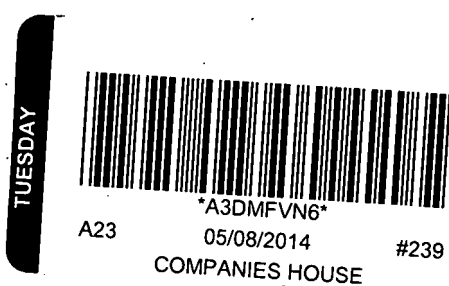


INEOS Enterprises Group Limited
Annual Report and Financial Statements
for the year ended 31 December 2013

Registered Number 4687714



INEOS Enterprises Group Limited

Annual Report and Financial Statements

for the year ended 31 December 2013

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INEOS Enterprises Group Limited

Strategic report for the year ended 31 December 2013

The Directors present their strategic report of INEOS Enterprises Group Limited (the “Company”) and its subsidiary undertakings (together the “Group”) for the year ended 31 December 2013.

Review of the business

The Group consists of 5 discrete businesses:

- Brine and Water – The mining and supply of Brine from salt caverns in Holford, UK.
- Salt – The Manufacture and supply of various grades of salt for use in chemicals to food processing, based in Runcorn, UK.
- Sulphur Chemicals – The manufacture and supply of Sulphuric Acid and Sulphur derivatives from our plant in Runcorn, UK.
- Esters – The manufacture and supply of Esters to be used in the European plasticizers and lubricants market from our facility at Baleycourt, France.
- Biofuels – The production of Bio Diesel from vegetable seed from our production facility in Baleycourt, for sale primarily in France. Previously this was operated solely through our Joint Venture, INEOS Champlor SAS, which during the year became wholly owned by the Group.

Turnover for the year has increased from £219.9m in 2012 to £269.8m in 2013, representing an increase of £49.9m. The Biofuels business has been the largest driver for the increased turnover, with better volumes and average sales prices. Sales volumes were strong in the second half of the year, with increased prices throughout the year. The acquisition of the remaining share capital of INEOS Champlor SAS in December 2013 contributed an additional £8.3m of turnover in that month. There were also improvements in turnover for both the Esters and Salt businesses, mainly driven by volume improvements.

Management of the business performance is mainly measured by reference to earnings before interest, tax, depreciation, amortisation, profits on sale of fixed assets and subsidiary undertakings, and joint venture profits and losses and exceptional items (EBITDA). EBITDA in 2013 was £32.6m (2012: £36.8m), representing a decrease of £4.2m.

The main reasons for the decrease in EBITDA are reductions in the performance of the Sulphur Chemicals and Brine and Water businesses. The Sulphur Chemicals business is operating in more challenging market conditions. The industrial market demand remains steady, despite an uncertain global fertilizer market which has impacted volumes. In the Brine & Water business, brine supply to the chemical sectors continues to suffer from weak demand, whilst other gas storage projects continue to mitigate against this.

The profit on ordinary activities before taxation was £18.5m (2012: £22.5m), representing a decrease of £4.0m showing a similar change to EBITDA.

Key exceptional items

A net exceptional charge, excluding exceptional income on jointly controlled entities, of £0.4m has been recognised in 2013 (2012: net exceptional credit of £0.5m) relating to the exit of employees from the UK defined benefit scheme. This is part of a project to implement pension scheme change in the UK, where costs of £0.4m have been charged in the year to cover further costs of this project, and £0.8m utilised against the provision during 2013. A significant proportion of the UK employees have now been transferred from defined benefit plans into defined contribution plans. All new employees now join a defined contribution plan.

An net exceptional income of £5.8m was recognised in 2013 in relation to the group share of a gain realised when the lenders waived senior loans and bonds owed by INEOS Champlor SAS and a loss recognised for the impairment of the fixed assets in the former joint venture.

Group reorganisations, acquisitions and disposals

On 23 February 2012 the Group disposed of its 100% subsidiary, INEOS Asiatic Chemical Company Limited, to Siam PVS Chemicals Co. Limited, for a total cash consideration of £3.5m, resulting in a gain of £0.7m.

As at 31 December 2012, the Group owned a 50% share in the interest of INEOS Champlor SAS. On 4 December 2013, the Group acquired the remaining 50% of the share capital and shareholder loans of INEOS Champlor SAS for €2, and it became a wholly-owned subsidiary from this date. The acquisition has ensured more stability for the

INEOS Enterprises Group Limited

Strategic report for the year ended 31 December 2013 (Continued)

subsidiary and, along with the existing subsidiary, INEOS Enterprises France SAS, which is on the same site in Baleycourt, France, will ensure that synergies are obtained which will improve the performance of the combined business.

On 17 January 2014, Keuper Gas Storage Limited was incorporated and is a wholly owned subsidiary of the Company from this date.

Other material events in the year

On 14 January 2013, the terms of the Receivables Securitisation Facility entered into on 28 November 2008 by INEOS Norway SPV Limited, a fellow group undertaking, were amended to facilitate the entry in the programme of INEOS Enterprises Limited. On 22 October 2013, the terms of the Receivables Securitisation Facility entered into on 28 November 2008 by INEOS Norway SPV Limited were amended to facilitate the entry in the programme of INEOS Enterprises Group Limited.

Principal risks and uncertainties

The Group's operations mean that the business is exposed to risks from changing market demand, adverse changes to raw material prices and increases in competition. These risks are expected for a European Chemicals manufacturer and are continually monitored through reference to our financial performance and where appropriate through the use of hedging instruments to secure margin.

