

INEOS Enterprises Limited
Annual report
for the year ended 31 December 2010

Registered Number 4651437

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INEOS Enterprises Limited

Annual report

for the year ended 31 December 2010

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INEOS Enterprises Limited

Directors' report for the year ended 31 December 2010

The directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2010

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 £198.5m (2009 £209.4m) and the profit on ordinary activities before taxation was £22.0m (2009 £11.1m)

2010 was a mixed year for INEOS Enterprises Limited with its portfolio of businesses reflecting different industry conditions. Excluding the impairment provision in 2009 overall profitability was similar to the previous year.

During the year the Company paid a cash dividend of £3.5m (2009 £20.0m)

On 28 January 2010, INEOS Limited completed the restructuring of financing and shareholding relationships in respect of several group companies, including INEOS Enterprises Limited (Note 22 includes further details)

On 26 March 2010 the Company's ultimate Parent Company became INEOS AG, a Company registered in Switzerland

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 2011

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, interest rate risk and foreign exchange 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 metrics such as safety, profitability, manufacturing performance, working capital and cost control are reviewed regularly. 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 (resigned 15 March 2010)

CG MacLean (resigned 4 November 2010)

GB Stewart

H Deans

GS Corsi

K Metcalfe

PC Overment

A Moorcroft (appointed 16 March 2010)

TP Crotty (appointed 4 November 2010)

INEOS Enterprises Limited

Directors' report for the year ended 31 December 2010 (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 (2009 Nil) Charitable donations amounted to £285 (2009 £553)

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and 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) 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 Group and Company and of the profit or loss of the Group for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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

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 Group and of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the 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

30 June 2011

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 2010 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cashflow Statement, the Statement of Group Total Recognised Gains and Losses, the Reconciliation of Movements in Equity Shareholders' Funds, Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2 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). 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.

Scope of the audit of the financial statements

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 group's and parent 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's profit and cash flows 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.

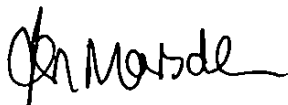
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Ian Marsden (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

30 June 2011

INEOS Enterprises Limited

Group profit and loss account for the year ended 31 December 2010

	Note	2010 £m	2009 £m
Turnover – group and share of joint ventures		237.8	258.5
Less: Share of joint ventures' turnover	9	(39.3)	(49.1)
Turnover – group	2	198.5	209.4
Cost of sales		(148.3)	(153.2)
Gross profit		50.2	56.2
Selling and distribution costs		(17.0)	(19.1)
Administrative expenses – ongoing		(11.2)	(11.5)
Administrative expenses – impairment	1	-	(11.1)
Administrative expenses		(11.2)	(22.6)
Operating profit	1,2	22.0	14.5
Group share of joint venture operating gains/(losses)		1.5	(1.6)
		23.5	12.9
Interest – Group		0.5	0.2
Interest – joint venture		(1.0)	(1.1)
Net interest payable	5	(0.5)	(0.9)
Other finance costs	24	(1.0)	(0.9)
Profit on ordinary activities before taxation		22.0	11.1
Tax on profit on ordinary activities - Group		(2.5)	(0.3)
Tax on profit on ordinary activities – joint venture		(0.3)	-
Tax on profit on ordinary activities	6	(2.8)	(0.3)
Profit on ordinary activities after taxation and for the financial year	18	19.2	10.8

All the activities of the Group relate to continuing operations

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

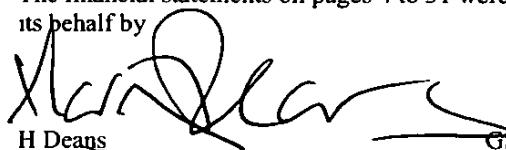
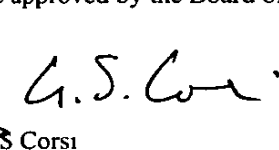
As permitted by Section 408 (1) of the Companies Act 2006, the Company has not presented its own profit and loss account. The amount of profit after taxation dealt with in the accounts of the Company is £18.4m (2009: £12.4m)

