
INEOS Enterprises Group Limited

Annual report and financial statements

Registered number 04687714

Year ended – 31 December 2018

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Section 1 - Strategic Report and Directors' Report

STRATEGIC REPORT

The directors present their Strategic Report of INEOS Enterprises Group Limited (the “Company”) for the year ended 31 December 2018.

Results for the year

The results of the Company are set out in the income statement which shows a total profit before tax for the year of £26.6 million (2017: £9.1 million). Profit before tax for the year for continuing operations was £3.3 million (2017: £2.5 million).

Review of business and future developments

The Company consists of 3 discrete businesses:

- Salt – The manufacture and supply of various grades of salt for use in various industries from chemical manufacture 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 plasticisers and lubricants market from our facility at Baleycourt, France. On 1 August 2018, the Company disposed of the Esters business to a third party and is therefore classified as a discontinued operation throughout this report.

During the year total turnover decreased by £20.0 million to £104.8 million primarily due to the disposal of the Esters business from the Company to a third party on 1 August 2018. Turnover from continuing operations increased by 11% to £60.2 million with both the Salt and Sulphur Chemicals businesses growing revenues in the year.

On 1 August 2018, the Company disposed of its Esters business division and its shareholding in INEOS Enterprises France SAS and INEOS Champlor SAS to a third party generating a gain on the disposal of £20.7 million.

An exceptional charge of £1.4 million has been recognised in 2018 due to extreme weather conditions interrupting the operation and utilities supply of the Salt business.

Strategy and future developments

The Company’s corporate strategy is to continue growing profitability and cash flows by optimising the cost base of the businesses, increasing the focus on high margin products and further product diversification, leveraging existing resources to expand sales and keeping the overall management structure of the Company simple and decentralised. The recent decision for the UK to leave the EU could potentially cause volatility in the markets in which the Company operates. In the short term, foreign exchange movements may be affected by the decision by the UK to leave the EU, but the impact of such changes are expected to be limited. In the longer term, demand for products and the cost of supplies may be impacted but this is not considered to be significant.

Principal risks and uncertainties

The Company’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 the Company’s financial performance and where appropriate through the use of hedging instruments to secure margin. Operating within the Chemical Industry, the Company’s businesses are highly regulated, with Environmental, Health and Safety laws and regulations governing its operations and providing its licence to operate.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

The Company places compliance with these laws and regulations as the number one priority and has a “best in class” reputation within the industry in which it operates.

Key performance indicators

The Company uses a number of key performance indicators (“KPIs”) to monitor performance. These KPIs are monitored for the Company as a whole, compared to budget:

- EBITDA – earnings before interest, tax, depreciation, amortisation, and exceptional items. EBITDA from continuing operations for 2018 was £10.0 million (2017: £7.7 million).
- Fixed costs.
- Working capital ratios – debtor days – indicating the average length of time it takes to receive cash from a sale; and creditor days - indicating the average length of time it takes to pay cash for a purchase.

Approved and signed on behalf of the board



M J Maher
Director
16 September 2019
Registered number 04687714

DIRECTORS' REPORT

The directors present their report and audited financial statements of the Company for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is the manufacture and sale of a range of chemical products used in various chemical applications.

Review of the business and future developments

Refer to the Strategic Report on pages 4 and 5.

Dividends

During the year the Company paid a cash dividend of £71.3 million (2017: £1.8 million).

Financial risk management

The Company's operations expose it primarily to foreign exchange and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company where appropriate. The Company manages its foreign currency exposure by spot currency trading where necessary. Interest rate exposures are not material to the Company as the Company has no external outstanding interest bearing loan balances. Foreign exchange losses arise from balances with other Group companies or normal trading balances. The Company makes use of natural hedge relationships and through the use of hedging instruments, which limits its exposure to movements in foreign exchange rates.

The Company 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. The Company manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties.

Research and development

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

Political and charitable contributions

The Company made no political nor charitable contributions during the year (2017: £nil).

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.

DIRECTORS' REPORT (continued)

Employees

The Company places considerable importance on communication with employees. This is to ensure that employees at all levels of the organisation are kept aware of key business developments, and in particular financial performance. This is achieved through the monthly distribution to every employee of a business results "snapshot" report covering headline safety, health and environment ("SHE") and financial performance. Business news items are also communicated to the organisation either via cascade or direct to individuals via email, Bulletin Boards and Intranet facilities. Work groups in the manufacturing areas have daily "toolbox talks" that cover SHE, critical operational items for the day and business developments.

The Company 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 Company facilitates a number of schemes designed to encourage employees to deliver key business targets. This includes a discretionary Business Bonus Scheme, which is 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 period through the potential to receive a bonus pay-out. 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.

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Events after the balance sheet date

As part of a wider INEOS restructuring, the Company sold its shareholding in INEOS Sulphur Chemicals Spain SLU for €4.1 million to INEOS Enterprises Holdings Limited, an intermediate parent company.

The immediate parent undertaking of the Company at 31 December 2018 was INEOS Enterprises Group Holdings (Jersey) Limited, a company registered in Jersey. On 5 March 2019, the Company's immediate parent was sold to INOVYN Finance plc, a sister company, as part of a wider INEOS restructuring. The Company's ultimate parent company remains unchanged as INEOS Limited, a company registered in Isle of Man.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;

DIRECTORS' REPORT (continued)

Statement of directors' responsibilities (continued)

- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

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

A White (Resigned 5 March 2019)
A Brown (Resigned 5 March 2019)
J A Nicolson (Resigned 5 March 2019)
J D Taylorson (Appointed 5 March 2019)
C E Tane (Appointed 5 March 2019)
M J Maher (Appointed 5 March 2019)
F Rourke (Appointed 5 March 2019)
A Moorcroft (Appointed 5 March 2019)

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware.
- each director has taken all the steps that he ought to have taken in his duty as 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.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Registered address

Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom.