Operating within the Chemical industry, our businesses are highly regulated, with Environmental, Health and Safety laws and regulations governing our operations and providing our licence to operate. The Group places compliance with these laws and regulations as the number one priority and has a "best in class" reputation within the Industry.

Financial risk management

The Group's operations expose it primarily to foreign exchange and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group where appropriate. The group is part of a cash pooling arrangement with fellow group undertakings and therefore has no direct exposure to liquidity or debt market risk. Interest rate exposures are not material to the group as the group has no outstanding loan balances. Foreign exchange losses arise from balances with other group companies or normal trading balances. The group makes use of natural hedge relationships and if needed, through the use of hedging instruments, which limits its exposure to movements in foreign exchange rates.

The Group is exposed to commodity price risk as a result of its operations. Where it is cost-effective to do so, this risk is managed by the use of hedging instruments particularly with reference to the Biodiesel business. The Group manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties.

Strategic future developments

On 1 June 2014, the trade and assets of the Salt, Sulphur Chemicals and Esters businesses were sold from INEOS Enterprises Limited, a wholly owned subsidiary of the Company, to the Company. This reorganisation does not impact the Group results.

In response to the ongoing reduction in economic activity across Europe combined with other pressures such as competition, raw material and selling price pressure, the Group announced a business improvement programme during 2014. This programme is aimed at improving the overall cost base of the businesses to help underpin long term competitiveness. The business improvement programme will see the implementation of a more streamlined senior management team and is expected to deliver a reduction in fixed costs across all sites. Together with other improvement processes, the Directors consider the Group to be well placed to take advantage of the opportunities that are expected to arise in 2014.

On behalf of the Board



MJ Maher
Director

31/7/14

INEOS Enterprises Group Limited

Directors' report for the year ended 31 December 2013

The directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2013.

Dividends

During the year the Company paid a cash dividend of £3.4m (2012: £3.2m).

Review of the business

Refer to the strategic report on page 1.

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 developments

As noted in the strategic report, the Directors consider the Group to be well placed to take advantage of the opportunities that are expected to arise in 2014.

Directors

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

A Moorcroft
TP Crotty
MJ Maher
A White
G Leask

Qualifying third party indemnity

The directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Employees

The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged through regular briefing bulletins and newsletters so that all employees have a common awareness of the financial and economic factors affecting the Group's performance.

The Group operates in full accordance with prevailing employment legislation including formal consultation with employees and their representatives on matters affecting their interests. Outside of any necessary formal consultation process, there are regular briefings between the Company and the Works Councils/Trade Union bodies in each region, as well as via a Group Employee Forum that operates at pan INEOS level.

The Group facilitates a number of schemes designed to encourage employees to deliver key business targets. This includes an Employee Share Scheme (private equity) and a discretionary Business Bonus Scheme, both of which are designed to focus attention on key areas of performance such as SHE, EBITDA, working capital, plant reliability and fixed costs. The discretionary Business Bonus Scheme incentivises employees to meet key targets each year through the potential to receive a bonus payout. Each individual also has a set of personal review targets that are used as the basis of rewarding individual performance through pay increases or one-off special bonuses.

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. In the event of staff becoming disabled, every effort is made to ensure their continued employment with the Group and to provide suitable adjustments to the workplace where appropriate.

INEOS Enterprises Group Limited

Directors' report for the year ended 31 December 2013 (continued)

Political and charitable contributions

The Group made no political contributions during the year (2012: £nil). Charitable donations amounted to £227 (2012: £360).

Financial risk management

Financial risk management policies have been disclosed in the strategic report on page 2.

Post balance sheet event

On 1 June 2014, the appropriate trade and assets of the Salt, Sulphur Chemicals and Esters businesses were sold from INEOS Enterprises Limited, a wholly owned subsidiary of the Company, to the Company. This reorganisation does not impact the Group results.

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 Company and the Group 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.

Independent Auditors

The 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.

On behalf of the Board



MJ Maher
Director

31/7/14

INEOS Enterprises Group Limited

Independent auditors' report to the members of INEOS Enterprises Group Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent company financial statements (the "financial statements"), which are prepared by INEOS Enterprises Group Limited, comprise:

- the group and company balance sheets as at 31 December 2013;
- the group profit and loss account and group statement of total recognised gains and losses for the year then ended;
- the group cash flow statement for the year then ended;
- the group and company reconciliation of movements in total shareholders' funds for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

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).

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

What an audit of financial statements involves

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

- whether the accounting policies are appropriate to the group's and the 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.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INEOS Enterprises Group Limited

Independent auditors' report to the members of INEOS Enterprises Group Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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



Paul Christian (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Liverpool

31/7/2014

INEOS Enterprises Group Limited

Group profit and loss account for the year ended 31 December 2013

	Note	2013 £m	2012 £m
Turnover – group and share of joint ventures		337.5	269.4
Less: Share of joint ventures' turnover	10	(67.7)	(49.5)
Group turnover	2	269.8	219.9
Cost of sales before exceptional items		(222.5)	(167.7)
Exceptional cost of sales	3	(0.3)	0.4
Total cost of sales		(222.8)	(167.3)
Gross profit		47.0	52.6
Selling and distribution costs		(17.9)	(16.1)
Administrative expenses before exceptional items		(12.5)	(12.7)
Exceptional administrative (costs)/ income	3	(0.1)	0.1
Total administrative expenses		(12.6)	(12.6)
Group operating profit	1,2	16.5	23.9
Share of operating loss in joint ventures		(2.3)	(0.6)
Share of exceptional profit in joint ventures	10	5.8	-
Total operating profit: group and share of joint venture		20.0	23.3
Profit on disposal of subsidiary undertaking	11	-	0.7
Profit on disposal of fixed assets		0.1	-
Interest receivable - Group		0.1	0.3
Interest payable - Group		(0.8)	(0.1)
Interest – joint venture		(0.6)	(0.8)
Net interest payable	6	(1.3)	(0.6)
Other finance costs	26	(0.3)	(0.9)
Profit on ordinary activities before taxation		18.5	22.5
Tax on profit on ordinary activities - Group		(8.1)	(6.6)
Tax on profit on ordinary activities – joint venture		-	-
Tax on profit on ordinary activities	7	(8.1)	(6.6)
Profit for the financial year	21	10.4	15.9