INEOS Enterprises Limited

Group balance sheet as at 31 December 2010

	Note	2010 £m	2009 £m
Fixed assets			
Intangible assets	7	1 1	2 1
Tangible fixed assets	8	87 7	79 5
Share of joint venture gross assets		49 7	51 9
Share of joint venture gross liabilities		(44 2)	(47 7)
Investment in joint venture	9	5 5	4 2
		94 3	85 8
Current assets			
Stocks	10	7 8	7 4
Debtors – amounts falling due within one year	11	27 3	31 7
Debtors – amounts falling due after more than one year	11	5 9	-
Cash at bank and in hand		8 8	9 9
		49 8	49 0
Creditors – amounts falling due within one year	12	(34 4)	(28 4)
Net current assets		15 4	20 6
Total assets less current liabilities	2	109 7	106 4
Creditors - amounts falling due after more than one year	13	(1 2)	(1 4)
Provisions for liabilities and charges	15	(0 8)	(6 1)
Deferred income	16	(14 1)	(21 7)
Pension liability	24	(17 4)	(16 4)
		76 2	60 8
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account	18	46 2	30 8
Other reserves	18	30 0	30 0
Total shareholders' funds		76 2	60 8

The financial statements on pages 4 to 31 were approved by the Board of Directors on ~~30~~ June 2011 and are signed on its behalf by

 
H Deans G.S. Corsi

INEOS Enterprises Limited

Company balance sheet as at 31 December 2010

	Note	2010 £m	2009 £m
Fixed assets			
Intangible assets	7	-	0.6
Tangible fixed assets	8	82.3	73.6
Investment in subsidiary undertakings	9	7.0	7.0
Interest in joint venture	9	7.8	8.0
		97.1	89.2
Current assets			
Stocks	10	6.2	5.9
Debtors – amounts falling due within one year	11	20.0	23.9
Debtors – amounts falling due after more than one year	11	5.9	-
Cash at bank and in hand		6.6	8.3
		38.7	38.1
Creditors – amounts falling due within one year	12	(35.6)	(29.1)
Net current assets		3.1	9.0
Total assets less current liabilities		100.2	98.2
Creditors – amounts falling due after more than one year	13	(0.2)	(0.3)
Provisions for liabilities and charges	15	-	(5.5)
Deferred income	16	(14.1)	(21.5)
Pension liability	24	(17.4)	(16.4)
		68.5	54.5
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account	18	38.5	24.5
Other reserves	18	30.0	30.0
Total shareholders' funds		68.5	54.5

The financial statements on pages 4 to 31 were approved by the Board of Directors on 30 June 2011 and are signed on its behalf by



 H Deans G.S. Corsi

INEOS Enterprises Limited

Group cash flow statement for the year ended 31 December 2010

	Note	2010 £m	2009 £m
Net cash inflow from operating activities	19	28.9	37.4
Returns on investment and servicing of finance			
Interest received		0.5	0.4
Interest paid		-	(0.4)
Net cash outflow from returns on investment and servicing of finance		0.5	-
Tax paid		(9.9)	(2.9)
Capital expenditure			
Purchase of tangible fixed assets		(17.1)	(9.2)
Net cash outflow from capital expenditure		(17.1)	(9.2)
Acquisitions and disposals			
Acquisition of businesses		-	-
Net cash outflow from acquisitions and disposals		-	-
Equity dividends paid to shareholders		(3.5)	(20.0)
Net cash (outflow)/inflow before financing		(1.1)	5.3
Financing			
Decrease in loans payable		-	-
Net cash outflow from financing		-	-
(Decrease)/increase in net cash	21	(1.1)	5.3

INEOS Enterprises Limited

Statement of Group total recognised gains and losses for the year ended 31 December 2010

	2010 £m	2009 £m
Profit for the financial year	19.2	10.8
Actuarial loss recognised in the pension scheme (Note 24)	(0.8)	(1.8)
Movement in deferred tax relating to pension liability	0.2	0.5
Exchange translation effect on net assets of subsidiaries	0.3	(2.4)
Total recognised gains and losses for the financial year	18.9	7.1

Reconciliation of movements in Group equity shareholders' funds for the year ended 31 December 2010