Approved and signed on behalf of the board



M J Maher
Director
16 September 2019
Registered number 04687714

Section 2 - Financial Statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS ENTERPRISES GROUP LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, INEOS Enterprises Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2018; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS ENTERPRISES GROUP LIMITED (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on pages 7 and 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INEOS ENTERPRISES GROUP LIMITED (continued)

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Michael Jeffrey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
16 September 2019

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 Continuing Operations	2018 Discontinued Operations £m	2018 Total
Turnover	2	60.2	44.6	104.8
Cost of sales	3	(41.2)	(40.4)	(81.6)
Gross profit		19.0	4.2	23.2
Distribution costs	3	(11.0)	(1.5)	(12.5)
Administrative expenses before exceptional items		(5.6)	(0.1)	(5.7)
Exceptional administrative expenses	4	(1.4)	-	(1.4)
Total administrative expenses	3	(7.0)	(0.1)	(7.1)
Total expenses		(18.0)	(1.6)	(19.6)
Operating profit		1.0	2.6	3.6
Profit on disposal of business	8	-	20.7	20.7
Profit before net finance costs		1.0	23.3	24.3
Total finance income	6	3.7	-	3.7
Total finance costs	6	(1.4)	-	(1.4)
Net finance income	6	2.3	-	2.3
Profit before tax		3.3	23.3	26.6
Tax charge	7	(1.1)	-	(1.1)
Profit for the financial year		2.2	23.3	25.5

The notes on pages 18 to 41 are an integral part of the financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 Continuing Operations Restated	2017 Discontinued Operations Restated £m	2017 Total
Turnover	2	54.3	70.5	124.8
Cost of sales	3	(39.4)	(61.4)	(100.8)
Gross profit		14.9	9.1	24.0
Distribution costs	3	(11.0)	(2.4)	(13.4)
Administrative expenses before exceptional items		(3.9)	(0.2)	(4.1)
Exceptional administrative expenses	4	(0.5)	-	(0.5)
Total administrative expenses	3	(4.4)	(0.2)	(4.6)
Total expenses		(15.4)	(2.6)	(18.0)
Operating (loss)/profit		(0.5)	6.5	6.0
Total finance income	6	4.5	0.1	4.6
Total finance costs	6	(1.5)	-	(1.5)
Net finance income	6	3.0	0.1	3.1
Profit before tax		2.5	6.6	9.1
Tax charge	7	(0.2)	(1.6)	(1.8)
Profit for the financial year		2.3	5.0	7.3

The notes on pages 18 to 41 are an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>2018</u>	<u>2017</u>
	£m	
Profit for the year	<u>25.5</u>	<u>7.3</u>
Other comprehensive profit/(loss):		
Items that will not be reclassified to profit or loss:		
Actuarial gain on post-employment benefit scheme	<u>0.3</u>	<u>9.0</u>
	<u>0.3</u>	<u>9.0</u>
Items that may subsequently be recycled to profit or loss:		
Foreign exchange translation difference recognised directly in equity	<u>(0.5)</u>	<u>0.4</u>
	<u>(0.5)</u>	<u>0.4</u>
Other comprehensive (loss)/profit for the year net of tax	<u>(0.2)</u>	<u>9.4</u>
Total comprehensive profit for the year attributable to the owners of the parent	<u><u>25.3</u></u>	<u><u>16.7</u></u>

The notes on pages 18 to 41 are an integral part of the company financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	<u>Note</u>	<u>2018</u>	<u>2017</u>
		£m	
Non-current assets			
Property, plant and equipment	9	34.1	36.9
Intangible assets	10	-	0.1
Investments	11	3.5	17.7
Trade and other receivables	12	19.0	21.7
Deferred tax assets	13	3.3	4.2
		<u>59.9</u>	<u>80.6</u>
Current assets			
Stocks	14	6.7	9.5
Trade and other receivables	12	71.7	90.1
Cash and cash equivalents	15	12.4	2.2
		<u>90.8</u>	<u>101.8</u>
Total assets		<u>150.7</u>	<u>182.4</u>
 Creditors amounts falling due within one year	16	(40.3)	(30.3)
Net current assets		<u>50.5</u>	<u>71.5</u>
Total assets less current liabilities		<u>110.4</u>	<u>152.1</u>
Creditors amounts falling due after more than one year	17	(70.0)	(63.4)
Employee benefits	19	(8.2)	(10.2)
Provisions for liabilities	18	-	(0.3)
Net assets		<u>32.2</u>	<u>78.2</u>
 Equity attributable to owners of the parent			
Called up share capital	21	-	-
Retained earnings		55.7	101.7
Merger reserve		(23.5)	(23.5)
Total equity		<u>32.2</u>	<u>78.2</u>

The notes on pages 18 to 41 are an integral part of the financial statements.

