INEOS Compounds UK Ltd

Annual report and financial statements

Registered number 02514084

31 December 2017

Contents

Strategic report

The directors present their strategic report for the year ended 31 December 2017 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 2017 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 9 which shows a profit before taxation of £2,412,000 (2016: £521,000 profit).

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 non-trading 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

D Rey
Secretary
24 May 2018

Directors' report

The directors present their report and the audited financial statements of INEOS Compounds UK Ltd for the year ended 31 December 2017.

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
J Nicolson

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 (2016: nil)

Charitable Donations
During the year the Company did not make any charitable donations (2016: nil) or political donations (2016: nil).

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.

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 on behalf of the Board

A Brown
Director
INEOS Compounds UK Ltd
Runcorn Site HQ South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE
24 May 2018

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

Report on the audit of the financial statements

Opinion

In our opinion, INEOS Compounds UK Ltd'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 profit 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 Statement of Financial Position as at 31 December 2017; the Income Statement, 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.

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.

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

With respect to the Strategic report and 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.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and 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 Strategic report and 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. 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 Compounds UK Ltd (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.

Ian Marsden

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

Income Statement
for year ended 31 December 2017

	Note	**2017 £000**	2016 £000
Other income/(expense)		**2,296**	(28)
Operating profit/(loss)	*2*	**2,296**	(28)
Finance income	*4*	**347**	734
Finance costs	*5*	**(231)**	(185)
Profit before taxation		**2,412**	521
Tax on profit	*6*	**(329)**	(68)
Profit for the financial year		**2,083**	453

All activities of the company relate to discontinued operations.

Statement of Comprehensive Income
for year ended 31 December 2017

	Note	**2017**	2016
		£000	£000
Profit for the financial year		**2,083**	453
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) recognised in the pension scheme	*11*	**5,809**	(4,188)
		5,809	(4,188)
Total comprehensive income / (expense) for the year		**7,892**	(3,735)

Statement of Financial Position
as at 31 December 2017

	Note	**2017**	**2017**	2016	2016
		£000	**£000**	£000	£000
Fixed assets					
Property, plant and equipment	*7*		**-**		151
Current assets					
Trade and other receivables	*8*	**13,308**		11,911	
Cash and cash equivalents		**1,060**		578	
		14,368		12,489	
Creditors: amounts falling due within one year	*9*	**(636)**		(279)	
Net current assets			**13,732**		12,210
Total assets less current liabilities			**13,732**		12,361
Creditors: amounts falling due after more than one year	*10*	**(523)**		(532)	
Employee benefits	*11*	**(2,531)**		(9,043)	
			(3,054)		(9,575)
Net assets			**10,678**		2,786
Called up share capital	*12*		**29,000**		29,000
Accumulated losses			**(18,322)**		(26,214)
Total shareholders' funds			**10,678**		2,786

These financial statements on pages 9 to 22 were approved by the board of directors on 24 May 2018 and were signed on its behalf by:

A Brown

Director

Company registered number: 02514084

Statement of Changes in Equity
for year ended 31 December 2017

	Called up share capital £000	Accumulated losses £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

	Called up share capital £000	Accumulated losses £000	Total shareholders' funds £000
Balance at 1 January 2017	29,000	(26,214)	2,786
Profit for the financial year	-	2,083	2,083
Other comprehensive income for the year	-	5,809	5,809
Balance at 31 December 2017	**29,000**	**(18,322)**	**10,678**

Notes

(forming part of the financial statements)

1 Accounting policies

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

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 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.

2 Operating profit/(loss)

Included in the operating profit/(loss) are the following:

	2017	2016
	£000	£000
Profit on sales of asset *(note 7)*	**(2,306)**	-

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 (2016: 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 (2016: none).

4 Finance income

	2017	2016
	£000	£000
Interest received on intercompany loans	**205**	195
Exchange gain on intercompany loans	**142**	539
	347	734

(forming part of the financial statements)

5 Finance costs

	2017 £000	2016 £000
Pension scheme interest	**(231)**	(185)
	(231)	(185)

6 Tax on profit

	2017 £000	2016 £000
UK corporation tax		
Current tax on income for the year	**329**	68
Tax on profit	**329**	68

Reconciliation of effective tax rate

	2017 £000	2016 £000
Total tax expense	**329**	68
Profit before tax	**2,412**	521
Profit before taxation multiplied by the standard rate of tax in the UK of 19.25% (2016: 20.0%)	**464**	104
Deferred tax not recognised	**(135)**	(36)
Total tax expense	**329**	68