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 financial statements of the Company is £3.4m (2012: £3.2m).

INEOS Enterprises Group Limited

Group balance sheet as at 31 December 2013

	Note	2013 £m	2012 £m
Fixed assets			
Intangible assets	8	-	0.3
Tangible assets	9	110.4	89.0
Share of joint venture gross assets		-	30.8
Share of joint venture gross liabilities		-	(27.6)
Interest in joint venture	10	-	3.2
		110.4	92.5
Current assets			
Stocks	12	11.0	8.5
Debtors – amounts falling due within one year	13	23.8	31.5
Debtors – amounts falling due after more than one year	13	9.7	10.1
Cash deposits held with Group undertakings	14	28.6	8.9
Cash at bank and in hand	17	2.2	4.4
		75.3	63.4
Creditors – amounts falling due within one year	15	(50.8)	(34.0)
Net current assets		24.5	29.4
Total assets less current liabilities		134.9	121.9
Creditors - amounts falling due after more than one year	16	(0.4)	(0.7)
Provisions for liabilities	18	(1.5)	(1.9)
Deferred income	19	(15.0)	(6.5)
Net assets before pension liability		118.0	112.8
Pension liability	26	(16.6)	(14.5)
Net assets after pension liability		101.4	98.3
Capital and reserves			
Called up share capital	20	-	-
Profit and loss account	21	71.4	68.3
Other reserves	21	30.0	30.0
Total shareholders' funds		101.4	98.3

The financial statements on pages 7 to 36 were approved by the Board of Directors on 31/7/14 and are signed on its behalf by



MJ Maher

INEOS Enterprises Group Limited

Company balance sheet as at 31 December 2013

	Note	2013 £	2012 £
Fixed assets			
Investment in subsidiary undertakings	10	186	186
Current assets			
Debtors – amounts falling due within one year	13	5,021	5,021
		5,021	5,021
Creditors – amounts falling due within one year	15	(2,223)	(2,223)
Net current assets		2,798	2,798
Net assets		2,984	2,984
Capital and reserves			
Called up share capital	20	1,780	1,780
Share premium account	21	275	275
Profit and loss account	21	901	901
Other reserves	21	28	28
Total shareholders' funds		2,984	2,984

The financial statements on pages 7 to 36 were approved by the Board of Directors on 31/7/14 and are signed on its behalf by



MJ Maher

INEOS Enterprises Group Limited

Registered no. 4687714

INEOS Enterprises Group Limited

Group cash flow statement for the year ended 31 December 2013

	Note	2013 £m	2012 £m
Net cash inflow from operating activities	22	50.7	23.7
Returns on investment and servicing of finance			
Interest received		-	0.3
Interest paid		(0.5)	-
Net cash (outflow)/inflow from returns on investment and servicing of finance		(0.5)	0.3
Tax paid		(8.1)	(9.0)
Capital expenditure			
Proceeds from sale of property, plant and equipment		0.1	-
Purchase of tangible fixed assets		(18.0)	(15.3)
Net cash outflow from capital expenditure		(17.9)	(15.3)
Acquisitions and disposals			
Increase in investment in joint venture (including loans and costs)		(4.3)	-
Cash acquired with joint venture	11	1.0	-
Proceeds from disposal of business	11	-	3.7
Cash disposed of with business	11	-	(0.2)
Net cash (outflow)/inflow from acquisitions and disposals		(3.3)	3.5
Equity dividends paid to shareholders		(3.4)	(3.2)
Net cash inflow before financing	23	17.5	-
Financing			
(Increase)/decrease in cash deposits held with group undertakings	14	(19.7)	0.8
Net cash (outflow)/inflow from financing		(19.7)	0.8
(Decrease)/increase in net cash	23	(2.2)	0.8

INEOS Enterprises Group Limited

Group statement of total recognised gains and losses for the year ended 31 December 2013

	2013 £m	2012 £m
Profit for the financial year	10.4	15.9
Actuarial (loss)/gain recognised in the pension scheme (Note 26)	(4.2)	6.1
Movement in deferred tax relating to pension actuarial (loss)/gain	0.8	(1.4)
Exchange translation effect on net assets of subsidiaries	(0.5)	(0.1)
Total recognised gains and losses for the financial year	6.5	20.5

Group reconciliation of movements in total shareholders' funds for the year ended 31 December 2013

	2013 £m	2012 £m
Profit for the financial year	10.4	15.9
Dividends paid	(3.4)	(3.2)
Actuarial (loss)/gain recognised in the pension scheme (Note 26)	(4.2)	6.1
Movement in deferred tax relating to pension actuarial (loss)/gain	0.8	(1.4)
Exchange translation effect on net assets of subsidiaries	(0.5)	(0.1)
Net increase in total shareholders' funds	3.1	17.3
Total shareholders' funds at the start of the year	98.3	81.0
Total shareholders' funds at the end of the year	101.4	98.3