These financial statements on pages 13 to 41 were approved by the Board of Directors on 16 September 2019 and signed on its behalf by:



M J Maher
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>Share capital</u>	<u>Merger reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
	£m			
Balance at 1 January 2017	-	(23.5)	86.8	63.3
Profit for the financial year	-	-	7.3	7.3
Other comprehensive income:				
Foreign exchange translation difference recognised directly in equity	-	-	0.4	0.4
Actuarial gain on post-retirement benefit scheme	-	-	9.0	9.0
Transactions with owners, recorded directly in equity:				
Dividends paid (note 22)	-	-	(1.8)	(1.8)
Balance at 31 December 2017	-	(23.5)	101.7	78.2
Profit for the financial year	-	-	25.5	25.5
Other comprehensive expense:				
Foreign exchange translation difference recognised directly in equity	-	-	(0.5)	(0.5)
Actuarial gain on post-retirement benefit scheme	-	-	0.3	0.3
Transactions with owners, recorded directly in equity:				
Dividends paid (note 22)	-	-	(71.3)	(71.3)
Balance at 31 December 2018	-	(23.5)	55.7	32.2

The notes on pages 18 to 41 are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

Overview

INEOS Enterprises Group Limited (the “Company”) is a private company limited by shares incorporated, registered and domiciled in England, UK. The nature of the operations and principal activities of the Company is the manufacture and sale of chemical based products which are used in a variety of applications. The Company’s registered address is INEOS Enterprises Group Limited, Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom.

Basis of Accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s parent undertaking, INEOS Enterprises Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of INEOS Enterprises Holdings Limited are prepared in accordance with International Financial Reporting Standards (IFRS), are available to the public and can be obtained from INEOS Enterprises Holdings Limited, Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of INEOS Enterprises Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements under the historic cost convention.

1. ACCOUNTING POLICIES (continued)

New standards, amendments and IFRIC interpretations

IFRS 9 is a new accounting standard that is effective for the year ended 31 December 2018 and has an impact on the company (note 1.3). There are no other amendments to accounting standards that are effective for the year ended 31 December 2018 which have had a material impact on the company. IFRS 15 became effective in the year however, given the entity does not have any revenue; it is not relevant and as such does not apply IFRS 15.

Functional and presentation currency

These Company financial statements are presented in pound sterling, which is the functional currency of the majority of operations.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash at bank and in hand

Cash at bank and in hand comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Property, plant and equipment

Property, plant and equipment is stated at historic cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may include the cost of materials, labour and other costs directly attributable to bringing the assets to a working condition for their intended use. Cost may also include the cost of dismantling and removing items and restoring the site on which they are located.

Capital work in progress is held as assets under construction until fully commissioned and transferred into active use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation commences from the date an asset is brought into service. Land and assets in the course of construction are not depreciated.

1. ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

The estimated useful lives are as follows:

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 5 years

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, the Company makes an estimate of the recoverable amount, which is the higher of the asset's fair value less cost to sell and value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the income statement in the period in which the item is derecognised.

Stocks

Stocks are stated at the lower of average cost and net realisable value. Cost includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Provision is made for obsolete, slow-moving or defective items where appropriate.

Items owned by the Company that are held on consignment at another entity's premises are included as part of the Company's stock.

Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and contribution pension plans.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an *expense* in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan that is not a defined contribution plan. The Company operates a defined benefit plan for certain employees. The plan operates under trust law and is managed and administered by Trustees in accordance with the terms of each plan's Trust Deed and Rules and relevant legislation. The assets of the scheme are held separately from those of the Company.

1. ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Defined benefit plans(continued)

The Company's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted.

The liability discount rate is the yield at the reporting date on AA credit rated bonds denominated in the currency of, and that have maturity dates approximating to the terms of, the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income statement as a 'finance expense'. When the benefits of a plan are amended or curtailed, the portion of the increased or decreased benefit relating to past service by employees is recognised as an expense immediately in the income statement. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between:

- cost of sales and administrative expenses,
- net finance costs and,
- in net expense recognised directly in equity, the remeasurements of post-employment benefit obligations.

The Company recognises actuarial gains and losses in the period they occur directly in equity through the statement of comprehensive income.

The cost of the defined benefit plan, recognised in the income statement as employee costs, except where included in the cost of an asset, comprises:

- (a) The increase in pension benefit liability arising from employee service during the period; and
- (b) The cost of plan introductions, benefit changes, curtailments and settlements.

Provisions

A provision is recognised in the statement of financial position where the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Restructuring provisions

Estimated costs to be incurred in connection with restructuring measures are provided for when the Company has a constructive obligation, which is generally the announcement date. The announcement date is the date at which the plan is announced in sufficient detail to enable employees to estimate the redundancy payments to which they are entitled.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Turnover

Turnover represents the invoiced value of products sold or services provided to third parties net of sales discounts, value added taxes and duties. Turnover is recognised when the significant risks and rewards of ownership have passed to the buyer and it can be reliably measured. The pricing for products sold is determined by market prices (market contracts and arrangements) or is linked by a formula to published raw material prices plus an agreed additional amount (formula contracts).

1. ACCOUNTING POLICIES (continued)

Turnover (continued)

Turnover arising from the sale of goods is recognised when the goods are either dispatched or delivered depending on the relevant delivery terms and the point at which risks and rewards have been transferred to the buyer when the prices are determinable and when collectability is considered probable.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance income and expenses

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign exchange gains and losses are reported on a gross basis.

