

INEOS Enterprises Limited
Annual report
for the year ended 31 December 2008

Registered Number 4651437

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INEOS Enterprises Limited
Annual report
for the year ended 31 December 2008
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INEOS Enterprises Limited

Directors' report for the year ended 31 December 2008

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2008.

Principal activities and review of the business

The Group manufactures and supplies chemicals and other services to the chemical industry.

Group turnover for the year was £240.9m (2007: £239.6m) and the profit on ordinary activities before taxation was £27.4m (2007: £30.4m).

On 26 March 2008, IACC Limited became a wholly-owned subsidiary when the Company acquired the remaining 40% minority interest.

On 31 March 2008, the company's 100%-owned subsidiary, INEOS Enterprises LLC, entered into an agreement to acquire a 50% interest in a joint venture, Great Plains Oil and Exploration Company LLC.

During the year the Company paid a cash dividend of £12.0m (2007: £2.4m).

On 14 May 2008 the Company's ultimate Parent Company became INEOS Limited.

Research and development

The Group's research and development team provides support to the Group's customers and seeks to improve the efficiency of the Group's manufacturing processes. The research and development team also leads the Group's efforts with respect to the development and capacity expansions of plants, together with the maintenance and improvement in safety and environmental standards.

Future outlook

The Group and Company remain well placed to take advantage of the opportunities that are expected to arise in 2009.

Financial risk management

The Group's and Company's operations expose them to a variety of financial risks which include the effects of changes in price risk, credit risk, liquidity risk and interest rate risk. The Group and Company have in place a risk management programme which seeks to limit the adverse effects on the financial performance of the Group and Company where appropriate. The Group and Company are exposed to commodity price risk as a result of their operations. Where it is cost-effective to do so, this risk is managed by the use of hedging instruments. The Group and Company manage their credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties.

Key performance indicators ("KPIs")

Business performance-related bonuses are paid to the Group's employees where targets relating to safety, profitability, manufacturing performance, working capital and cost control are met or exceeded. In addition, key market prices and raw material costs are monitored closely and action taken, where appropriate, to optimise margins earned by the Group's operations. The Company's Directors believe that these measures represent the Group's KPIs.

Directors

The Directors who held office during the year and to the date of this report were as follows:

JA Ratcliffe
CG MacLean
GB Stewart
H Deans
GS Corsi
K Metcalfe
PC Overment (appointed 17 March 2008)

INEOS Enterprises Limited

Directors' report for the year ended 31 December 2008 (continued)

Employees

It is the Group's practice to give full and fair consideration to applications for employment received from disabled persons, subject to the Group's requirements and to the qualifications, ability and aptitude of the individual in each case.

Employees are provided with information about the Group and Company through regular briefing bulletins.

Political and charitable contributions

The Group made no political contributions during the year (2007: Nil). Charitable donations amounted to £200 (2007: £534).

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to Auditors

For each person who is a Director at the time of approval of this report:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. As a result of the Company passing a written resolution, there is no longer a requirement for the Auditors to be reappointed on an annual basis.

By order of the Board



PF Nichols
Secretary

14 September 2009

INEOS Enterprises Limited

Independent Auditors' report to the members of INEOS Enterprises Limited

We have audited the Group and parent Company financial statements (the "financial statements") of INEOS Enterprises Limited for the year ended 31 December 2008 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Reconciliation of movements in Group equity shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2008 and of the group's profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Liverpool
15 September 2009

INEOS Enterprises Limited

Group profit and loss account for the year ended 31 December 2008

	Note	2008 Continuing Operations £m	2007 Continuing Operations £m	2007 Discontinued Operations £m	2007 Total £m
Turnover – group and share of joint ventures		242.0	189.7	49.9	239.6
Less: Share of joint ventures' turnover		(1.1)	-	-	-
Turnover – group	2	240.9	189.7	49.9	239.6
Cost of sales		(177.9)	(131.9)	(36.3)	(168.2)
Gross profit		63.0	57.8	13.6	71.4
Selling and distribution costs		(23.2)	(18.2)	(4.8)	(23.0)
Administrative expenses		(8.8)	(14.6)	(3.1)	(17.7)
Operating profit	1,2	31.0	25.0	5.7	30.7
Group share of joint venture operating losses		(1.0)	(0.1)	-	(0.1)
		30.0	24.9	5.7	30.6
Profit on sale of subsidiary		-			2.0
Interest – Group		(1.3)			(1.9)
Interest – joint venture		(1.2)			(0.1)
Net interest payable	5	(2.5)			(2.0)
Other finance costs	25	(0.1)			(0.2)
Profit on ordinary activities before taxation		27.4			30.4
Tax on profit on ordinary activities	6	(13.0)			(12.4)
Profit on ordinary activities after taxation		14.4			18.0
Minority equity interests	20	(0.1)			(0.3)
Profit for the financial year	19	14.3			17.7

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents.

As permitted by Section 230 (1) of the Companies Act 1985, the Company has not presented its own profit and loss account. The amount of profit after taxation dealt with in the accounts of the Company is £15.7m (2007: £12.6m).