	2010 £m	2009 £m
Profit for the financial year	19.2	10.8
Cash dividend	(3.5)	(20.0)
Actuarial loss recognised in the pension scheme (Note 24)	(0.8)	(1.8)
Movement in deferred tax relating to pension liability	0.2	0.5
Exchange translation effect on net assets of subsidiaries	0.3	(2.4)
Net increase/(decrease) in equity shareholders' funds	15.4	(12.9)
Equity shareholders' funds at the start of the year	60.8	73.7
Equity shareholders' funds at the end of the year	76.2	60.8

Reconciliation of movements in Company equity shareholders' funds for the year ended 31 December 2010

	2010 £m	2009 £m
Profit for the financial year	18.4	12.4
Cash dividend	(3.5)	(20.0)
Actuarial loss recognised in the pension scheme (Note 24)	(0.8)	(1.8)
Movement in deferred tax relating to pension liability	0.2	0.5
Exchange translation effect on net assets of subsidiaries	(0.3)	(0.3)
Net increase/(decrease) in equity shareholders' funds	14.0	(9.2)
Equity shareholders' funds at the start of the year	54.5	63.7
Equity shareholders' funds at the end of the year	68.5	54.5

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 2006 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

Tangible fixed assets are stated at their historic purchase cost less any accumulated 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.

INEOS Enterprises Limited

Accounting policies (continued)

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.

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 defined benefit 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 and INEOS Technologies 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 and INEOS Technologies 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 2010 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, and
- the split of the actual 2010 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.

INEOS Enterprises Limited

Accounting policies (continued)

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.

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.

Share based payment

Certain employees of the Group are eligible to participate in an incentive plan ("the Plan") operated by INEOS Limited, a subsidiary of INEOS AG, the Company's ultimate parent undertaking. INEOS Limited issues "Business Tracker Shares" in relation to each of the businesses operated by INEOS Limited and its subsidiaries, including those businesses within the Company. These Business Tracker Shares entitle the holder of the share to appreciation in market value (rather than the totality of the market value) of the relevant business compared with the market value at the date of acquisition of the relevant share. Determination of market values, and any discretionary adjustments, is made by a committee (the Special Committee) of INEOS Limited.

The Plan is considered to be in the nature of a Share-based Payment arrangement within the scope of FRS 20 "Share-based Payment". The Company neither receives nor makes any payments and incurs no liabilities in respect of its employees' participation in the Plan. Under FRS 20 the Company recognises any deemed cost of the arrangement in accordance with the requirements applicable to equity-settled share-based payment transactions, with a corresponding increase in equity as a contribution from the parent. Participating employees purchase Business Tracker Shares from the Trust which administers the Plan at a substantive price (which is related to the approximate market value of the relevant Business Unit). The net fair value of the benefit at the date of grant is considered de minimis after taking account of the payment for the shares and no cost has been recognised in these financial statements.

INEOS Enterprises Limited

Notes to the accounts

1 Operating profit

Operating profit is stated after charging/(crediting):

	2010 £'000	2009 £'000
Auditors' remuneration		
Audit fees, including £48,000 (2009 £46,000) relating to the Company	71	95
Non-audit services	-	-
Depreciation	9,100	9,300
Amortisation		
Goodwill	700	1,500
Negative goodwill release	-	(400)
Deferred income	(3,700)	(3,800)
Impairments	-	11,100
Research and development costs	-	-
Rentals payable under operating leases		
Plant and machinery	270	275

The prior year impairments relate to interests in Joint Ventures (£3.1m) and fixed assets (£8.0m)

2 Segmental Information

2010	UK	Continental Western Europe	Asia Pacific	Other	Total
	£m	£m	£m	£m	£m
Turnover, by destination	84.4	105.2	8.1	0.8	198.5
Analysis by origin					
Turnover	130.4	60.0	8.1	-	198.5
Operating profit	21.7	-	0.4	(0.1)	22.0
Total assets less current liabilities	103.4	6.0	4.0	-	113.4
2009	UK	Continental Western Europe	Asia Pacific	Other	Total
	£m	£m	£m	£m	£m
Turnover, by destination	85.6	116.8	6.4	0.6	209.4
Analysis by origin					
Turnover	129.5	73.6	6.3	-	209.4
Operating profit	20.3	(0.7)	(0.1)	(5.0)	14.5
Total assets less current liabilities	96.8	6.6	3.0	-	106.4

INEOS Enterprises Limited

Notes to the accounts (continued)