Company reconciliation of movements in total shareholders' funds for the year ended 31 December 2013

	2013 £	2012 £
Profit for the financial year	3,360,000	3,177,600
Dividends paid	(3,360,000)	(3,177,600)
Net increase in total shareholders' funds	-	-
Total shareholders' funds at the start of the year	2,984	2,984
Total shareholders' funds at the end of the year	2,984	2,984

INEOS Enterprises Group Limited

Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

Going Concern

The Directors have considered the Group's projected future cash flows and working capital requirements and are confident that the Group has sufficient cash flows to meet its working capital requirements for the next twelve months. Accordingly the financial statements have been prepared on the going concern basis.

Group consolidation

The Group financial statements include the financial statements of INEOS Enterprises Group 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 Group 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 Group’s UK subsidiary, INEOS Enterprises Limited, 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 INEOS Enterprises Limited. The pension scheme is a multi-employer pension scheme for employees of INEOS Enterprises Limited, INEOS ChlorVinyls 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 INEOS Enterprises Limited, INEOS ChlorVinyls 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 ChlorVinyls Limited constitutes the largest percentage of the Fund’s liabilities, the inactive members’ liabilities are allocated to INEOS ChlorVinyls Limited;
- the plan assets are allocated between the entities based on the allocation of the liabilities between the various entities;
- the expected 2013 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 2013 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 ChlorVinyls Limited, all benefit payments are assumed to be paid by INEOS ChlorVinyls Limited.

The directors believe that this approach represents a consistent and reasonable basis of accounting for the scheme.

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 Group 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 and its subsidiaries are part of Kerling plc and its results are included in the consolidated financial statements of Kerling plc, which are available to the public. Under the terms of Financial Reporting Standard 8 the Group is exempt from disclosing related party transactions with entities that form part of the Kerling plc group and the Group 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 Holdings Luxembourg SA, a subsidiary of INEOS AG, the Company's ultimate parent undertaking. INEOS Holdings Luxembourg SA 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 AG.

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 Group Limited

Notes to the financial statements

1 Operating profit

Operating profit is stated after charging/(crediting):

	2013 £m	2012 £m
Auditors' remuneration		
Audit fees	0.1	0.1
Non-audit services	-	-
Depreciation	15.5	12.5
Amortisation	0.6	0.4
Rentals payable under operating leases:		
Plant and machinery	0.3	0.3
Other	-	-

Audit fees relating to the company total £43,000 (2012: £42,000).

2 Segmental Information

2013	UK	Europe	Asia Pacific	Other	Total
	£m	£m	£m	£m	£m
Turnover, by destination:	97.5	169.3	-	3.0	269.8
Analysis by origin:					
Turnover	152.2	117.6	-	-	269.8
Operating profit	15.4	1.1	-	-	16.5
Total assets less current liabilities	117.0	17.9	-	-	134.9
2012	UK	Europe	Asia Pacific	Other	Total
	£m	£m	£m	£m	£m
Turnover, by destination:	94.2	120.8	0.3	4.6	219.9
Analysis by origin:					
Turnover	148.5	69.8	1.6	-	219.9
Operating profit	21.8	2.0	0.1	-	23.9
Total assets less current liabilities	122.6	(0.7)	-	-	121.9

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

3 Exceptional (costs)/income

	2013 £m	2012 £m
Exceptional (cost)/income included in cost of sales:		
Pension scheme change	(0.3)	0.4
Exceptional (cost)/income included in administrative expenses		
Pension scheme change	(0.1)	0.1
Total exceptional (cost)/income	(0.4)	0.5

The defined benefit pension schemes of the UK based employees have been under review and a project to implement pension scheme change commenced in 2010. As part of this project, certain employees exiting from the UK defined benefit schemes into a defined contribution scheme have received transition payments. The exceptional item includes the costs of these transition payments and legal advice relating to this project.

4 Directors' emoluments

	2013 £m	2012 £m
Aggregate emoluments	0.2	0.2
Sums paid to related parties for directors' services	0.1	0.1
	0.3	0.3
Highest Paid Director		
Aggregate emoluments	0.1	0.1
Company pension contributions to defined benefit scheme	-	-
Accrued pension at the end of the year	0.1	0.1

Three directors have retirement benefits accruing under a defined benefit pension scheme. (2012: Four).

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

5 Staff numbers and costs

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

Analysis by function	2013 Number	2012 Number
Production	241	249
Distribution	37	37
Administration	84	81
	362	367

The aggregate payroll costs of these people were as follows:

	2013 £m	2012 £m
Wages and salaries	14.7	14.2
Social security costs	2.5	2.4
Other pension costs	1.9	1.9
	19.1	18.5

6 Net interest payable

	2013 £m	2012 £m
Interest payable on borrowings totally repayable within 5 years	(1.4)	(0.9)
Interest receivable and similar income	0.1	0.3
Net interest payable	(1.3)	(0.6)

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

7 Tax on profit on ordinary activities

a) Analysis of the charge for the year	2013 £m	2012 £m
UK Corporation Tax at 23.25% (2012: 24.5%) - current year	6.2	7.0
Overseas taxation – current year	0.6	-
Current taxation	6.8	7.0
Deferred taxation – current year	(2.4)	(0.4)
Changes in tax rates or laws	1.6	-
Deferred taxation – prior year	2.1	-
Deferred taxation	1.3	(0.4)
Share of joint venture taxation	-	-
Tax charge for year	8.1	6.6

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2012: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2013 £m	2012 £m
Profit on ordinary activities before taxation	18.5	22.5
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	4.3	5.5
Effects of:		
Expenses not deductible for tax purposes	0.8	-
Depreciation in excess of capital allowances	3.5	2.2
Pension timing differences	(0.5)	(1.1)
Overseas taxation effect	(1.3)	0.4
Tax charge for year	6.8	7.0

(c) Factors which may affect future tax charges

The Finance Act 2013 was substantively enacted on 2 July 2013 and included legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and further reduce to 20% from 1 April 2015. The deferred tax asset at 31 December 2013 has been re-measured accordingly to 20%.