INEOS Enterprises Limited

Group balance sheet as at 31 December 2008

	Note	2008 £m	2007 £m
Fixed assets			
Goodwill	7	3.3	4.1
Negative goodwill	7	(0.4)	(0.5)
		2.9	3.6
Other intangible assets	7	-	-
Intangible assets		2.9	3.6
Tangible assets	8	87.6	78.1
Share of joint venture gross assets		52.0	12.3
Share of joint venture gross liabilities		(40.4)	(6.1)
Investment in joint venture	9	11.6	6.2
		102.1	87.9
Current assets			
Stocks	11	14.2	6.6
Debtors – amounts falling due within one year	12	43.3	42.3
Cash at bank and in hand		4.6	27.4
		62.1	76.3
Creditors – amounts falling due within one year	13	(41.9)	(37.9)
Net current assets		20.2	38.4
Total assets less current liabilities	2	122.3	126.3
Creditors - amounts falling due after more than one year	14	(1.4)	(11.1)
Provisions for liabilities and charges	16	(7.3)	(4.7)
Deferred income	17	(25.4)	(29.9)
Pension liability	25	(14.5)	(7.3)
		73.7	73.3
Capital and reserves			
Called up share capital	18	-	-
Profit and loss account	19	43.7	42.4
Other reserves	19	30.0	30.0
Equity shareholders' funds		73.7	72.4
Minority shareholders' equity interests	20	-	0.9
Total shareholders' funds		73.7	73.3

The financial statements on pages 4 to 30 were approved by the Board of Directors on 14 September 2009 and are signed on its behalf by


H Deans

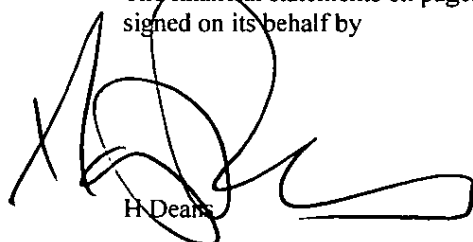

GS Corsi

INEOS Enterprises Limited


Company balance sheet as at 31 December 2008

	Note	2008 £m	2007 £m
Fixed assets			
Goodwill	7	1.2	1.9
Negative goodwill	7	(0.4)	(0.5)
		0.8	1.4
Other intangible assets	7	-	-
Intangible assets		0.8	1.4
Tangible assets	8	80.4	71.6
Investment in subsidiary undertakings	9	8.5	5.5
Interest in joint venture	9	8.5	6.4
		98.2	84.9
Current assets			
Stocks	11	12.6	5.8
Debtors due within one year	12	41.4	33.7
Cash at bank and in hand		2.4	27.0
		56.4	66.5
Creditors – amounts falling due within one year	13	(44.5)	(34.4)
Net current assets		11.9	32.1
Total assets less current liabilities		110.1	117.0
Creditors – amounts falling due after more than one year	14	(0.2)	(10.2)
Provisions for liabilities and charges	16	(6.4)	(4.1)
Deferred income	17	(25.3)	(29.8)
Pension liability	25	(14.5)	(7.3)
		63.7	65.6
Capital and reserves			
Called up share capital	18	-	-
Profit and loss account	19	33.7	35.6
Other reserves	19	30.0	30.0
Total equity shareholders' funds		63.7	65.6

The financial statements on pages 4 to 30 were approved by the Board of Directors on 14 September 2009 and are signed on its behalf by



H Dearn



GS Corsi

INEOS Enterprises Limited

Group cash flow statement for the year ended 31 December 2008

	Note	2008 £m	2007 £m
Net cash inflow from operating activities	21	31.9	80.1
Returns on investment and servicing of finance			
Interest received		0.5	0.1
Interest paid		(0.7)	(2.2)
Dividends paid to minority interests		-	(0.7)
Net cash outflow from returns on investment and servicing of finance		(0.2)	(2.8)
Tax paid		(6.5)	(8.8)
Capital expenditure			
Purchase of tangible fixed assets		(19.5)	(15.0)
Net cash outflow from capital expenditure		(19.5)	(15.0)
Acquisitions and disposals			
Acquisition of businesses	9,10	(6.6)	(6.4)
Disposal of subsidiary undertaking		-	3.6
Net cash outflow from acquisitions and disposals		(6.6)	(2.8)
Equity dividends paid to shareholders		(12.0)	(2.4)
Net cash (outflow)/inflow before financing		(12.9)	48.3
Financing			
Decrease in loans payable	22	(9.9)	(27.5)
Net cash outflow from financing		(9.9)	(27.5)
(Decrease)/increase in net cash	22	(22.8)	20.8

INEOS Enterprises Limited

Statement of Group total recognised gains and losses for the year ended 31 December 2008

	2008 £m	2007 £m
Profit for the financial year	14.3	17.7
Actuarial (loss)/gain recognised in the pension scheme (Note 25)	(9.6)	3.7
Movement in deferred tax relating to pension liability	2.7	(1.0)
Exchange translation effect on net assets of subsidiaries	4.9	0.9
Total recognised gains and losses for the financial year	12.3	21.3

Reconciliation of movements in Group equity shareholders' funds for the year ended 31 December 2008

	2008 £m	2007 £m
Profit for the financial year	14.3	17.7
In specie dividend	-	(12.2)
Cash dividend	(12.0)	(2.4)
Actuarial (loss)/gain recognised in the pension scheme (Note 25)	(9.6)	3.7
Movement in deferred tax relating to pension liability	2.7	(1.0)
Buy-out of minority interest	1.0	-
Exchange translation effect on net assets of subsidiaries	4.9	0.9
Net increase in equity shareholders' funds	1.3	6.7
Equity shareholders' funds at the start of the year	72.4	65.7
Equity shareholders' funds at the end of the year	73.7	72.4

INEOS Enterprises Limited

Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards. The principal accounting policies are set out below.