Finance costs comprise interest payable, unwinding of the discount on provisions, and foreign exchange losses that are recognised in the income statement. Finance income comprise interest receivable on funds invested and from related party loans, interest on the defined benefit plan assets and foreign exchange gains.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Exceptional items

The presentation of the Company's results separately identifies the effect of profits and losses on the disposal of businesses, the impairment of non-current assets, the cost of restructuring acquired businesses and the impact of one off events such as legal settlements as exceptional items. Results excluding disposals, impairments, restructuring costs and one off items are used by management and are presented in order to provide readers with a clear and consistent presentation of the underlying operating performance of the Company's ongoing business.

Business combinations

Acquisitions under common control are accounted for at book value. The difference in the book value of the assets acquired and consideration paid is recognised in equity as a merger reserve.

2. TURNOVER

Geographic analysis

	2018	2017
	£m	
Geographical information by location of customers:		
UK	45.5	43.5
Europe	14.0	10.2
Rest of World	0.7	0.6
Total from continuing operations	60.2	54.3
Sales from discontinued operations	44.6	70.5
Total sales	104.8	124.8

Sale type analysis

	2018	2017
	£m	
Information by sale type by which the Company derives turnover:		
Sale of goods	60.2	54.3
Service provided	-	-
Total from continuing operations	60.2	54.3
Sales from discontinued operations	44.6	70.5
Total sales	104.8	124.8

3. EXPENSES BY NATURE

Included in operating profit are the following:

	2018	2017
	£m	
Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales:		
Stock value recognised as cost of sales	20.7	11.6
Exceptional costs:		
Exceptional costs – included in administrative expenses (note 4)	1.4	0.5
Depreciation and impairment of property, plant and equipment:		
Owned assets	7.6	7.7
Operating lease rental charges:		
Land and buildings	0.3	0.3
Plant, machinery and equipment	0.1	0.1
Auditors' remuneration:		
Audit of these financial statements	0.1	0.1
All other services	-	-
Employee benefit expense:		
Employee benefit expense	10.7	10.4
Other operating expenses:		
Other	18.3	24.1
Total cost of sales, distribution costs and administrative expense from continuing operations	59.2	54.8
Expenses from discontinued operations	42.0	64.0
Total cost of sales, distribution costs and administrative expense	101.2	118.8

4. EXCEPTIONAL ADMINISTRATIVE EXPENSES

	2018	2017
	<u>£m</u>	
Exceptional charge included in administrative expenses		
Pension scheme change	-	0.5
Extreme weather losses	1.4	-
Total exceptional charge	<u><u>1.4</u></u>	<u><u>0.5</u></u>

Extreme weather losses

As a result of extreme weather conditions in the early part of 2018 the Salt business incurred exceptional interruptions to its operations. The costs associated with unplanned alternative power generation and damage to Company assets as a result of this extreme weather has been deemed as exceptional.

Pension scheme charges

The defined benefit pension schemes of the UK based employees have been under review and a decision to transfer all remaining employees into defined contribution schemes was made in 2017. As part of the transfer, certain employees exiting from the UK defined benefit schemes into defined contribution schemes will receive transition payments. The exceptional item in 2018 is the cost of these transition payments, which will be paid to eligible employees in 2018 and 2019.

5. STAFF NUMBERS AND COSTS

The monthly average number of persons employed by the Company (including directors) during the year for continuing operations, analysed by category, was as follows:

	2018	2017
	<u>Number of employees</u>	
Administration	48	51
Production, engineering and distribution	104	111
Total	<u><u>152</u></u>	<u><u>162</u></u>

The aggregate payroll costs of these persons were as follows:

	2018	2017
	<u>£m</u>	
Wages and salaries	8.2	7.9
Social security costs	0.9	1.0
Other pension costs	1.6	1.5
	<u><u>10.7</u></u>	<u><u>10.4</u></u>

5. STAFF NUMBERS AND COSTS (continued)

The monthly average number of persons employed by the Company (including directors) during the year for discontinued operations, analysed by category, was as follows:

	2018	2017
	Number of employees	
Administration	2	2
Production, engineering and distribution	-	-
Total	2	-

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£m	
Wages and salaries	-	0.1
Social security costs	-	-
Other pension costs	-	-
	-	-

5.1 DIRECTORS' REMUNERATION

	2018	2017
	£m	
Aggregate remuneration	1.1	1.1
Sums paid to related parties for directors services	-	-
Total Emoluments	1.1	1.1
Amounts recharged to other INEOS Company Companies	(1.0)	(0.9)
Emoluments related to Company	0.1	0.2

The directors spend approximately 86% of their time working on behalf of other INEOS Group companies and hence a proportion of their emoluments are recharged to these businesses via a management charge.

Highest paid director information:

	2018	2017
	£m	
Aggregate remuneration	0.5	0.6
Amounts recharged to other INEOS Company Companies	(0.4)	(0.5)
Emoluments related to Company	0.1	0.1

Accrued pension at the end of the year

- -

One director has retirement benefits accruing under a defined benefit pension scheme (2017: one).

