year (2015: none).

4 Finance Income

	2016	2015
	£000	£000
Interest received on intercompany loans	**195**	182
Exchange gain on intercompany loans	**539**	-
	734	182

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

5 Finance Costs

	2016 £000	2015 £000
Pension scheme interest paid	**(185)**	(201)
Exchange loss on intercompany loans	-	(189)
	(185)	(390)

6 Tax on profit/(loss) on ordinary activities

	2016 £000	2015 £000
UK corporation tax		
Current tax on income for the year	**68**	1
Adjustments in respect of prior periods	-	675
Tax on profit/(loss) on ordinary activities	**68**	676

Reconciliation of effective tax rate

	2016 £000	2015 £000
Total tax expense	**68**	676
Profit/(loss) on ordinary activities before taxation	**521**	(303)
Profit/(loss) on ordinary activities before taxation multiplied by the standard rate of tax in the UK of 20.0% (2015: 20.25%)	**104**	(61)
Non-deductible expenses	-	12
Group relief not paid for	-	78
Current year movements for which no deferred tax asset was recognised	**(36)**	(28)
Adjustments in respect of prior periods	-	675
Total tax expense	**68**	676

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

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

7 Property, plant and equipment

	Land and buildings £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2016 and 31 December 2016	3,329	13,177	16,506
Accumulated depreciation			
At 1 January 2016 and 31 December 2016	3,178	13,177	16,355
Net book value			
At 31 December 2015 and 31 December 2016	151	-	151

All the net book value of land and buildings relates to freehold properties. The directors' have considered the carrying value of remaining assets for impairment, and have concluded that their carrying value is supported by their net realisable value.

8 Trade and other receivables

	2016 £000	2015 £000
Amounts owed by group undertakings	79	99
Loans payable by group undertakings	11,813	11,079
Other receivables	19	21
	11,911	11,199

Loans payable by group undertakings are unsecured, have no fixed date of repayment, bear interest at commercial rates and repayable on demand.

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

9 Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Amounts owed to group undertakings	**(184)**	(183)
Group tax relief owed to group undertakings	**(68)**	-
Other creditors	**-**	(9)
Accruals and deferred income	**(27)**	(15)
	(279)	(207)

Amounts owed to group undertakings are unsecured, are repayable in less than 1 year, and interest free.

10 Creditors: amounts falling due after more than one year

	2016	2015
	£000	£000
Accruals and deferred income	**(532)**	(564)

11 Employee benefits

The majority of the UK employees participate in the EVC Pension Fund ("The Fund"). The Fund is administered by a group of trustees with assets being held separately from the company. Members receive defined benefit pensions that are based on their length of service and average final remuneration with the Company.

The pension valuation used for IAS19 disclosures has been based on a full actuarial valuation of the liabilities of the Fund as at 5 April 2013. The valuation of the scheme used the projected unit method and was carried out by Mercer Human Resource Consulting Limited, professionally qualified actuaries. Valuations have been updated to the 31 December 2016 for disclosure purposes.

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.

	2016	2015
	£000	£000
Defined benefit asset	**25,527**	21,463
Defined benefit liability	**(34,570)**	(26,501)
Net pension deficits	**(9,043)**	(5,038)

Notes (continued)

(forming part of the financial statements)

11 Employee benefits (continued)

Movements in net defined benefit liability/asset

	Defined benefit obligation		**Fair value of plan assets**		**Net defined benefit asset/(liability)**	
	2016	2015	**2016**	2015	**2016**	2015
	£000	£000	**£000**	£000	**£000**	£000
Balance at 1 January	**(26,501)**	(27,082)	**21,463**	21,456	**(5,038)**	(5,626)
Included in profit or loss						
Current service (cost)	**(101)**	(171)	**-**	-	**(101)**	(171)
Interest (cost)/income	**(988)**	(985)	**803**	784	**(185)**	(201)
Plan participant contributions	**(10)**	(12)	**10**	12	**-**	-
	(1,099)	(1,168)	**813**	796	**(286)**	(372)
Included in OCI						
Remeasurements (loss)/gain:						
Actuarial (loss)/gain arising from						
- Change in financial assumptions	**(8,030)**	619	**-**	-	**(8,030)**	619
- Experience adjustment	**(14)**	80	**-**	-	**(14)**	80
Return on plan assets excluding interest income	**-**	-	**3,856**	(256)	**3,856**	(256)
Disbursements from plan assets	**1,074**	1,050	**(1,074)**	(1,050)	**-**	-
	(6,970)	1,749	**2,782**	(1,306)	**(4,188)**	443
Other						
Contributions paid by the employer	**-**	-	**469**	517	**469**	517
Balance at 31 December	**(34,570)**	(26,501)	**25,527**	21,463	**(9,043)**	(5,038)

Plan assets

	2016	2015
	£000	£000
Cash and cash equivalents	**959**	1,220
Equity instruments	**14,815**	12,173
Debt instruments e.g. Government bonds	**7,878**	5,695
Real estate	**346**	242
Derivatives		
- Other quoted securities	**1,529**	2,133
Total	**25,527**	21,463

There are none of the entity's own financial instruments or property occupied, or other assets used, by the reporting entity that are included within fair value of plan assets.

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

11 Employee benefits (continued)

Actuarial assumptions

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

	2016	2015
Discount rate at 31 December	**2.6%**	3.8%
Future salary increases	**3.3%**	3.1%
Medical cost trend rate	**n/a**	n/a
Future pension increases	**2.2%**	2.0%
Rate of price inflation	**3.3%**	3.1%

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: 22.5 (2015: 22.4) years (male), 24.7 (2015: 24.6) years (female).
- Future retiree upon reaching 65: 22.8 (2015: 22.5) years (male), 24.9 (2015: 24.7) 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 one percent (future salary & inflation change of half of one percent).

	2016 £000	2015 £000
Discount rate	**7,837**	5,700
Future salary increases	**3,171**	1,959
Inflation (RPI, CPI)	**3,171**	1,959

In valuing the liabilities of the pension fund at 31 December 2016, mortality assumptions have been made as indicated above. 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 at 31 December 2016 would have increased by £1,354,000 (2015: £899,000) 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 5 April 2013 and are applied to adjust the defined benefit obligation at the end of the reporting period 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 pay £441,000 in contributions to its defined benefit plans in 2016. The weighted average duration of the defined benefit obligation at the end of the reporting year is 20.9 years (2015: 20.1 years).

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £19,000 *(2015: £21,000)*.

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

12 Called up share capital

	2016 £000	2015 £000
Allotted and fully paid		
29,000,000 (2015: 29,000,000) ordinary shares of £1 each	**29,000**	29,000
Shares classified in shareholders' funds	**29,000**	29,000

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.

13 Controlling parties

As at 31 December 2016 the immediate parent undertaking was INEOS Holdings Limited, a company incorporated in England and Wales.

The ultimate parent company at 31 December 2016 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 SA 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.