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 2017	**3,329**	**13,177**	**16,506**
Disposal	3,329	13,177	16,506
At 31 December 2017	**-**	**-**	**-**
Accumulated depreciation			
At 1 January 2017	**3,178**	**13,177**	**16,355**
Disposal	3,178	13,177	16,355
At 31 December 2017	**-**	**-**	**-**
Net book value			
At 1 January 2017	**151**	**-**	**151**
Disposal	151	-	151
At 31 December 2017	**-**	**-**	**-**

The company disposed of its former site in October 2017 and since that date does not own any property, plant or equipment. The profit on sale calculation is:

	£000
Net proceeds from sale	2,457
Net book value of assets sold	(151)
Profit on sale	**2,306**

8 Trade and other receivables

	2017 £000	2016 £000
Amounts owed by group undertakings	**71**	79
Loans payable by group undertakings	**13,232**	11,813
Other receivables	**5**	19
	13,308	11,911

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

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

9 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Amounts owed to group undertakings	**(224)**	(184)
Group tax relief owed to group undertakings	**(397)**	(68)
Accruals and deferred income	**(15)**	(27)
	(636)	(279)

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

	2017 £000	2016 £000
Accruals and deferred income	**(523)**	(532)

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 2016. 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 2017 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.

	2017 £000	2016 £000
Defined benefit asset	**30,293**	25,527
Defined benefit liability	**(32,824)**	(34,570)
Net pension deficit	**(2,531)**	(9,043)

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 (liability)/asset	
	2017	2016	**2017**	2016	**2017**	2016
	£000	£000	**£000**	£000	**£000**	£000
Balance at 1 January	**(34,570)**	(26,501)	**25,527**	21,463	**(9,043)**	**(5,038)**
Included in profit or loss						
Current service cost	**(142)**	(101)	**-**	-	**(142)**	**(101)**
Interest (cost)/ income	**(886)**	(988)	**655**	803	**(231)**	**(185)**
Plan participant contributions	**(10)**	(10)	**10**	10	**-**	-
	(1,038)	(1,099)	**665**	813	**(373)**	(286)
Included in OCI						
Remeasurements gain/(loss):						
Actuarial gain/(loss) arising from						
- Change in financial assumptions	**770**	(8,030)	**-**	-	**770**	(8,030)
- Change in demographic assumptions	**1,624**	-	**-**	-	**1,624**	-
- Experience adjustment	**(757)**	(14)	**-**	-	**(757)**	(14)
Return on plan assets excluding interest income	**-**	-	**4,172**	3,856	**4,172**	3,856
Disbursements from plan assets	**1,147**	1,074	**(1,147)**	(1,074)	**-**	-
	2,784	(6,970)	**3,025**	2,782	**5,809**	(4,188)
Other						
Contributions paid by the employer	**-**	-	**1,076**	469	**1,076**	469
Balance at 31 December	**(32,824)**	(34,570)	**30,293**	25,527	**(2,531)**	(9,043)

Plan assets

	2017	2016
	£000	£000
Cash and cash equivalents	**539**	959
Equity instruments	**7,971**	14,815
Debt instruments e.g. Government bonds	**17,044**	7,878
Real estate	**296**	346
Derivatives		-
- Other quoted securities	**4,443**	1,529
Total	**30,293**	25,527

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)

	2017	2016
Discount rate at 31 December	**2.7%**	2.6%
Future salary increases	**3.2%**	3.3%
Future pension increases	**2.1%**	2.2%
Rate of price inflation	**3.2%**	3.3%

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: 21.8 (2016: 22.5) years (male), 24.1 (2016: 24.7) years (female).
- Future retiree upon reaching 65: 23.1 (2016: 22.8) years (male), 25.5 (2016: 24.9) 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).

	2017	2016
	£000	£000
Discount rate	**6,694**	7,837
Future salary increases	**2,193**	3,171
Inflation (RPI, CPI)	**2,193**	3,171

In valuing the liabilities of the pension fund at 31 December 2017, 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 2017 would have increased by £1,346,000 (2016: £1,354,000) 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 2016 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 £810,000 in contributions to its defined benefit plans in 2018. The weighted average duration of the defined benefit obligation at the end of the reporting year is 19.0 years (2016: 20.9 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 £4,000 *(2016: £19,000)*.

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

12 Called up share capital

	2017 £000	2016 £000
Allotted and fully paid		
29,000,000 (2016: 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 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.

14 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 Note 6.

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 11.