Group consolidation

The Group financial statements include the financial statements of INEOS Enterprises Limited, its subsidiary undertakings and joint ventures. The results of the businesses acquired or disposed of during the year are included from the effective date of acquisition or to the effective date of disposal respectively.

Joint ventures

Joint Ventures are undertakings in which the Group has a long-term interest and over which it exercises joint control. The consolidated profit and loss account includes the Group's share of profits less losses and the consolidated balance sheet includes the value of the Group's share of the net assets of those undertakings.

Turnover

Turnover represents the sales value of goods and services supplied to customers during the period. It excludes sales between Group companies, VAT and similar sales based taxes. Revenue is recognised at the point at which title passes or services have been provided. Lease income is recognised on a straight-line basis over the expected life of the lease.

Tangible fixed assets and depreciation

Freehold land and assets in the course of construction are not depreciated. Assets in the course of construction are transferred to land and buildings or plant and machinery upon completion. Depreciation is charged when these assets come into use.

Depreciation on all other tangible fixed assets is calculated so as to write off the historic cost of the assets on a straight-line basis over their effective lives. The typical effective lives of assets are:

Freehold buildings	-	30 to 50 years
Plant and machinery		
• Major items of plant	-	10 to 20 years
• Major plant overhauls	-	2 to 4 years
• Motor vehicles	-	5 years
• Fixtures, fittings and equipment	-	5 to 10 years
• Computer hardware and major software	-	2 to 4 years

Any impairment in the value of fixed assets, calculated by discounting estimated future cash flows, is dealt with in the profit and loss account in the period to which the impairment relates.

Intangible assets

When the fair value of the separable net assets is less than the fair value of the consideration for an acquired undertaking the difference is treated as goodwill and is capitalised and amortised through the profit and loss account on a straight-line basis over its estimated useful life, which is typically 10 years.

Negative goodwill arises when the fair value of the separable net assets is greater than the fair value of the consideration for an acquired undertaking. The amortisation process is the same as for goodwill.

Other intangible assets acquired as part of the acquisition of a business are valued at estimated replacement cost. Amortisation is charged so as to write off the assets over their estimated useful lives, which is typically 10 years.

Stocks

Stocks and work in progress are valued on a first in, first out basis and are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress includes an appropriate proportion of overhead expenses.

Government grants and similar deferred income

Government grants and similar cash contributions are shown in the balance sheet as deferred income. This income is amortised on a straight-line basis over the same period as the tangible fixed asset to which it relates or the life of the related project.

INEOS Enterprises Limited

Accounting policies (continued)

Leases

Where the Company enters into a lease that entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element, which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight-line basis over the life of the lease.

Pension costs

The Company participates in a pension scheme providing benefits based on final pensionable pay and the assets of this scheme are held separately from those of the Company. The pension scheme is a multi-employer pension scheme for employees of the Company, INEOS Chlor Limited, INEOS Technologies Limited and INEOS Manufacturing (Hull) Limited.

The current service cost of pension provision and any costs of benefits relating to past service are charged against operating profit for the year. A charge equal to the increase in present value of the pension scheme liabilities and a credit equal to the long-term expected return on pension scheme assets at the start of the year are included as 'other finance income' in the profit and loss account. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. The surplus or deficit in the pension scheme, net of any related deferred tax, is shown in the balance sheet.

The method used to split the FRS 17 pension scheme results between the Company, INEOS Chlor Limited, INEOS Technologies Limited and INEOS Manufacturing (Hull) Limited is consistent with the approach used in the prior year and is as follows:

- the total active liabilities have been split based on the proportion of their respective payrolls versus the payroll of the Fund in total. As INEOS Chlor Limited constitutes the largest percentage of the Fund's liabilities, the inactive members' liabilities are allocated to INEOS Chlor Limited
- the plan assets are allocated between the entities based on the allocation of the liabilities between the various entities
- the expected 2009 service cost has been allocated between the various entities based on the ratio of the respective active liabilities versus the total active liability for the Fund
- the split of the actual 2008 contributions was either provided by the entities or reasonable assumptions were made to split these between the various entities. As all pensioner liabilities are allocated to INEOS Chlor Limited, all benefit payments are assumed to be paid by INEOS Chlor Limited

The Directors believe that this approach represents a consistent and reasonable basis of accounting for the scheme, bearing in mind that the next full actuarial valuation will take place as at 31 December 2010.

Certain other non-UK Group companies also participate in local pension schemes providing similar benefits. These pension schemes are generally funded through payments to insurance companies or other independently administered funds. Appropriate steps are taken to correct for any deficits in the year in which they become known.

Deferred taxation

Deferred tax is recognised as a liability or asset in respect of all timing differences which have originated but not reversed at the balance sheet date if transactions have occurred at the balance sheet date which give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured at the average tax rates which are expected to apply in the periods during which the timing differences are expected to reverse, based on the tax rates and laws which are in place at the balance sheet date. Deferred tax assets and liabilities are not discounted.

No provision is made to cover any further liability to taxation which could arise in respect of the distribution of profits retained by overseas subsidiary undertakings.