3 Directors' emoluments

	2010 £'000	2009 £'000
Aggregate emoluments	444	434
Sums paid to related parties for directors' services	315	341
	759	775
Highest Paid Director		
Aggregate emoluments	186	190
Company pension contributions to defined benefit scheme	42	40
Accrued pension at the end of the year	57	51

Six directors have retirement benefits accruing under a defined benefit pension scheme (2009: Five)

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	2010 Number	2009 Number
Production	290	295
Distribution	45	57
Administration	100	70
Research and development	6	5
	441	427

The aggregate payroll costs of these people were as follows

	2010 £m	2009 £m
Wages and salaries	14.4	13.4
Social security costs	2.4	2.3
Other pension costs	1.7	1.6
	18.5	17.3

INEOS Enterprises Limited

Notes to the accounts (continued)

5 Net interest

	2010 £m	2009 £m
Interest payable on borrowings totally repayable within 5 years	(1 0)	(1 5)
Amortisation of issue costs of bank loans	-	(0 1)
Interest payable and similar charges	(1 0)	(1 6)
Interest receivable and similar income	0 5	0 7
Net interest payable	(0 5)	(0 9)

6 Tax on profit on ordinary activities

a) Analysis of the charge for the year	2010 £m	2009 £m
UK Corporation Tax at 28% (2009 28%) - current year	6 3	4 7
UK Corporation Tax at 28% (2009 28%) - prior year	5 6	(3 0)
Overseas taxation – current year	0 3	0 1
Overseas taxation – prior year	-	(0 3)
Current taxation	12 2	1 5
Deferred taxation – current year	(2 4)	(1 2)
Deferred taxation – prior year	(7 3)	-
Deferred taxation	(9 7)	(1 2)
Share of joint venture taxation	0 3	-
	2 8	0 3

INEOS Enterprises Limited

Notes to the accounts (continued)

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2009 lower) than the standard rate of corporation tax in the UK. The differences are explained below

	2010 £m	2009 £m
Profit on ordinary activities before taxation	22.0	11.1
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	6.2	3.1
Effects of		
Expenses not deductible for tax purposes	-	1.5
Capital allowances in excess of depreciation	2.3	1.0
Group relief claimed	(2.0)	(1.6)
Pension timing differences	0.1	0.2
Other tax credits	0.2	-
Adjustments in respect of previous periods	5.6	(3.0)
Overseas taxation	(0.2)	0.3
Current tax charge for year	12.2	1.5

(c) Factors which may affect future tax charges

During the year, a change in the UK corporation tax rate from 28% to 27% was substantively enacted and the reduced rate will be effective from 1 April 2011. The relevant deferred tax balances have been re-measured accordingly.

In the 2011 Budget on 23 March 2011, the UK Government announced its intention to reduce the UK corporation tax rate to 26% from 1 April 2011. Further reductions to the UK corporation tax rate have been announced which will reduce the UK corporation tax rate by 1% per annum until this reaches 23% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

Had the change in tax rate to 23% been substantively enacted as of the balance sheet date, the deferred tax asset would reduce by approximately £0.6m.

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	2010		2009	
	Provided £m	Not provided £m	Provided £m	Not provided £m
Arising from accelerated capital allowances	4.3	-	(5.5)	-
Short-term timing differences	-	-	-	-
Tax losses and other credits available	-	-	-	-
	4.3	-	(5.5)	-
Pensions (Note 24)	6.5	-	6.4	-
Total	10.8	-	0.9	-

Deferred taxation in 2010 is included within debtors falling due after more than one year

Company	2010		2009	
	Provided £m	Not provided £m	Provided £m	Not provided £m
Arising from accelerated capital allowances	4.3	-	(5.5)	-
Pensions (Note 24)	6.5	-	6.4	-
Total	10.8	-	0.9	-

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 2010	0.9	-	0.9	-
Current year effect of timing differences	2.4	-	2.4	-
Adjustments in respect of prior year	7.3	-	7.3	-
Movement relating to pension liability	0.2	-	0.2	-
Arising during the year	9.9	-	9.9	-
At 31 December 2010	10.8	-	10.8	-

INEOS Enterprises Limited

Notes to the accounts (continued)