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

7 Tax on profit on ordinary activities (continued)

(d) Deferred Taxation

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

Group	Provided 2013 £m	2012 £m
Arising from accelerated capital allowances	8.3	8.6
Pensions (Note 26)	4.1	4.3
Total	12.4	12.9

Deferred taxation arising from accelerated capital allowances is included within debtors falling due after more than one year. Deferred taxation on the pension liability is netted against the liability in the financial statements.

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

	Group Provided £m
At 1 January 2013	12.9
Current year charge	(1.3)
Movement relating to pension liability	0.8
At 31 December 2013	12.4

There are no unprovided deferred tax balances (2012: £nil).

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

8 Intangible assets

Group	Positive Goodwill £m	Other £m	Total £m
Gross book value			
At 1 January 2013	7.1	0.1	7.2
Additions (note 11)	0.3	-	0.3
At 31 December 2013	7.4	0.1	7.5
Accumulated amortisation			
At 1 January 2013	6.8	0.1	6.9
Charge for the year	0.6	-	0.6
At 31 December 2013	7.4	0.1	7.5
Net Book Value			
At 31 December 2012	0.3	-	0.3
At 31 December 2013	-	-	-

Additions to goodwill relates to goodwill generated on the acquisition of the remaining 50% interest in INEOS Champlor SAS (note 11). In the opinion of the directors the goodwill was deemed to be immaterial and was subsequently amortised in full to the Profit and Loss Account during the year.

The company has no intangible assets (2012: £nil).

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

9 Tangible assets

(a) Group	Land and buildings £m	Plant and machinery £m	Assets under construction £m	Total £m
Cost				
At 1 January 2013	6.8	136.4	19.9	163.1
Exchange difference	0.2	(0.1)	-	0.1
Acquisitions	-	17.6	-	17.6
Additions	-	-	19.1	19.1
Disposals	-	(2.8)	-	(2.8)
Transfers	0.1	29.9	(30.0)	-
At 31 December 2013	7.1	181.0	9.0	197.1
Accumulated depreciation				
At 1 January 2013	1.7	72.4	-	74.1
Exchange difference	0.1	(0.2)	-	(0.1)
Charge for the year	0.2	15.3	-	15.5
Disposals	-	(2.8)	-	(2.8)
At 31 December 2013	2.0	84.7	-	86.7
Net book value				
At 31 December 2012	5.1	64.0	19.9	89.0
At 31 December 2013	5.1	96.3	9.0	110.4

All of the net book value of land and buildings relates to freehold properties.

The company has no tangible assets (2012: £nil).

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

10 Investment in subsidiaries and joint ventures

Group	Joint ventures Total £m
At 1 January 2013	3.2
Increase in loans	3.8
Group share of loss before exceptional items for the year	(2.9)
Group share of exceptional profit for the year	5.8
Total investment	9.9
Reclassify loans to group balances	(10.0)
Exchange difference	0.1
At 31 December 2013	-

The group investment in joint ventures comprises loans, share capital and accumulated profits and losses.

The group share of exceptional profit for the year of £5.8 million (2012: £nil) relates to the net of a gain realised when the lenders waived senior loans and bonds owed by INEOS Champlor SAS and a loss recognised for the impairment of the fixed assets.

Following the acquisition on 4 December 2013 the group loans were reclassified to intergroup loans.

The following amounts represent the Group's share in the Joint Venture INEOS Champlor SAS, a company incorporated in France and 50% owned by the group up until the acquisition on 4 December 2013 of the remaining 50% not previously owned by the Group. INEOS Champlor SAS is involved in the manufacture and sale of bio-diesel products.

	2013 £m	2012 £m
Turnover	67.7	49.5
Loss before taxation	(2.9)	(1.4)
Exceptional profit	5.8	-
Taxation	-	-
Profit/(loss) after taxation	2.9	(1.4)
Fixed assets	-	21.5
Current assets	-	9.3
Liabilities due within one year	-	(12.2)
Liabilities due after one year or more	-	(15.4)

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

10 Investment in subsidiaries and joint ventures (continued)

Company	Subsidiaries			Joint ventures		
	Shares	Loans	Total	Shares	Loans	Total
Cost and net book value	£	£	£	£	£	£
At 1 January and 31 December 2013	186	-	186	-	-	-

At 31 December 2013 the Company's investments were as follows, all of which are included within the consolidated Group financial statements were as follows:

Investment	Country of registration or incorporation	Principal activity	Class/percentage of shares held
Subsidiary undertakings			
INEOS Enterprises II Limited	England	Holding Company	Ordinary 100%
INEOS Enterprises Newco 1 Limited	England	Dormant	Ordinary 100% (i)
INEOS Enterprises Limited	England	Chemicals manufacturing and selling	Ordinary 100%
INEOS Enterprises France SAS	France	Chemicals manufacturing and selling	Ordinary 100% (ii)
INEOS Enterprises LLC	USA	Holding Company	Ordinary 100% (ii)
INEOS Champlor SAS	France	Biodiesel manufacture	Ordinary 100% (ii)

(i) Shares owned by INEOS Enterprises II Limited

(ii) Shares owned by INEOS Enterprises Limited

The directors consider the value of the investments to be supported by their underlying assets.