INEOS Enterprises Limited

Accounting policies (continued)

Investments

Investments held as fixed assets are stated at cost less any provision for permanent diminution in value. Where the cost of investments includes long-term loans, these are included within fixed asset investments.

Fees relating to long-term finance

Costs incurred in order to arrange long-term financing are charged to the profit and loss account over the term of the associated debt such that the amount charged is at a constant rate on the carrying amount. The costs are recognised initially as a reduction in the proceeds of the debt.

Research and development

Expenditure on research and development is written off when incurred.

Foreign currencies

Results and assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. The net difference arising from the restatement of the net assets of overseas subsidiary and related Companies at the beginning of the financial year, using the exchange rates prevailing at the end of the financial year, is taken directly to reserves. Exchange differences on foreign currency loans are also taken directly to reserves where there is an appropriate offset.

Related party disclosures

The Company is a subsidiary of INEOS Limited and its results are included in the consolidated financial statements of INEOS Limited, which are available to the public. Under the terms of Financial Reporting Standard 8 the Company is exempt from disclosing related party transactions with entities that form part of the INEOS Limited group and the Company has taken advantage of this exemption.

INEOS Enterprises Limited

Notes to the accounts

1 Operating profit

Operating profit is stated after charging/(crediting):

	2008 £'000	2007 £'000
Auditors' remuneration		
Audit fees, including £60,000 (2007: £38,000) relating to the Company	101	86
Non-audit services	96	216
Depreciation	9,100	10,000
Amortisation		
Goodwill	900	1,400
Deferred income	(4,600)	(400)
Research and development costs	575	1,543
Rentals payable under operating leases:		
Plant and machinery	490	455

2 Segmental Information

2008	UK	Continental Western Europe	Asia Pacific	Other	Total
	£m	£m	£m	£m	£m
Turnover, by destination:					
- continuing operations	95.1	134.7	1.9	9.2	240.9
	95.1	134.7	1.9	9.2	240.9
Analysis by origin:					
Turnover					
- continuing operations	145.3	88.3	7.3	-	240.9
	145.3	88.3	7.3	-	240.9
Operating profit					
- continuing operations	29.3	1.8	0.1	(0.2)	31.0
	29.3	1.8	0.1	(0.2)	31.0
Total assets less current liabilities					
- continuing operations	101.6	16.1	3.5	1.1	122.3
	101.6	16.1	3.5	1.1	122.3

INEOS Enterprises Limited

Notes to the accounts (continued) 2007

	UK	Continental Western Europe	Asia Pacific	Other	Total
	£m	£m	£m	£m	£m
Turnover, by destination:					
- continuing operations	76.5	104.6	0.8	7.8	189.7
- discontinued operations	31.8	4.3	8.1	5.7	49.9
	108.3	108.9	8.9	13.5	239.6
Analysis by origin:					
Turnover					
- continuing operations	117.0	66.3	6.4	-	189.7
- discontinued operations	20.5	29.4	-	-	49.9
	137.5	95.7	6.4	-	239.6
Operating profit/(loss)					
- continuing operations	18.6	5.3	1.1	-	25.0
- discontinued operations	4.2	1.5	-	-	5.7
	22.8	6.8	1.1	-	30.7
Total assets less current liabilities					
- continuing operations	113.0	11.0	2.3	-	126.3
- discontinued operations	-	-	-	-	-
	113.0	11.0	2.3	-	126.3

3 Directors' emoluments

	2008 £'000	2007 £'000
Aggregate emoluments	396	374
Sums paid to related parties for Directors' services	575	392
	971	766
Highest Paid Director		
Aggregate emoluments	252	277
Company pension contributions to defined benefit scheme	37	36
Accrued pension at the end of the year	47	41

Two Directors have retirement benefits accruing under a defined benefit pension scheme (2007: Two).

INEOS Enterprises Limited

Notes to the accounts (continued)

4 Staff numbers and costs

The average number of people employed by the Group (including Directors) during the year, was as follows:

Analysis by function	2008 Number	2007 Number
Production	296	379
Distribution	53	79
Administration	62	73
Research and development	5	23
	416	554

The aggregate payroll costs of these people were as follows:

	2008 £m	2007 £m
Wages and salaries	13.8	22.3
Social security costs	2.4	2.9
Other pension costs (Note 25)	1.3	2.5
	17.5	27.7

5 Net interest payable

	2008 £m	2007 £m
Interest payable on borrowings totally repayable within 5 years	3.1	2.0
Amortisation of issue costs of bank loans	0.1	0.1
Interest payable and similar charges	3.2	2.1
Interest receivable and similar income	(0.7)	(0.1)
Net interest payable	2.5	2.0

INEOS Enterprises Limited

Notes to the accounts (continued)

6 Tax on profit on ordinary activities

a) Analysis of the charge/(credit) for the year	2008 £m	2007 £m
UK Corporation Tax at 28.5% (2007: 30%) - current year	5.6	3.8
UK Corporation Tax at 28.5% (2007: 30%) - prior year	4.1	2.7
Overseas taxation – current year	1.0	1.8
Overseas taxation – prior year	0.2	-
Current taxation	10.9	8.3
Deferred taxation – current year	2.1	4.1
	13.0	12.4

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2007: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2008 £m	2007 £m
Profit on ordinary activities before taxation	27.4	30.4
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	7.7	9.1
Effects of:		
Expenses not deductible for tax purposes	-	(0.2)
Depreciation in excess of capital allowances	(2.2)	(3.5)
Pension timing differences	0.1	0.3
Adjustments in respect of previous periods	4.1	2.7
Overseas taxation	1.2	(0.1)
Current tax charge for year	10.9	8.3

(c) Factors which may affect future tax charges

There are no factors that are likely to have a significant effect on future tax charges.