7 Intangible assets

	Group		Company	
	Goodwill	Other	Goodwill	Other
	£m	£m	£m	£m
Gross book value				
At 1 January 2010	7.3	0.1	3.3	0.1
Exchange difference	-	-	-	-
Write-off	-	-	-	-
At 31 December 2010	7.3	0.1	3.3	0.1
Accumulated amortisation				
At 1 January 2010	5.2	0.1	2.7	0.1
Charge for the year	1.1	-	0.6	-
Exchange difference	(0.1)	-	-	-
Write-off	-	-	-	-
At 31 December 2010	6.2	0.1	3.3	0.1
Net Book Value				
At 31 December 2009	2.1	-	0.6	-
At 31 December 2010	1.1	-	-	-

During the year there was an additional credit of £0.4m to the profit and loss account in respect of amortisation of goodwill related to the investment in the joint venture

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 2010	8 0	95 0	20 2	123 2
Exchange difference	-	(0 2)	(0 1)	(0 3)
Additions	-	0 4	16 9	17 3
Transfers	0 1	3 5	(3 6)	-
At 31 December 2010	8 1	98 7	33 4	140 2
Accumulated depreciation				
At 1 January 2010	1 8	41 9	-	43 7
Exchange difference	(0 1)	(0 2)	-	(0 3)
Charge for the year	0 1	9 0	-	9 1
At 31 December 2010	1 8	50 7	-	52 5
Net book value				
At 31 December 2009	6 2	53 1	20 2	79 5
At 31 December 2010	6 3	48 0	33 4	87 7

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 2010	4.1	84.3	19.1	107.5
Additions	-	-	16.9	16.9
Transfers	0.1	3.5	(3.6)	-
At 31 December 2010	4.2	87.8	32.4	124.4
Accumulated depreciation				
At 1 January 2010	0.4	33.5	-	33.9
Charge for the year	0.1	8.1	-	8.2
At 31 December 2010	0.5	41.6	-	42.1
Net book value				
At 31 December 2009	3.7	50.8	19.1	73.6
At 31 December 2010	3.7	46.2	32.4	82.3

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

9 Investment in joint venture

Group	Total £m					
At 1 January 2010	4.2					
Group share of profit and loss for the year	0.2					
Exchange difference	0.7					
Amortisation of goodwill	0.4					
At 31 December 2010	5.5					
Company	Subsidiaries			Joint ventures		
	Shares £m	Loans £m	Total £m	Shares £m	Loans £m	Total £m
At 1 January 2010	7.0	-	7.0	3.6	4.4	8.0
Exchange difference	-	-	-	-	(0.2)	(0.2)
At 31 December 2010	7.0	-	7.0	3.6	4.2	7.8

INEOS Enterprises Limited

Notes to the accounts (continued)

At 31 December 2010 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%

On 10 February 2010 the Group disposed of its interest in the Joint Venture, Great Plains Oil & Exploration LLC. The Joint Venture interest was held by the Group's wholly owned subsidiary INEOS Enterprises LLC.

The following amounts represent the Group's share in the Joint Venture INEOS Champlor SAS, a company 50% owned by the group and incorporated in France. INEOS Champlor SAS is involved in the manufacture & sale of bio-diesel products.

	2010 £m	2009 £m
Turnover	39.3	49.1
Profit/(loss) before taxation	0.5	(1.7)
Taxation	0.3	-
Profit/(loss) after taxation	0.2	(1.7)
Fixed assets	28.0	35.4
Current assets	21.7	16.5
Liabilities due within one year	(17.5)	(12.1)
Liabilities due after one year or more	(26.7)	(35.6)

10 Stocks

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Raw materials and consumables	4.5	4.3	3.3	3.1
Work in progress	0.3	-	0.3	-
Finished goods	3.0	3.1	2.6	2.8
	7.8	7.4	6.2	5.9

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

INEOS Enterprises Limited

Notes to the accounts (continued)

11 Debtors

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Amounts falling due within one year				
Trade debtors	15.9	13.7	14.0	12.1
Amounts owed by subsidiary undertakings	-	-	0.1	-
Amounts owed by fellow Group undertakings	2.7	3.4	2.7	3.3
Amounts owed by related parties	0.2	2.1	0.2	2.1
Other debtors	6.2	9.3	0.9	3.3
Prepayments and accrued income	2.3	3.2	2.1	3.1
	27.3	31.7	20.0	23.9
Amounts falling due after more than one year				
Deferred Tax (Note 6)	4.3	-	4.3	-
Other debtors	1.6	-	1.6	-
	5.9	-	5.9	-

