

INEOS Manufacturing (Hull) Limited
Annual report and financial statements
for the year ended 31 December 2011

Registered Number 6480046

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INEOS Manufacturing (Hull) Limited

Annual report and financial statements

for the year ended 31 December 2011

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INEOS Manufacturing (Hull) Limited

Directors' report for the year ended 31 December 2011

The directors present their report and the audited financial statements of the company for the year ended 31 December 2011

Principal activities and review of the business

The principal activity of the company is the toll manufacture of chemicals at the site in Hull

Turnover for the year was £45,401,000 (2010 £37,772,000) and the profit on ordinary activities before taxation was £759,000 (2010 £694,000). The directors do not recommend the payment of a dividend (2010 £nil), and the profit for the financial year will be added to reserves

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continuing financial support of the group company, INEOS European Holdings Limited. The directors have received confirmation that INEOS European Holdings Limited intends to support the company for at least one year after these financial statements are signed

Future outlook

Due to the continuing challenging economic outlook and market conditions, the directors will continue to closely monitor the business environment and the company remains well placed to take advantage of any opportunities that may arise in 2012

Financial risk management

The company is not exposed to any significant financial risks. The financial risks of INEOS Group Holdings SA, which includes the company, are discussed in the group's annual report, which does not form part of this report

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of INEOS Group Holdings SA, which includes the company, are discussed in the group's annual report, which does not form part of this report

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of INEOS Group Holdings SA, which include those of the company, are discussed in the group's annual report which does not form part of this report

Directors

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

GB Stewart (resigned 16 November 2011)
H Deans (resigned 16 November 2011)
GS Corsi (resigned 10 April 2012)
K Metcalfe (resigned 10 April 2012)
PC Overment (resigned 16 November 2011)
G Leask (appointed 16 November 2011)
MJ Maher (appointed 16 November 2011)
JF Ginns (appointed 16 February 2012, resigned 15 June 2012)
TP Crotty (appointed 10 April 2012)
A White (appointed 10 April 2012)

INEOS Manufacturing (Hull) Limited

Directors' report for the year ended 31 December 2011 (continued)

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting 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 company and of the profit or loss of the company 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, 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. They 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.

Disclosure of information to auditors

The directors confirm that as far as they are aware, there is no relevant audit information of which the company's auditors are unaware and that they have taken all steps necessary as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. The auditors are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the board



MJ Maher

Director

25 July 2012

INEOS Manufacturing (Hull) Limited

Independent auditors' report to the members of INEOS Manufacturing (Hull) Limited

We have audited the financial statements of INEOS Manufacturing (Hull) Limited for the year ended 31 December 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' deficit, the balance sheet, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the 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 financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

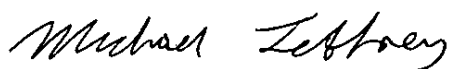
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Michael Jeffrey (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
25 July 2012

INEOS Manufacturing (Hull) Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover	2	45,401	37,772
Cost of sales		(42,385)	(35,477)
Gross profit		3,016	2,295
Administrative expenses		77	17
Operating profit	1	3,093	2,312
Interest payable and similar charges	5	(2,289)	(1,618)
Other finance costs	15	(45)	-
Profit on ordinary activities before taxation		759	694
Tax on profit on ordinary activities	6	(274)	(573)
Profit for the financial year	13	485	121

All of the activities of the company relate to continuing operations

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

INEOS Manufacturing (Hull) Limited

Statement of total recognised gains and losses for the year ended 31 December 2011

	2011 £'000	2010 £'000
Profit for the financial year	485	121
Actuarial loss recognised in the pension scheme (note 15)	(179)	(81)
Movement in deferred tax relating to pension liability (note 6)	45	23
Total recognised gains and losses for the financial year	351	63

Reconciliation of movements in shareholders' deficit for the year ended 31 December 2011

	2011 £'000	2010 £'000
Profit for the financial year	485	121
Actuarial loss recognised in the pension scheme (note 15)	(179)	(81)
Movement in deferred tax relating to pension liability (note 6)	45	23
Net decrease in shareholders' deficit	351	63
Opening shareholders' deficit	(655)	(718)
Closing shareholders' deficit	(304)	(655)