As at 31 December 2012, the Group owned a 50% share in the interest of INEOS Champlor SAS. On 4 December 2013, the Group acquired the remaining 50% interest in the company, and it became a subsidiary from this date. See note 11 for further details.

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

11 Acquisitions and Disposals

(a) Acquisition of INEOS Champlor SAS

On 4 December 2013, the Group acquired the remaining 50% of the interest in INEOS Champlor SAS not previously owned by the Group for a cash consideration of €2. The positive goodwill arising from this acquisition of £0.3m has been recognised as an intangible asset and is calculated as follows:

	Book value £m	Fair value adjustments £m	Fair value on acquisition £m
Fixed assets	17.6	-	17.6
Stocks	3.0	-	3.0
Debtors – amounts falling due within one year	29.5	0.5	30.0
Cash	1.0	-	1.0
Creditors – amounts falling due within one year	(42.0)	0.6	(41.4)
Net assets acquired	9.1	1.1	10.2
Consideration			
Eliminate investment held by INEOS Enterprises Limited			10.5
Positive goodwill on acquisition			0.3

Included within consideration are loans to INEOS Champlor SAS of £10.0m (note 10) and acquisition related costs of £0.5m relating to legal fees and due diligence costs.

The fair value adjustments reflect the Group's assessment of balance sheet debtors and creditors.

In the eleven months to 4 December 2013, INEOS Champlor SAS generated revenue of £135.4 million (100% share) and a loss of £5.4 million (100% share) before exceptional items. If the acquisition had occurred on 1 January 2013, management estimates that consolidated profit would have been roughly similar, as the profit is mostly related to the restructuring of the external debts, which would have taken place in a similar manner.

(b) Disposal Asiatic Chemical Company Limited

On 23 February 2012 the Group sold 100% of its shareholding in INEOS Asiatic Chemical Company Limited to Siam PVS Chemicals Co. Limited for cash consideration of £3.5m. The profit on disposal of £0.7m is calculated as follows:

	2012 £m
Fixed assets	1.0
Stocks	0.7
Debtors – amounts falling due within one year	2.1
Cash	0.2
Creditors – amounts falling due within one year	(1.2)
Net assets disposed	2.8
Cash consideration	3.5
Profit on disposal	0.7

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

12 Stocks

Group

	2013 £m	2012 £m
Raw materials and consumables	6.5	4.8
Work in progress	0.3	0.6
Finished goods	4.2	3.1
	11.0	8.5

There is no material difference between the replacement cost of assets held for resale and their balance sheet amounts. There are no stocks within the company (2012: £nil).

13 Debtors

Group

	Group	
	2013 £m	2012 £m
Amounts falling due within one year		
Trade debtors	12.0	17.5
Amounts owed by fellow Group undertakings	3.8	3.6
Amounts owed by related parties	0.1	-
Other debtors	6.0	8.9
Prepayments and accrued income	1.9	1.5
	23.8	31.5
Amounts falling due after more than one year		
Deferred Tax (Note 7)	8.3	8.6
Other debtors	1.4	1.5
	9.7	10.1

Amounts owed by subsidiary and fellow Group undertakings comprise of trading balances and are payable on demand.

Company

	Company	
	2013 £	2012 £
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	3,559	3,559
Amounts owed by fellow Group undertakings	1,462	1,462
	5,021	5,021

All debtors are due within one year.

Amounts receivable from subsidiaries and fellow Group undertakings comprise intercompany trade balances and are repayable on demand.

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

14 Cash deposits held with Group undertakings

Group	Group	
	2013 £m	2012 £m
Cash deposits held with Group undertakings	28.6	8.9

The Company participates in a cash-pooling arrangement with certain other fellow Group undertakings, in which any surplus funds are remitted to and held by a fellow banking Group company. The amounts held with Group undertakings are available to repaid to the Company on demand, and attract interest at the rate of LIBOR minus 0.5%.

15 Creditors – amounts falling due within one year

Group	Group	
	2013 £m	2012 £m
Trade creditors	22.9	9.4
Amounts owed to fellow Group undertakings	3.0	2.2
Corporation Tax	2.7	3.8
Other taxes and social security	3.0	2.2
Other creditors	7.0	5.4
Accruals and deferred income	12.2	11.0
	50.8	34.0

Amounts owed to subsidiary and fellow Group undertakings comprises of trading balances and intercompany loans. Intercompany loans are denominated in Euros and interest is charged at 3.937% in line with the groups' loan policy.

Company	Company	
	2013 £	2012 £
Amounts owed to subsidiary undertakings	2,222	2,222
Other creditors	1	1
	2,223	2,223

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

16 Creditors – amounts falling due after more than one year

Group	Group	
	2013 £m	2012 £m
Loan	0.1	0.2
Other creditors	0.3	0.5
	0.4	0.7

Loans represent amounts advanced to the Group in respect of investments in certain infrastructure projects. These loans are repayable at various times after more than one year and do not bear interest.