12 Creditors – amounts falling due within one year

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Trade creditors	7.7	7.2	5.1	4.4
Amounts owed to subsidiary undertakings	-	-	6.6	5.6
Amounts owed to fellow Group undertakings	2.7	4.1	2.7	3.9
Corporation Tax	6.2	3.2	6.0	4.4
Other taxes and social security	2.5	2.1	0.5	0.6
Other creditors	-	4.7	-	3.7
Accruals and deferred income	15.3	7.1	14.7	6.5
	34.4	28.4	35.6	29.1

INEOS Enterprises Limited

Notes to the accounts (continued)

13 Creditors – amounts falling due after more than one year

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Bank loan	-	-	-	-
Other loan	0.5	0.5	-	-
	0.5	0.5	-	-
Less unamortised finance costs	-	-	-	-
	0.5	0.5	-	-
Other creditors	0.7	0.9	0.2	0.3
	1.2	1.4	0.2	0.3

14 Net borrowings/funds

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Loans repayable after more than 5 years	0.5	0.5	-	-
	0.5	0.5	-	-
Less unamortised finance costs	-	-	-	-
	0.5	0.5	-	-
Cash at bank and in hand	(8.8)	(9.9)	(6.6)	(8.3)
Net funds	(8.3)	(9.4)	(6.6)	(8.3)

INEOS Enterprises Limited

Notes to the accounts (continued)

15 Provisions for liabilities and charges

Group	Deferred Tax £m	Retirement Benefits £m	Total £m
At 1 January 2010	5.5	0.6	6.1
Exchange difference	-	-	-
Credited to the profit and loss account	(5.5)	-	(5.5)
Cash received	-	0.2	0.2
At 31 December 2010	-	0.8	0.8

Company	Deferred Tax £m
At 1 January 2010	5.5
Credited to the profit and loss account	(5.5)
At 31 December 2010	-

16 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 2010	21.7	21.5
Exchange difference	(0.2)	-
Credited to the profit and loss account - amortisation	(3.7)	(3.7)
At 31 December 2010	17.8	17.8
Amounts falling due within 1 year – accruals and deferred income	3.7	3.7
Amounts falling due after more than 1 year – deferred income	14.1	14.1

17 Called up share capital

Equity - ordinary shares of £1 each	2010 Number	2010 £	2009 Number	2009 £
Allotted, issued and fully paid	100	100	100	100

INEOS Enterprises Limited

Notes to the accounts (continued)

18 Reserves

	Group		Company	
	Profit and loss account £m	Other Reserves £m	Profit and loss account £m	Other Reserves £m
At 1 January 2010	30.8	30.0	24.5	30.0
Exchange translation effects	0.3	-	(0.3)	-
Profit for the financial year	19.2	-	18.4	-
Dividends	(3.5)	-	(3.5)	-
Actuarial loss in pension scheme (Note 24)	(0.8)	-	(0.8)	-
Movement in deferred tax relating to pension liability	0.2	-	0.2	-
At 31 December 2010	46.2	30.0	38.5	30.0

19 Net cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities

	2010 £m	2009 £m
Operating profit	22.0	14.5
Depreciation and amortisation	9.8	10.8
(Increase)/decrease in stocks	(0.4)	6.8
Decrease in debtors	2.7	11.5
Decrease in creditors	(4.8)	(16.4)
Other non-cash changes	(0.4)	10.2
Net cash inflow from operating activities	28.9	37.4

20 Analysis of net debt

	1 January 2010 £m	Cash flow £m	31 December 2010 £m
Cash at bank and in hand	9.9	(1.1)	8.8
Loans	(0.5)	-	(0.5)
Net funds	9.4	(1.1)	8.3

INEOS Enterprises Limited

Notes to the accounts (continued)