6. FINANCE INCOME AND EXPENSE

Recognised in profit and loss for continuing operations:

	2018	2017
	£m	
Finance income		
Interest income from related parties	2.8	3.4
Exchange movements	0.9	1.1
Total finance income	3.7	4.5
Finance costs		
Interest charged to related parties	(0.3)	(0.1)
Other finance charges	(0.8)	(0.9)
Interest on employee benefits	(0.3)	(0.5)
Total finance costs	(1.4)	(1.5)
Net finance income	2.3	3.0

Recognised in profit and loss for discontinued operations:

	2018	2017
	£m	
Finance income		
Interest income from related parties	-	0.1
Total finance income	-	0.1
Net finance income	-	0.1

7. TAX CHARGE

Taxation recognised in profit and loss:

	2018	2017
	£m	
Current tax charge		
Current year	0.2	1.2
Adjustments in respect of prior years	-	-
Current tax charge	0.2	1.2
Deferred tax charge		
Origination and reversal of temporary differences	0.9	0.7
Effect of change in tax rates	-	(0.1)
Deferred tax expense	0.9	0.6
Total tax charge	1.1	1.8

	2018	2017
	£m	
Profit for the financial year	26.6	9.1
Tax on above using the UK corporation tax rate of 19.25% (2017: 20%)	5.1	1.8
Expenses not deductible for tax purposes	(4.0)	-
Effect of timing differences	-	-
Total tax charge	1.1	1.8

Taxation recognised in other comprehensive income

	2018			2017		
	Gross	Tax	Net	Gross	Tax	Net
	£m					
Foreign exchange translation differences	(0.5)	-	(0.5)	0.4	-	0.4
Remeasurements of post employment benefit obligations	0.4	(0.1)	0.3	10.8	(1.8)	9.0
Total	(0.1)	(0.1)	(0.2)	11.2	(1.8)	9.4

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2017 (on 7 September 2017). These include reductions to the main rate to reduce the rate to 19% from 1 April 2018 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

8. DISCONTINUED OPERATIONS

On 1 August 2018 the Company disposed of its Esters business division and its shareholding in INEOS Enterprises France SAS and INEOS Champlor SAS to a third party.

Effect of the disposal on individual assets and liabilities

	2018
	£m
Intangibles	0.1
Investments	3.7
Stocks	4.0
Trade and other receivables	28.0
Deferred tax	(13.6)
Net identifiable assets and liabilities disposed	22.2
Consideration received:	
Cash	47.0
Disposal provision charges	(4.1)
Difference between consideration received and net assets disposed	20.7

Disposal provision charges

The Company incurred disposal related costs of £4.1 million related to legal and professional services to complete the transactions and the charges relating to the employee share scheme.

	2018	2017
	£m	
Administrative and professional costs	3.5	-
Cost of employee share scheme	0.6	-
	4.1	-

The charge of £3.5 million (2017: £nil) relates to equity settled share based payments issued as part of the disposal transaction during 2018. As at 31 December 2018, there were no liabilities arising from share based payment transactions.

The net cash flows attributable to the Esters division are as follows:

	2018	2017
	£m	
Cash from operating activities	2.6	5.4
Cash from investing activities	-	(0.1)
Cash from financing activities	(2.6)	(5.3)
Net cash flows from discontinued operations	-	-

Consideration received

Consideration received consisted of £47.0 million cash.

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant & equipment Fixtures and fittings	Under constructio n	Total
Cost				
Balance at 1 January 2017	3.3	54.3	3.6	61.2
Additions	-	-	4.1	4.1
Transfers	-	3.3	(3.3)	-
Balance at 31 December 2017	3.3	57.6	4.4	65.3
Additions	-	-	4.8	4.8
Transfers	-	5.4	(5.4)	-
Balance at 31 December 2018	3.3	63.0	3.8	70.1
Accumulated depreciation and impairment				
Balance at 1 January 2017	0.3	20.4	-	20.7
Depreciation charge for the year	0.1	7.6	-	7.7
Balance at 31 December 2017	0.4	28.0	-	28.4
Depreciation charge for the year	0.1	7.5	-	7.6
Balance at 31 December 2018	0.5	35.5	-	36.0
Net book value				
At 31 December 2017	2.9	29.6	4.4	36.9
At 31 December 2018	2.8	27.5	3.8	34.1

10. INTANGIBLE ASSETS

	Environmental certificates
Cost	£m
Balance at 1 January 2017	-
Additions	0.1
Balance at 31 December 2017	0.1
Business disposals	(0.1)
Balance at 31 December 2018	-
Accumulated amortisation and impairment	
Balance at 1 January 2017	-
Amortisation charge for the year	-
Balance at 31 December 2017	-
Amortisation charge for the year	-
Balance at 31 December 2018	-
Net book value	
At 31 December 2017	0.1
At 31 December 2018	-

11. INVESTMENTS

Investments in subsidiaries are carried at cost. The subsidiary and undertakings of the Company and the percentage of equity share capital held are set out below. The principal country of operation is generally indicated by the Company's country of incorporation or by its name.

The directors believe the carrying value of the investments is supported by the underlying net assets and expected future cash flows of the subsidiaries.

The following information relates to the subsidiary undertakings of the Company.

Company	Class of shares held	Registered address	Percentage held 31 December 2018	Percentage held 31 December 2017	Principal activities
Keuper Gas Storage Limited	Ordinary	Footnote A	100%	100%	Gas storage
INEOS Enterprises France SAS	Ordinary	Footnote B	-	100%	Chemicals
INEOS Champlor SAS	Ordinary	Footnote B	-	100%	Chemicals
INEOS Sulphur Chemicals Spain SLU	Ordinary	Footnote C	100%	100%	Chemicals

Footnote A - Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom.