17 Net borrowings/funds

Group	Group	
	2013 £m	2012 £m
Loan	(0.1)	(0.2)
	(0.1)	(0.2)
Cash at bank and in hand	2.2	4.4
Cash deposits held with Group undertakings (note 14)	28.6	8.9
Net funds	30.7	13.1

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

18 Provisions for liabilities

Group	Retirement Benefits £m	Other £m	Total £m
At 1 January 2013	0.9	1.0	1.9
Charged to profit and loss account	-	0.4	0.4
Utilised	-	(0.8)	(0.8)
Exchange difference	-	-	-
At 31 December 2013	0.9	0.6	1.5

Retirement Benefits and Other provisions

Provisions have been made for the cost of other post-retirement benefits and long service payments relating to the French scheme.

The defined benefit pension schemes of the UK based employees have been under review and a project to implement pension scheme change commenced in 2010. As part of this project, certain employees are exiting from the UK defined benefit schemes and transferring into a defined contribution scheme, receiving transition payments. In 2012, a provision was made to cover the future transition payments and the associated social security costs, of which £0.8m has been paid and utilised against the provision during 2013 with a further £0.4m being charged to the profit and loss account. The provision is anticipated to be fully utilised by the end of the second quarter of 2014.

19 Deferred income

Group	Group £m
Government grants and pre-paid lease income	
At 1 January 2013	10.2
Additions during the year	12.3
Credited to the profit and loss account - amortisation	(3.8)
At 31 December 2013	18.7
Amounts falling due within 1 year – included within accruals and deferred income	3.7
Amounts falling due after more than 1 year – deferred income	15.0

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

20 Called up share capital

Group and Company Equity - ordinary shares of £0.01 each	2013 Number	2013 £	2012 Number	2012 £
Allotted, issued and fully paid	177,984	1,780	177,984	1,780

21 Reserves

Group

	Profit and loss account £m	Other Reserves £m
At 1 January 2013	68.3	30.0
Profit for the financial year	10.4	-
Dividends	(3.4)	-
Actuarial loss in pension scheme (Note 26)	(4.2)	-
Movement in deferred tax relating to actuarial loss on pension scheme	0.8	-
Exchange translation effects	(0.5)	-
At 31 December 2013	71.4	30.0

Company

	Share Premium account £	Profit and loss account £	Other Reserves £
At 1 January 2013	275	901	28
Profit for the financial year	-	3,360,000	-
Dividends	-	(3,360,000)	-
At 31 December 2013	275	901	28

The dividend paid per share in the year was £18.88 (2012: £17.85).

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

22 Net cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities

	2013 £m	2012 £m
Operating profit	16.5	23.9
Depreciation and amortisation	16.1	12.9
Decrease in stocks	0.5	0.7
Decrease in debtors	37.8	(3.4)
Decrease in creditors	(16.7)	(6.3)
Difference between cash contributions and pension charge	(2.6)	(5.6)
Other & non-cash movements	(0.9)	1.5
Net cash inflow from operating activities	50.7	23.7

23 Analysis of net debt

	1 January 2013 £m	Cash flow £m	31 December 2013 £m
Cash at bank and in hand	4.4	(2.2)	2.2
Cash deposits held with Group undertakings	8.9	19.7	28.6
Loans	(0.2)	0.1	(0.1)
Net funds	13.1	17.6	30.7

24 Reconciliation of net cash flow to movement in net funds

	2013 £m	2012 £m
Increase in cash in year	17.5	-
Increase in borrowings	0.1	0.5
Change in net funds resulting from cash flow	17.6	0.5
Non-cash changes	-	-
Movement in net funds in the year	17.6	0.5
Opening net funds	13.1	12.6
Closing net funds	30.7	13.1

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

25 Commitments and contingent liabilities

a) Annual operating lease commitments

Group	Group	
Other	2013 £m	2012 £m
Leases which expire:		
Within one year	0.1	-
Between two and five years	0.2	0.2
After 5 years	-	-
	0.3	0.2

b) Capital commitments

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

Group	Group	
	2013 £m	2012 £m
Contracts placed for future expenditure	1.0	1.0
Expenditure authorised but not yet contracted	2.7	7.9
	3.7	8.9

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	Group	
	2013 £m	2012 £m
Purchase of electric power, until 2016	1.7	2.2
Purchase of electric power and steam, until 2018	35.5	40.5
	37.2	42.7

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

25 Commitments and contingent liabilities (continued)

d) Other commitments

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.

26 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 valuation of the Company plan was 5 April 2010 and this has been updated to 31 December 2013. A full actuarial valuation has also been undertaken with an effective date of 5 April 2013, although the results of this valuation are not yet available. The results of this valuation are expected to be incorporated into the financial statements for the year ended 31 December 2014. The valuation of the scheme used the projected unit method and was carried out by Towers Watson, professionally qualified actuaries. The principal assumptions made by the actuaries were:

	2013 % pa	2012 % pa	2011 % pa	2010 % pa	2009 % pa
Price inflation	3.4	3.0	3.1	3.6	3.6
Discount rate for scheme liabilities	4.5	4.7	5.0	5.5	5.7
Expected return on plan assets over the next year	5.8	6.4	6.6	7.8	7.6
Rate of increases in salaries	3.4	3.0	4.1	4.6	4.6
Rate of increase of pensions in payment	3.1	2.8	2.9	3.5	3.5
Rate of increase for deferred pensioners	2.4	2.3	2.1	2.9	3.5

Material demographic assumption:

	2013 years	2012 years
Expected future lifetime at age 65 for a male currently aged 65	23.2	23.0