21 Reconciliation of net cash flow to movement in net funds

	2010 £m	2009 £m
(Decrease)/increase in cash in year	(1 1)	5 3
Decrease in borrowings	-	-
Change in net funds resulting from cash flow	(1 1)	5 3
Non-cash changes	-	(0 1)
Movement in net funds in the year	(1 1)	5 2
Opening net funds	9 4	4 2
Closing net funds	8 3	9 4

22 Restructuring and refinancing

On 28 January 2010 (the "Refinancing Date"), a major refinancing / restructuring took place affecting several INEOS group companies, including INEOS Enterprises Limited (the "Company")

Kerling plc, a wholly-owned subsidiary of INEOS Limited on the Refinancing Date and an indirect parent company of the Company, issued senior secured notes due in 2017 in an aggregate principal amount of €785m and used the net proceeds to

- refinance existing indebtedness of the Kerling plc group,
- finance the acquisition of several companies from INEOS Group Limited,
- refinance the existing indebtedness of the acquired companies, and
- make available additional cash to the newly-enlarged Kerling plc group

The Kerling plc group also has the following facilities available in addition to the senior secured notes

- a revolving credit facility of €100m, of which €26 3m had been utilised at 31st December 2010 in the form of bank guarantees, and
- a receivables securitisation facility of €120m, of which €29 8m had been utilised at 31st December 2010

On 26 March 2010, INEOS Limited was acquired by INEOS AG, a company registered in Switzerland, which therefore became, and remains, the ultimate Parent Company of Kerling plc and of the Company

As a result of the refinancing, there are no longer any loans in place between the Kerling plc group companies and other companies in the INEOS AG group. Although Kerling plc remains a wholly-owned subsidiary of INEOS AG, the financing arrangements of the Kerling plc group are now distinct and ring-fenced from those of the remaining INEOS AG group companies

The impact of the refinancing and restructuring on the Company is as follows

- the Company has become a wholly-owned member of the Kerling plc group and is a guarantor of the indebtedness of the group,
- as a guarantor of the indebtedness of the Kerling plc group, the Company has provided security over certain of its assets,

The Directors do not anticipate any change in the day to day operations of the Company as a result of the refinancing

INEOS Enterprises Limited

Notes to the accounts (continued)

23 Commitments and contingent liabilities

a) Annual operating lease commitments

Group	Other	
Plant and machinery	2010 £m	2009 £m
Leases which expire		
Within one year	-	-
Between one and two years	0.2	0.2
Between two and five years	0.1	0.1
	0.3	0.3
Company	Other	
Plant and machinery	2010 £m	2009 £m
Leases which expire		
Within one year	-	-
Between one and two years	0.1	0.1
Between two and five years	-	-
	0.1	0.1

b) Capital commitments

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

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Contracts placed for future expenditure	1.3	2.5	1.3	2.5
Expenditure authorised but not yet contracted	13.1	11.8	13.1	11.8
	14.4	14.3	14.4	14.3

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	2010 £m	2009 £m
Purchase of electric power, until 2016	3.0	3.4
Purchase of electric power and steam, until 2018	49.0	52.5
	52.0	55.9

INEOS Enterprises Limited

Notes to the accounts (continued)

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 2010 Grant payments of £31.2m (2009: £31.2m) had been received by INEOS Chlor Limited.

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.

24 Pension commitments

(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 2010). 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:

	2010 % pa	2009 % pa	2008 % pa	2007 % pa
Price inflation	3.6	3.6	3.1	3.3
Discount rate for scheme liabilities	5.5	5.7	6.1	5.8
Expected return on plan assets over the next year	7.8	7.6	7.6	7.6
Rate of increases in salaries	4.6	4.6	4.6	4.8
Rate of increase of pensions in payment	3.5	3.5	3.1	3.3
Rate of increase for deferred pensioners	2.9	3.5	3.1	3.3

Material demographic assumption

	2010 years	2009 years
Expected future lifetime at age 65 for a male currently aged 65	20.3	19.1

INEOS Enterprises Limited

Notes to the accounts (continued)

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 2010		31 December 2009		31 December 2008	
	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	8.1	25.8	8.1	23.2	8.2	17.5
Bonds	4.8	3.0	5.1	4.2	5.2	4.2
Other	8.1	5.9	4.3	0.2	4.0	0.5
Total fair value of assets	7.8	34.7	7.6	27.6	7.5	22.2
Actuarial value of scheme liabilities		(58.6)		(50.4)		(42.3)
Deficit in the scheme		(23.9)		(22.8)		(20.1)
Related deferred tax asset		6.5		6.4		5.6
Net pension liability		(17.4)		(16.4)		(14.5)