Footnote B - Z.I. Baleyecourt - BP 10095, FR-55103 Verdun, France

Footnote C - Dique de Zierbana Muelle AZ 1, s/n, 48508 Zierbana, Bizkaia, Spain

	Subsidiaries
	£m
Balance at 1 January 2017	17.3
Exchange gains	0.4
Balance at 31 December 2017	17.7
Business disposals	(14.2)
Balance at 31 December 2018	3.5

On 1 August 2018, the Company disposed of its shareholding in INEOS Enterprises France SAS, INEOS Champlor SAS as well as the Esters business division of INEOS Enterprises Group Limited to a third party (note 8).

After the year end, the Company sold its shareholding in INEOS Sulphur Chemicals Spain SLU to INEOS Enterprises Holdings Limited, an intermediate parent company, as part of a wider INEOS restructuring.

12. TRADE AND OTHER RECEIVABLES

	2018	2017
	<u>£m</u>	
Non-Current		
Amounts due from Group undertakings	13.7	13.4
Amounts due from related parties	<u>5.3</u>	<u>8.3</u>
	19.0	21.7
Current		
Trade receivables	5.4	10.4
Amounts due from Group undertakings	46.1	54.5
Amounts due from related parties	13.7	22.2
Other receivables and prepayments	<u>6.5</u>	<u>3.0</u>
	71.7	90.1
	90.7	111.8

Non-current amounts due from related parties represent loans receivable from affiliated parties. The amounts are recorded at amortised cost and management do not view them as impaired.

Trade receivables are stated after provisions for impairment of £nil (2017: £nil).

13. DEFERRED TAX ASSETS

Deferred tax assets and liabilities are attributable to the following:

	2018		
	Assets	Liabilities	Total
	<u>£m</u>		
Accelerated capital allowances	1.9	-	1.9
Employee benefits	<u>1.4</u>	<u>-</u>	<u>1.4</u>
Net tax assets	3.3	-	3.3

	2017		
	Assets	Liabilities	Total
	<u>£m</u>		
Accelerated capital allowances	2.4	-	2.4
Employee benefits	<u>1.8</u>	<u>-</u>	<u>1.8</u>
Net tax assets	4.2	-	4.2

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable based on an assessment of expected future profits modelled against the gross tax losses available over a period of 5 years.

14. STOCKS

	2018	2017
	£m	
Raw materials and consumables	4.0	4.9
Work in progress	0.4	0.4
Finished goods	2.3	4.2
	6.7	9.5

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £60.7 million (2017: £72.4 million). The write-down of slow-moving stocks to net realisable value amounted to £nil (2017: £nil). The reversal of write-downs amounted to £nil (2017: £0.2 million). The replacement cost of stock is not significantly different to the carrying value. The provision in place for slow moving stock is £nil (2017: £0.8 million).

15. CASH AND CASH EQUIVALENTS

	2018	2017
	£m	
Cash on hand	12.4	2.2
Balance at 31 December	12.4	2.2

16. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£m	
Trade payables	3.8	5.6
Amounts due to related parties	5.6	3.4
Amounts due to group undertakings	21.0	10.6
Other payables	4.6	3.9
Provisions (note 18)	0.3	0.2
Deferred income	3.1	-
Accruals	1.9	6.6
Balance at 31 December	40.3	30.3

Amounts due to related parties include wider INEOS Group fellow subsidiary undertakings and comprises of trading balances and intercompany loans. Intercompany loans are denominated in Euros and interest is charged at 1.805% - 4.5% in line with the Group's loan policy.

Amounts due to group undertakings include fellow subsidiary Company undertakings and comprises of trading balances and intercompany loans. Intercompany loans are denominated in Euros and interest is charged at 1.805% - 4.5% in line with the Group's loan policy.

17. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£m	
Interest bearing loans and borrowings (note 20)	-	28.4
Deferred income	70.0	35.0
Balance at 31 December	70.0	63.4

18. PROVISIONS FOR LIABILITIES

	Severance and restructuring costs	Other	Total
		£m	
At 1 January 2017	0.1	-	0.1
Impairment loss released during the year	-	-	-
Utilised during the year	(0.1)	-	(0.1)
Allowance made in the year	-	0.5	0.5
Balance at 31 December 2017	-	0.5	0.5
Allowance made in the year	-	-	-
Impairment loss released during the year	-	-	-
Utilised during the year	-	(0.2)	(0.2)
Balance at 31 December 2018	-	0.3	0.3
Due less than one year	-	0.2	0.3
Due greater than one year	-	0.3	0.2
Balance at 31 December 2017	-	0.5	0.5
Due less than one year	-	0.3	0.3
Due greater than one year	-	-	-
Balance at 31 December 2018	-	0.3	0.3

Severance and restructuring

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 Company announced a business improvement programme during 2014. This programme was aimed at improving the overall cost base of the businesses to help underpin long term competitiveness. The programme resulted in the implementation of a more streamlined senior management team to deliver a reduction in fixed costs across all sites. At 31 December 2017, all the spend had been incurred and the provision had been fully utilised.

Other provisions

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. A provision of £0.5 million was made in 2017 to cover the future transition payments and the associated social security costs and was charged to the profit and loss account as an exceptional item. During 2018, £0.2 million of payments were made to certain employees. The remaining provision is anticipated to be fully utilised by April 2019.