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

26 Pension commitments (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 2013		31 December 2012		31 December 2011	
	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	6.4	31.6	7.0	30.3	7.2	26.6
Bonds	3.9	10.5	3.5	6.0	3.8	5.7
Property	6.8	0.1	6.9	0.1	-	-
Other	6.4	12.2	7.0	7.6	7.2	5.0
Total fair value of assets		54.4		44.0		37.3
Present value of scheme liabilities		(75.1)		(62.8)		(66.9)
Deficit in the scheme		(20.7)		(18.8)		(29.6)
Related deferred tax asset		4.1		4.3		7.4
Net pension liability		(16.6)		(14.5)		(22.2)

Reconciliation of present value of scheme liabilities	2013 £m	2012 £m
At 1 January	62.8	66.9
Interest cost	3.0	3.3
Current service cost	0.6	1.6
Past service credit	-	(1.6)
Actual member contributions	0.2	0.4
Actual benefits paid	(0.3)	(0.4)
Loss on change of assumptions	9.1	2.3
Experience gains	(0.5)	(8.8)
Curtailed loss/(gain)	0.2	(0.9)
At 31 December	75.1	62.8

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

26 Pension commitments (continued)

Reconciliation of fair value of scheme assets	2013 £m	2012 £m
At 1 January	44.0	37.3
Actual company contributions	3.4	4.7
Actual member contributions	0.2	0.4
Actual benefits paid	(0.3)	(0.4)
Expected return on plan assets	2.7	2.4
Actuarial gain/(loss)	4.4	(0.4)
At 31 December	54.4	44.0

Analysis of the amount charged to operating profit	2013 £m	2012 £m
Current service cost	0.6	1.6
Past service credit	-	(1.6)
Curtailment loss/(gain)	0.2	(0.9)
Total operating charge/(credit)	0.8	(0.9)

Past service credit and curtailment gain are included within exceptional costs.

Analysis of the amount charged to other finance costs	2013 £m	2012 £m
Expected return on pension scheme assets	2.7	2.4
Interest on pension scheme liabilities	(3.0)	(3.3)
Net charge	(0.3)	(0.9)

Analysis of amounts recognised in the statement of total recognised gains and losses	2013 £m	2012 £m
Actual return less expected return on pension fund assets	4.4	(0.4)
Experience gains arising on fund liabilities	0.5	8.8
Losses on change of financial and demographic assumptions	(9.1)	(2.3)
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	(4.2)	6.1

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

26 Pension commitments (continued)

Movement in deficit during the year	2013 £m	2012 £m
Deficit in the fund at beginning of year	(18.8)	(29.6)
Contributions paid	3.4	4.7
Current service cost	(0.6)	(1.6)
Past service credit	-	1.6
Curtailment (loss)/gain	(0.2)	0.9
Other finance costs	(0.3)	(0.9)
Actuarial (loss)/gain	(4.2)	6.1
Deficit in the fund at end of year	(20.7)	(18.8)

History of experience gains and losses	2013	2012	2011	2010	2009
Difference between the actual and expected return on fund assets					
Amount	£4.4m	(£0.4m)	(£3.7m)	2.5m	£1.7m
% of fund assets at end of year	8.1%	(0.9%)	(9.9%)	7.2%	6.2%
Experience gains/(losses) on fund liabilities					
Amount	£0.5m	£8.8m	(£4.4m)	(£1.0m)	-
% of fund liabilities at end of year	0.7%	14.0%	(6.6%)	(1.7%)	-
Total actuarial (loss)/gain recognised in the statement of total recognised gains and losses					
Amount	(£4.2m)	£6.1m	(£7.5m)	(£0.8m)	(£1.8m)
% of fund liabilities at end of year	(5.6%)	9.7%	(11.2%)	(1.4%)	(3.6%)

Contributions into the defined contribution pensions schemes were £1.3m (2012: £0.3m).

INEOS Enterprises Group Limited

Notes to the financial statements (continued)

27 Related party transactions

Related parties comprise parent companies and their subsidiaries that are not included within the consolidated financial statements of Kerling plc, the smallest and largest group that consolidate the Company's financial statements; entities controlled by the shareholders of INEOS AG, the ultimate parent company of INEOS Enterprises Limited; joint ventures and associated undertakings held by INEOS AG and its subsidiaries; and joint ventures and associated undertakings held by Kerling plc.

INEOS AG owns and controls a number of subsidiaries that are not included in the consolidated financial statements of Kerling plc, including the INEOS Group Holdings SA group and the INEOS Industries Limited group.

INEOS AG and subsidiaries combined

During the year the group derived sales of £2.0m (2012: £1.2m), cost recoveries of £11.8m (2012:£6.1m), purchases of £11.7m (2012:£3.4m) and has a year end amounts payable of £0.7m (2012: receivable £0.4m).

INEOS Technologies Limited

During the year the group derived sales of £nil (2012: £0.1m), cost recoveries of £nil (2012:£0.3m) and has a year end amounts receivable of £0.1m (2012:£0.1m).

28 Ultimate Parent Company and Ultimate Controlling Party

The Company's immediate parent undertaking is INEOS Enterprises Group Holdings (Jersey) Limited, a company registered in Jersey. The Company's ultimate parent company is INEOS AG, a company registered in Switzerland.

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

29 Post balance sheet events

On 1 June 2014, the appropriate trade and assets of the Salt, Sulphur Chemicals and Esters businesses were sold from INEOS Enterprises Limited, a wholly owned subsidiary of the Company, to the Company. This reorganisation does not impact the Group results.