Reconciliation of present value of scheme liabilities	2010 £m	2009 £m
At 1 January 2010	50.4	42.3
Interest cost	2.8	2.6
Current service cost	1.7	1.6
Actual member contributions	0.4	0.4
Loss/(gain) on change of assumptions	2.3	3.5
Experience loss/(gain)	1.0	-
Actuarial loss	-	-
At 31 December 2010	58.6	50.4

Reconciliation of fair value of scheme assets	2010 £m	2009 £m
At 1 January 2010	27.6	22.2
Actual company contributions	2.4	1.6
Actual member contributions	0.4	0.4
Expected return on plan assets	1.8	1.7
Actuarial gain/(loss)	2.5	1.7
At 31 December 2010	34.7	27.6

INEOS Enterprises Limited

Notes to the accounts (continued)

Analysis of the amount charged to operating profit	2010 £m	2009 £m
Current service cost	1 7	1 6
Past service cost	-	-
Total operating charge	1 7	1 6

Analysis of the amount charged to other finance costs	2010 £m	2009 £m
Expected return on pension scheme assets	1 8	1 7
Interest on pension scheme liabilities	(2 8)	(2 6)
Net charge	(1 0)	(0 9)

Analysis of amounts recognised in the statement of total recognised gains and losses	2010 £m	2009 £m
Actual return less expected return on pension fund assets	2 5	1 7
Experience losses arising on fund liabilities	(1 0)	-
(Losses)/gains on change of financial and demographic assumptions	(2 3)	(3 5)
Actuarial loss recognised in the statement of total recognised gains and losses	(0 8)	(1 8)

Movement in deficit during the year	2010 £m	2009 £m
Deficit in the fund at beginning of year	(22 8)	(20 1)
Contributions paid	2 4	1 6
Current service cost	(1 7)	(1 6)
Past service cost	-	-
Other finance costs	(1 0)	(0 9)
Actuarial (loss)/gain	(0 8)	(1 8)
Deficit in the fund at end of year, before allowance for deferred tax	(23 9)	(22 8)

INEOS Enterprises Limited

Notes to the accounts (continued)

History of experience gains and losses	2010	2009	2008
Difference between the actual and expected return on fund assets			
Amount	£2.5m	£1.7m	(£5.4m)
% of fund assets at end of year	7.2%	6.2%	(24.3%)
Experience gains/(losses) on fund liabilities			
Amount	(£1.0m)	-	(£9.7m)
% of fund liabilities at end of year	(1.7%)	-	(22.9%)
Total actuarial gain/(loss) recognised in the statement of total recognised gains and losses			
Amount	(£0.8m)	(£1.8m)	(£9.6m)
% of fund liabilities at end of year	(1.4%)	(3.6%)	(22.7%)

25 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 (2009 £nil)	£nil (2009 £nil)	2010: £0.1m 2009: £2.0m

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 (2009 £0.7m)	2010: £nil 2009: £nil
Screencondor Limited	Funding of administrative expenses - £nil (2009 £nil)	2010: £0.1m 2009: £0.1m

INEOS Enterprises Limited

Notes to the accounts (continued)

26 Ultimate Parent Company and Ultimate Controlling Party

The Company's immediate parent undertaking is INEOS Enterprises Group Limited, a company registered in England and Wales

At 31 December 2009, the Company's ultimate parent company was INEOS Limited, a company registered in England and Wales. On 26 March 2010, INEOS Limited was acquired by INEOS AG, a company registered in Switzerland. INEOS AG became the Company's ultimate parent company from this date.

The smallest group that consolidated the Company's financial statements is Kerling plc. The consolidated financial statements of Kerling plc are available to the public and may be obtained from the Company Secretary at Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom. The largest group that consolidates the Company's financial statements is INEOS Limited, a subsidiary of INEOS AG. The consolidated financial statements of INEOS Limited are available to the public and may be obtained from the Company Secretary at Hawkslease, Chapel Lane, Lyndhurst, SO43 7FG, United Kingdom.

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