19. EMPLOYEE BENEFITS

Defined Contribution plans

The Company operates a defined contribution pension plan. The total expense relating to these plans in the current year was £1.4 million (2017: £0.9 million)

Defined Benefit plans

The majority of the UK employees of the Company participate in the funded 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. Provision is made in the financial statements for the benefits accruing to members of this pension scheme in accordance with the advice of independent actuaries. A full actuarial valuation has also been undertaken with an effective date of 5 April 2016, the results of this valuation have been incorporated into the financial statements for the year ended 31 December 2018. The valuation of the scheme used the projected unit method and was carried out by professionally qualified actuaries. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies with the board of trustees. The board of trustees must be comprised of representatives of the company and plan participants in accordance with the plan's regulations. The Fund was closed in early 2018. The principal assumptions for the Company made by the actuaries were:

Pension plan assumptions

The principal actuarial assumptions (expressed as weighted averages or ranges) at the year-end were as follows:

	2018	2017
	%	
Rate of general increase in salaries	-	3.3
Rate of increase to pension payments	3.0	3.2
Discount rate for scheme liabilities	2.9	2.6
Inflation	3.2	3.3

The assumptions relating to longevity underlying the pension liabilities at the reporting date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	2018	2017
	Years	
Longevity at age 65 for current male pensioners	21.7 – 22.9	22.8 -24.5
Longevity at age 65 for current female pensioners	24.0 – 25.4	24.9 - 26.3

The following table presents the sensitivity of the defined benefit obligation to significant actuarial assumption:

	2018	2017
	%	
Discount rate: 1% decrease	22.7	13.0
Rate of inflation: 0.5% increase	7.7	4.5
1 year increase in longevity for members	4.1	2.4

19. EMPLOYEE BENEFITS (continued)

The sensitivity to the inflation assumption change includes corresponding changes to the future salary increase and future pension increase assumptions where these assumptions are set to be linked to the inflation assumption. The type of assumptions used in preparing the sensitivity analysis remains unchanged from prior years.

History of plans

The history of the plans for the current and prior years is as follows:

Statement of Financial Position

	2018	2017
	£m	
Present value of the defined benefit obligation in respect of pension plans	(55.3)	(58.0)
Fair value of plan assets in respect of pension plans	47.1	47.8
Deficit	(8.2)	(10.2)

The net liability in respect of defined benefit obligations is as follows:

	2018	2017
	£m	
Recognised liability for defined benefit obligations	(8.2)	(10.2)

Expense recognised in the income statement

	2018	2017
	£m	
Current service cost	0.2	0.6
Net interest cost on net defined benefit liability	0.3	0.5
As at 31 December	0.5	1.1

The expense is recognised in the following line items in the income statement:

	2018	2017
	£m	
Cost of sales and administrative expenses	0.2	0.6
Finance cost	0.3	0.5
As at 31 December	0.5	1.1

19. EMPLOYEE BENEFITS (continued)

History of plans (continued)

Movements in the present value of defined benefit obligation:

	Total
	£m
Balance at 1 January 2017	60.3
Current service cost	0.6
Interest cost on the defined benefit obligation	1.6
Plan participants' contributions	0.1
Disbursements from plan assets	(1.4)
Remeasurements:	
Actuarial gain – financial assumptions	(3.2)
Balance at 31 December 2017	58.0
Current service cost	0.2
Interest cost on the defined benefit obligation	1.5
Plan participants' contributions	-
Disbursements from plan assets	(1.8)
Remeasurements:	
Actuarial gain – financial assumptions	(2.6)
Balance at 31 December 2018	55.3

Of the above obligation approximately £18.8 million (2017: £19.0 million) relates to active employees, £23.3 million (2017: £25.4 million) relates to vested terminees and £13.2 million (2017: £13.6 million) relates to retirees at the last valuation date.

Movements in the fair value of plan assets:

	Total
	£m
Balance at 1 January 2017	38.6
Interest income on plan assets	1.1
Return on plan assets less the discount rate	7.6
Employer contributions	1.8
Plan participants contributions	0.1
Disbursements	(1.4)
Balance at 31 December 2017	47.8
Interest income on plan assets	1.2
Return on plan assets less the discount rate	(2.2)
Employer contributions	2.1
Plan participants contributions	-
Disbursements	(1.8)
Balance at 31 December 2018	47.1

20. INTEREST BEARING LOANS AND BORROWINGS

	2018	2017
	£m	
Bank loans	-	28.4
	-	28.4

Bank loans

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity
Bank loan	Euro	LIBOR + 1.35-2.25%	2024

During 2018, the Company was part of a wider Group refinancing that resulted in the full repayment of the external bank loans.

Security

The loans are not guaranteed against any assets owned by the Company but financial penalties would become due for breaches in covenants.

21. CALLED UP SHARE CAPITAL

	2018	2017
	£	
Fully paid		
Allotted 222,039 (2017: 222,039) shares of £0.01 each	2,220	2,220

22. DIVIDENDS PAID

The following dividends were recognised during the year:

	2018	2017
	£m	
Dividend paid (£386.34 per share; 2017: £8.11 per share)	71.3	1.8

23. SUBSEQUENT EVENTS

As part of a wider INEOS restructuring, the Company sold its shareholding in INEOS Sulphur Chemicals Spain SLU for €4.1 million to INEOS Enterprises Holdings Limited, an intermediate parent company.

The immediate parent undertaking of the Company at 31 December 2018 was INEOS Enterprises Group Holdings (Jersey) Limited, a company registered in Jersey. On 5 March 2019, the Company's immediate parent was sold to INOVYN Finance plc, a sister company, as part of a wider INEOS restructuring. The Company's ultimate parent company remains unchanged as INEOS Limited, a company registered in Isle of Man.