INEOS Enterprises Limited

Notes to the accounts (continued)

(d) Deferred Taxation

The amounts provided and not provided in respect of the deferred tax assets/(liabilities) are as follows:

Group	2008		2007	
	Provided £m	Not provided £m	Provided £m	Not provided £m
Arising from accelerated capital allowances	(6.4)	-	(4.1)	-
Short-term timing differences	-	-	-	-
Tax losses and other credits available	-	-	-	-
	(6.4)	-	(4.1)	-
Pensions (Note 25)	5.6	-	2.8	-
Total	(0.8)	-	(1.3)	-

Company	2008		2007	
	Provided £m	Not provided £m	Provided £m	Not provided £m
Arising from accelerated capital allowances	(6.4)	-	(4.1)	-
Pensions (Note 25)	5.6	-	2.8	-
Total	(0.8)	-	(1.3)	-

Movements during the year in respect of deferred tax were as follows:

	Group		Company	
	Provided £m	Not provided £m	Provided £m	Not provided £m
At 1 January 2008	(1.3)	-	(1.3)	-
Arising during the year	0.5	-	0.5	-
At 31 December 2008	(0.8)	-	(0.8)	-

INEOS Enterprises Limited

Notes to the accounts (continued)

7 Intangible assets

	Group			Company		
	Goodwill	Negative Goodwill	Other	Goodwill	Negative Goodwill	Other
	£m	£m	£m	£m	£m	£m
Gross book value						
At 1 January 2008	7.2	(0.8)	0.1	3.3	(0.8)	0.1
Exchange difference	0.2	-	-	-	-	-
At 31 December 2008	7.4	(0.8)	0.1	3.3	(0.8)	0.1
Accumulated amortisation						
At 1 January 2008	3.1	(0.3)	0.1	1.4	(0.3)	0.1
Charge for the year	1.0	(0.1)	-	0.7	(0.1)	-
At 31 December 2008	4.1	(0.4)	0.1	2.1	(0.4)	0.1
Net Book Value						
At 31 December 2007	4.1	(0.5)	-	1.9	(0.5)	-
At 31 December 2008	3.3	(0.4)	-	1.2	(0.4)	-

INEOS Enterprises Limited

Notes to the accounts (continued)

8 Tangible fixed assets

(a) Group	Land and buildings £m	Plant and machinery £m	Assets under construction £m	Total £m
Cost				
At 1 January 2008	6.6	73.2	22.0	101.8
Exchange difference	1.0	2.3	0.3	3.6
Additions	-	0.4	16.6	17.0
Disposals	-	(0.1)	-	(0.1)
Transfers	0.1	6.7	(6.8)	-
At 31 December 2008	7.7	82.5	32.1	122.3
Accumulated depreciation				
At 1 January 2008	0.9	22.8	-	23.7
Exchange difference	0.4	1.6	-	2.0
Disposals	-	(0.1)	-	(0.1)
Charge for year	0.3	8.8	-	9.1
At 31 December 2008	1.6	33.1	-	34.7
Net book value				
At 31 December 2007	5.7	50.4	22.0	78.1
At 31 December 2008	6.1	49.4	32.1	87.6

INEOS Enterprises Limited

Notes to the accounts (continued)

(b) Company	Land and buildings £m	Plant and machinery £m	Assets under construction £m	Total £m
Cost				
At 1 January 2008	3.6	65.7	21.1	90.4
Additions	-	-	16.0	16.0
Transfers	-	5.9	(5.9)	-
At 31 December 2008	3.6	71.6	31.2	106.4
Accumulated depreciation				
At 1 January 2008	0.2	18.6	-	18.8
Charge for year	0.1	7.1	-	7.2
At 31 December 2008	0.3	25.7	-	26.0
Net book value				
At 31 December 2007	3.4	47.1	21.1	71.6
At 31 December 2008	3.3	45.9	31.2	80.4

In both the Group and the Company all of the net book value of land and buildings relates to freehold properties.

9 Fixed asset investments

Group	Total £m					
At 1 January 2008	6.2					
Movement in Group share of net assets	(2.2)					
Exchange difference	1.0					
Additions	6.6					
At 31 December 2008	11.6					
Company	Subsidiaries			Joint ventures		
	Shares £m	Loans £m	Total £m	Shares £m	Loans £m	Total £m
At 1 January 2008	5.5	-	5.5	3.6	2.8	6.4
Exchange difference	-	-	-	-	1.2	1.2
Additions	3.0	-	3.0	-	0.9	0.9
At 31 December 2008	8.5	-	8.5	3.6	4.9	8.5

INEOS Enterprises Limited

Notes to the accounts (continued)

At 31 December 2008 the Company's subsidiaries, all of which are included within the consolidated Group accounts were as follows:

Subsidiary undertaking	Country of registration or incorporation	Principal activity	Class/percentage of shares held
INEOS Enterprises France SAS	France	Toll conversion and selling of chemicals	Ordinary 100%
INEOS Asiatic Chemical Company Limited	Thailand	Chemicals manufacturing and selling	Ordinary 100%
INEOS Enterprises LLC	USA	Holding company	Ordinary 100%

The following amounts represent the Group's share in the Joint Venture, INEOS Champlor SAS

	2008 £m	2007 £m
Turnover	0.8	-
Loss before taxation	1.5	0.2
Taxation	-	-
Loss after taxation	1.5	0.2
Fixed assets	33.7	8.5
Current assets	9.5	1.1
Liabilities due within one year	4.3	4.3
Liabilities due after one year or more	35.8	1.8

10 Acquisition and disposal of businesses

Acquisition

On 26 March 2008, the Company acquired the 40% minority interest in its subsidiary, IACC Limited, for a consideration of £1.5m.

On 31 March 2008, the Company established a 100%-owned subsidiary, INEOS Enterprises LLC, a company incorporated in USA. INEOS Enterprises LLC subsequently acquired a 50% stake in the joint venture, Great Plains Oil & Exploration LLC, a company incorporated in USA. At 31 December 2008, INEOS Enterprises LLC had invested £4.2m in share capital in the joint venture. Great Plains Oil & Exploration LLC made a loss before taxation of £1.8m during the year (£0.7m of which is included in the Group profit on ordinary activities before taxation).

During the year the Company also provided an additional £0.9m shareholder loan to the joint venture, INEOS Champlor SAS. INEOS Champlor made a loss before taxation of £2.8m during the year (£1.5m of which is included in the Group profit on ordinary activities before taxation).

INEOS Enterprises Limited

Notes to the accounts (continued)

11 Stocks

	Group		Company	
	2008 £m	2007 £m	2008 £m	2007 £m
Raw materials and consumables	6.8	3.4	5.4	2.8
Finished goods	7.4	3.2	7.2	3.0
	14.2	6.6	12.6	5.8

There is no material difference between the replacement cost of assets held for resale and their balance sheet amounts.

12 Debtors

	Group		Company	
	2008 £m	2007 £m	2008 £m	2007 £m
Amounts falling due within one year				
Trade debtors	28.7	26.1	16.3	15.0
Amounts owed by subsidiary undertakings	-	-	15.0	7.7
Amounts owed by fellow Group undertakings	5.2	4.0	4.6	3.8
Amounts owed by related parties	1.6	-	1.6	-
Corporation Tax	-	-	-	-
Other debtors	4.6	9.2	1.7	4.4
Prepayments and accrued income	3.2	3.0	2.2	2.8
	43.3	42.3	41.4	33.7

13 Creditors – amounts falling due within one year

	Group		Company	
	2008 £m	2007 £m	2008 £m	2007 £m
Trade creditors	14.6	9.8	13.3	8.1
Amounts owed to subsidiary undertakings	-	-	8.4	2.4
Amounts owed to fellow Group undertakings	0.3	4.2	0.1	4.0
Amounts owed to related parties	2.5	-	2.5	-
Corporation Tax	4.9	2.1	5.8	2.2
Other taxes and social security	2.5	2.1	0.5	1.0
Other creditors	5.8	7.7	3.5	5.2
Accruals and deferred income	11.3	12.0	10.4	11.5
	41.9	37.9	44.5	34.4

INEOS Enterprises Limited

Notes to the accounts (continued)

14 Creditors – amounts falling due after more than one year

	Group		Company	
	2008 £m	2007 £m	2008 £m	2007 £m
Bank loan	-	10.0	-	10.0
Other loan	0.5	0.4	-	-
	0.5	10.4	-	10.0
Less: unamortised finance costs	(0.1)	(0.2)	(0.1)	(0.2)
	0.4	10.2	(0.1)	9.8
Other creditors	1.0	0.9	0.3	0.4
	1.4	11.1	0.2	10.2

15 Net borrowings

	Group		Company	
	2008 £m	2007 £m	2008 £m	2007 £m
Loans repayable after more than 5 years	0.5	0.4	-	-
Bank loan repayable between 2 and 5 years	-	10.0	-	10.0
	0.5	10.4	-	10.0
Less: unamortised finance costs	(0.1)	(0.2)	(0.1)	(0.2)
	0.4	10.2	(0.1)	9.8
Cash at bank and in hand	(4.6)	(27.4)	(2.4)	(27.0)
Net funds	(4.2)	(17.2)	(2.5)	(17.2)

INEOS Enterprises Limited

Notes to the accounts (continued)

16 Provisions for liabilities and charges

Group	Deferred Tax £m	Retirement Benefits £m	Total £m
At 1 January 2008	4.1	0.6	4.7
Exchange difference	0.2	0.2	0.4
Charged to the profit and loss account	2.1	-	2.1
Cash received	-	0.1	0.1
At 31 December 2008	6.4	0.9	7.3

Company	Deferred Tax £m	Total £m
At 1 January 2008	4.1	4.1
Charged to the profit and loss account	2.3	2.3
At 31 December 2008	6.4	6.4

17 Deferred income

Government grants, other contributions towards the cost of tangible fixed assets and pre-paid lease income	Group £m	Company £m
At 1 January 2008	29.9	29.8
Credited to the profit and loss account - amortisation	(4.6)	(4.5)
Cash received	0.1	-
At 31 December 2008	25.4	25.3

18 Share capital

Equity - ordinary shares of £1 each	2008 Number	2008 £	2007 Number	2007 £
Authorised	1,000	1,000	1,000	1,000
Allotted, issued and fully paid	100	100	100	100

INEOS Enterprises Limited

Notes to the accounts (continued)

19 Reserves

	Group		Company	
	Profit and loss account £m	Other Reserves £m	Profit and loss account £m	Other Reserves £m
At 1 January 2008	42.4	30.0	35.6	30.0
Exchange translation effects	4.9	-	1.3	-
Profit for the financial year	14.3	-	15.7	-
Dividends	(12.0)	-	(12.0)	-
Buy-out of minority interest	1.0	-	-	-
Actuarial loss in pension scheme (Note 25)	(9.6)	-	(9.6)	-
Movement in deferred tax relating to pension liability	2.7	-	2.7	-
At 31 December 2008	43.7	30.0	33.7	30.0

20 Minority equity interests

	Group £m
At 1 January 2008	0.9
Share of retained profit after taxation	0.1
Buy-out of minority interest	(1.0)
At 31 December 2008	-

The Group minority equity interest at the prior year-end represented the minority 40% share in INEOS Asiatic Chemical Company Limited. This minority share was purchased by the Company during the year.

21 Net cash inflow from operating activities

	2008 £m	2007 £m
Operating profit	31.0	30.7
Depreciation and amortisation	10.0	11.4
Profit on disposal of tangible fixed assets	-	-
(Increase)/decrease in stocks	(7.6)	3.2
Increase in debtors	(0.8)	(0.7)
Increase in creditors	0.9	33.7
Other non-cash changes	(1.6)	1.8
Net cash inflow from operating activities	31.9	80.1

INEOS Enterprises Limited

Notes to the accounts (continued)

22 Analysis of changes in funds

	1 January 2008 £m	Cash flow £m	Non-cash changes £m	31 December 2008 £m
Cash at bank and in hand	27.4	(22.8)	-	4.6
Bank overdraft	-	-	-	-
Loans	(10.4)	9.9	-	(0.5)
Debt issue costs	0.2	-	(0.1)	0.1
Net funds	17.2	(12.9)	(0.1)	4.2

The non-cash changes relate to the amortisation of debt issue costs.

23 Reconciliation of net cash flow to movement in net debt

	2008 £m	2007 £m
(Decrease)/increase in cash in year	(22.8)	20.8
Decrease in borrowings	9.9	27.5
Change in net debt resulting from cash flow	(12.9)	48.3
Non-cash changes	(0.1)	(0.1)
Movement in net debt in the year	(13.0)	48.2

24 Commitments and contingent liabilities

a) Annual operating lease commitments

Group	2008 £m	Other 2007 £m
Leases which expire:		
Within one year	-	-
Between one and two years	-	-
Between two and five years	0.3	0.1
	0.3	0.1
Company	2008 £m	Other 2007 £m
Leases which expire:		
Within one year	-	-
Between one and two years	-	-
Between two and five years	0.1	0.1
	0.1	0.1

INEOS Enterprises Limited

Notes to the accounts (continued)

b) Capital commitments

Commitments for capital expenditure not provided for in these accounts are as follows:

	Group		Company	
	2008 £m	2007 £m	2008 £m	2007 £m
Contracts placed for future expenditure	4.0	1.5	4.0	1.2
Expenditure authorised but not yet contracted	13.4	28.3	13.4	28.0
	17.4	29.8	17.4	29.2

c) Unconditional purchase obligations and contingent liabilities

The net present values of significant take or pay contracts that have been entered into are as follows:

Group and Company	2008 £m	2007 £m
Purchase of electric power, until 2016	3.7	4.0
Purchase of electric power and steam, until 2018	55.7	70.7
Purchase of oil, until 2009	1.1	-
	60.5	74.7

d) Other commitments

In 2003 the Company, together with fellow group undertakings and related parties provided a guarantee to the Secretary of State for Trade and Industry in respect of a Regional Selective Assistance Grant that has been made available to INEOS Chlor Limited. Under certain circumstances the Company and Group could become liable to repay to the Department for Trade and Industry up to 50% of the amount advanced to INEOS Chlor Limited. At 31 December 2008 Grant payments of £27.2m (2007: £27.2m) had been made.

Other guarantees and contingencies arising in the ordinary course of business, for which no security has been given, are not expected to result in any material financial loss.

INEOS Enterprises Limited

Notes to the accounts (continued)

25 Retirement benefits

(a) Company

The majority of the UK employees participate in the INEOS Chlor 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 most recent actuarial valuation of the fund was carried out as at 31 December 2007 (updated to 31 December 2008). The valuation of the scheme used the projected unit method and was carried out by Watson Wyatt LLP, professionally qualified actuaries. The principal assumptions made by the actuaries were:

	2008 % pa	2007 % pa	2006 % pa
Price inflation	3.1	3.3	2.9
Discount rate for scheme liabilities	6.1	5.8	5.1
Rate of increases in salaries	4.6	4.8	4.4
Rate of increase of pensions in payment	3.1	3.3	2.9
Rate of increase for deferred pensioners	3.1	3.3	2.9

Material demographic assumptions:

	2008 years	2007 years
Expected future lifetime at age 65 for a male currently aged 65	18.93	19.00