24. RELATED PARTIES

Related party transactions

Related parties comprise:

- Parent entities and their subsidiaries not included within the INEOS Enterprises Holdings Limited group;
- Entities controlled by the shareholders of INEOS Limited; and
- Key management personnel.

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

Mr J A Ratcliffe, Mr A C Currie and Mr J Reece are the shareholders of INEOS Limited. INEOS AG a subsidiary of INEOS Limited provides operational management services to the Company through a management services agreement.

Material trading transactions with these entities are as follows:

2018			
	Sales and cost recoveries	Purchases	Trade balance owed to/(by) the Company
		£m	
Related party			
INEOS Group Holdings S.A. and subsidiaries	1.3	-	(0.9)
INOVYN Limited and subsidiaries	3.7	17.1	(3.7)
INEOS Industries Limited and subsidiaries	0.1	-	-
2017			
	Sales and cost recoveries	Purchases	Trade balance owed to/(by) the Company
		£m	
Related party			
INEOS Group Holdings S.A. and subsidiaries	2.5	-	(0.2)
INOVYN Limited and subsidiaries	0.3	4.6	(1.5)
INEOS Industries Limited and subsidiaries	0.2	-	-

All transactions occurred in the normal course of business.

24. RELATED PARTIES (continued)

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

2018			
	Loan receivable/ (payable)	Interest received/ (charged)	Loan balance owed to/ (by) the Company
	£m		
Related party			
INOVYN Limited and subsidiaries	8.4	0.9	5.3
INEOS AG	12.4	0.1	12.7

2017			
	Loan receivable/ (payable)	Interest received/ (charged)	Loan balance owed to/ (by) the Company
	£m		
Related party			
INEOS Industries Limited and subsidiaries	7.8	0.3	8.4
INOVYN Limited and subsidiaries	13.1	1.4	8.0
INEOS AG	8.3	0.1	12.4

Compensation to key management personnel (including directors)

The Group defines key management as the directors of the Company. Details of Directors' remuneration are given in note 5.1.

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking at 31 December 2018 was INEOS Enterprises Group Holdings (Jersey) Limited, a company registered in Jersey. The Company's ultimate parent company is INEOS Limited, a company registered in Isle of Man. The Directors regard Mr JA Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS Limited. The smallest and largest Company that consolidated the Company and Company's financial statements is INEOS Enterprise Holdings Limited. The consolidated financial statements of INEOS Enterprise Holdings Limited are available to the public and may be obtained from the Company Secretary at Enterprises House, South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom.

26. ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company prepares its financial statements in accordance with the FRS101 Reduced Disclosure Framework, which require management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods.

The following areas are considered to involve a significant degree of judgement or estimation:

Taxation

Management is required to estimate the tax payable in each of the jurisdictions in which the Company operates. This involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the Statement of Financial Position of the Company. Management have performed an assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Company's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

The Company has, from time to time, contingent tax liabilities arising from trading and corporate transactions in the countries in which it operates. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable. The breadth of the Company's structure with operations in many geographic locations makes the use of estimates and assumptions more challenging. The resolution of issues is not always within the control of the Company and can be reliant upon the efficiency of the legal processes in the relevant jurisdictions in which the Company operates, and as a result, issues can, and often do take many years to resolve. Details of amounts recognised with regard to taxation are disclosed in Note 7 and 13.

Post-retirement benefits

The Company operates a number of defined benefit post-employment schemes. Under IAS 19 Revised Employee Benefits, management is required to estimate the present value of the future defined benefit obligation of each of the defined benefit schemes. The costs and year end obligations under defined benefit schemes are determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- Future rate of increase in salaries;
- Inflation rate projections; and
- Discount rate for scheme liabilities; and
- Expected rates of return on the scheme assets.

Details of post-retirement benefits are set out in Note 19.

26. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Impairment reviews

IFRSs require management to test for impairment of goodwill and other intangible assets with indefinite lives, on an annual basis, and of tangible and intangible assets with finite lives if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

An impairment test requires an assessment as to whether the carrying value of assets can be supported by its recoverable amount. Management calculates the recoverable amount based on the net present value of the future cash flows derived from the relevant assets, using cash flow projections which have been discounted at an appropriate discount rate.

In calculating the net present value of the future cash flows, certain assumptions and estimates are required to be made in respect of highly uncertain matters, including management's expectations of:

- Growth rates of various turnover streams;
- Long term growth rates;
- Future margins;
- The selection of an appropriately risk adjusted discount rate; and
- The determination of terminal values.

Changing the assumptions selected by management, in particular the discount rate used in the present value calculation, could significantly affect the Company's impairment evaluation and results.

For the purpose of impairment testing (when required), to assess whether any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as changes in the planned use of buildings, plant or equipment, or closure of facilities, the presence or absence of competition, lower than expected asset utilisation from events such as unplanned outages, strikes and hurricanes, technical obsolescence or lower than anticipated sales of products with capitalised intellectual property rights could result in shortened useful lives or impairment. Changes in the discount rates used could also lead to impairments.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 9 for the carrying amount of the property plant and equipment, and Note 1 for the useful economic lives for each class of assets.

Impairment of debtors

The Company make an estimate of the recoverable value of trade and other debtors. When assessing potential impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.