The assets and liabilities in the scheme attributed to INEOS Enterprises Limited in accordance with the Company's accounting policy and the expected rates of return were:

	31 December 2008		31 December 2007		31 December 2006	
	Expected rate of return % pa	Fair Value £m	Expected rate of return % pa	Fair Value £m	Expected rate of return % pa	Fair Value £m
Equities	8.2	17.5	8.0	20.8	7.8	23.7
Bonds	5.2	4.2	5.1	3.4	4.7	5.3
Other	4.0	0.5	4.5	0.2	4.3	0.5
Total fair value of assets	7.5	22.2	7.6	24.4	7.2	29.5
Actuarial value of scheme liabilities		(42.3)		(34.5)		(45.0)
Deficit in the scheme		(20.1)		(10.1)		(15.5)
Related deferred tax asset		5.6		2.8		4.7
Net pension liability		(14.5)		(7.3)		(10.8)

INEOS Enterprises Limited

Notes to the accounts (continued)

Reconciliation of present value of scheme liabilities	2008 £m	2007 £m
At 1 January 2008	34.5	45.0
Interest cost	2.0	2.2
Current service cost	1.3	1.8
Actual member contributions	0.3	0.5
Past service cost	-	0.1
Disposal of business	-	(12.7)
Gain on change of assumptions	(5.5)	(2.4)
Actuarial loss	9.7	-
At 31 December 2008	42.3	34.5

Reconciliation of fair value of scheme assets	2008 £m	2007 £m
At 1 January 2008	24.4	29.5
Actual company contributions	1.0	1.1
Actual member contributions	0.3	0.5
Expected return on plan assets	1.9	2.0
Actuarial (loss)/gain	(5.4)	0.8
Disposal of business	-	(9.5)
At 31 December 2008	22.2	24.4

Analysis of the amount charged to operating profit	2008 £m	2007 £m
Current service cost	1.3	1.8
Past service costs	-	0.1
Total operating charge	1.3	1.9

Analysis of the amount charged to other finance costs	2008 £m	2007 £m
Expected return on pension scheme assets	1.9	2.0
Interest on pension scheme liabilities	(2.0)	(2.2)
Net charge	(0.1)	(0.2)

INEOS Enterprises Limited

Notes to the accounts (continued)

Analysis of amounts recognised in the statement of total recognised gains and losses	2008 £m	2007 £m
Actual return less expected return on pension fund assets	(5.4)	0.8
Experience losses arising on fund liabilities	(9.7)	-
Gains on change of financial and demographic assumptions	5.5	2.4
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	(9.6)	3.2

Movement in deficit during the year	2008 £m	2007 £m
Deficit in the fund at beginning of year	(10.1)	(15.5)
Contributions paid	1.0	1.1
Current service cost	(1.3)	(1.8)
Past service cost	-	(0.1)
Other finance costs	(0.1)	(0.2)
Disposal of business (Note 10)	-	3.2
Actuarial (loss)/gain	(9.6)	3.2
Deficit in the fund at end of year, before allowance for deferred tax	(20.1)	(10.1)

History of experience gains and losses	2008	2007	2006
Difference between the actual and expected return on fund assets			
Amount	(£5.4m)	£0.8m	(£0.3m)
% of fund assets at end of year	(24.3%)	3.3%	(1.1%)
Experience gains/(losses) on fund liabilities			
Amount	(£9.7m)	-	-
% of fund liabilities at end of year	(22.9%)	-	-
Total actuarial gain/(loss) recognised in the statement of total recognised gains and losses			
Amount	(£9.6m)	£3.2m	-
% of fund liabilities at end of year	(22.7%)	9.3%	-

INEOS Enterprises Limited

Notes to the accounts (continued)

26 Subsequent Events

On 19 March 2009 the Group's interest in the joint venture, Great Plains Oil & Exploration LLC, was diluted to 37.5% in accordance with the terms set out in the original shareholders' agreement.

27 Related party transactions

The Company is related to INEOS Technologies Limited, INEOS Capital Partners, INEOS Capital Limited and Screencondor Limited by virtue of common control.

Material trading transactions with related parties during the year were as follows:

Related party	Sales	Purchases	Balance owed to/(by) the Group at 31 December
INEOS Technologies Limited	£nil (2007: £nil)	£nil (2007: £nil)	2008: £(1.0m) 2007: £(0.2m)

Other material transactions with related parties during the year were:

Related party	Transaction	Balance owed to/(by) the Group at 31 December
INEOS Capital Partners	Management services provided to the Company - £0.7m (2007: £0.7m)	2008: £nil 2007: £nil
INEOS Capital Limited	2008: Loans repaid by the Company - £nil (2007: £3.0m)	2008: £nil 2007: £nil
Screencondor Limited	Funding of administrative expenses - £nil (2007: £nil)	2008: £0.1m 2007: £0.1m

28 Ultimate Parent Company and Ultimate Controlling Party

At 31 December 2008, the Company was a subsidiary undertaking of INEOS Enterprises Group Limited, a Company registered in England and Wales. The Company's ultimate Parent Company was INEOS Limited, a company registered in England and Wales.

The consolidated Group accounts of INEOS Limited are available to the public and may be obtained from the Company Secretary at: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

The Directors regard Mr JA Ratcliffe to be the ultimate controlling party by virtue of his shareholding in INEOS Limited.