INEOS Manufacturing (Hull) Limited

Balance sheet as at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Positive goodwill	7	175	191
Negative goodwill	7	(1,191)	(1,282)
Intangible assets	7	(1,016)	(1,091)
Tangible assets	8	22,641	24,452
		21,625	23,361
Current assets			
Stocks	9	1,347	3,695
Debtors	10	11,358	9,623
Cash at bank and in hand		2,576	941
		15,281	14,259
Creditors – amounts falling due within one year	11	(36,033)	(37,329)
Net current liabilities		(20,752)	(23,070)
Total assets less current liabilities		873	291
Net assets excluding pension liability		873	291
Pension liability	15	(1,177)	(946)
Net liabilities including pension liability		(304)	(655)
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	(304)	(655)
Total shareholders' deficit		(304)	(655)

The notes on pages 4 to 18 form part of the Financial statements. They were approved by the board of directors on 25 July 2012 and are signed on its behalf by



MJ Maher
Director

INEOS Manufacturing (Hull) Limited

Statement of accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards. The principal accounting policies are set out below and have been applied consistently. The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continuing financial support of the group company, INEOS European Holdings Limited. The directors have received confirmation that INEOS European Holdings Limited intends to support the company for at least one year after these financial statements are signed.

Turnover

Turnover represents the sales value of goods and services supplied to customers during the year excluding Value Added Tax and similar sales based taxes. Turnover is recognised at the point at which title passes or services have been provided.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

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	-	10 years
• Fixtures, fittings and equipment	-	5 to 10 years
• Computer hardware and major software	-	2 to 10 years

Freehold land is not depreciated.

Precious metals are not normally depreciated, but are subject instead to an annual impairment review.

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

Intangible fixed assets

When the fair value of the separable net assets is less than the fair value of the consideration for acquired trade and assets, 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 15 years.

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

Stocks

Stocks are valued on a first in, first out basis and are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving, and defective stocks.

INEOS Manufacturing (Hull) Limited

Statement of Accounting policies (continued)

Pension costs

The company participates in a defined benefit pension scheme providing benefits based on final pensionable pay and the assets of this scheme are held separately from those of the company. The pension scheme is a multi-employer pension scheme for employees of the company and 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 defined benefit pension scheme results between the company, INEOS Enterprises Limited, INEOS ChlorVinyls Limited and INEOS Technologies Limited is consistent with the approach used in the financial statements of the other participating companies 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 2011 service cost has been allocated between the various entities based on the ratio of the respective active liabilities versus the total active liability for the Fund.
- the split of the actual 2011 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, bearing in mind that the next full actuarial valuation will take place as at 31 December 2011.

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 years 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.

Foreign currencies

The reporting currency of INEOS Manufacturing (Hull) Limited is the local currency of its principal operating environment. Transactions in other currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in the balance sheet are translated at the prevailing exchange rate at the end of the year. All translation gains or losses on the settlement of monetary assets and liabilities are included in the determination of profit for the year.

Leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Cash flow statement and related party disclosures

The company is a subsidiary of INEOS Group Holdings SA and its results are included in the consolidated financial statements of INEOS Group Holdings SA, which are available to the public. Consequently, the company has taken advantage of the exemptions from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). Also, under the terms of Financial Reporting Standard 8 the company is exempt from disclosing related party transactions with entities that form part of the INEOS Group Holdings SA group and the company has taken advantage of this exemption.

INEOS Manufacturing (Hull) Limited

Notes to the accounts

1 Operating profit

Operating profit is stated after charging/(crediting):

	2011 £'000	2010 £'000
Auditors' remuneration		
Audit fees	19	18
Non-audit services	-	-
Depreciation	2,817	1,926
Amortisation		
Goodwill	(75)	(75)
Rentals payable under operating leases		
Other than plant and machinery	3,101	1,700

2 Segmental information

All turnover (both by origin and destination), operating profit and total assets less current liabilities is derived from UK activity

3 Directors' emoluments

None of the directors (2010 none) received any remuneration from the company during the year

4 Staff numbers and costs

There are no persons holding service contracts with the company. All employees are employed by another Group company, INEOS Enterprises Limited, and recharged in full to INEOS Manufacturing (Hull) Limited

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

Analysis by function	2011 Number	2010 Number
Production	40	41
Administration	2	2
	42	43

The aggregate payroll costs of these people were as follows

	2011 £'000	2010 £'000
Wages and salaries	1,870	1,947
Social security costs	181	172
Other pension costs (note 15)	325	331
	2,376	2,450

INEOS Manufacturing (Hull) Limited

Notes to the accounts (continued)

5 Interest payable and similar charges

	2011 £'000	2010 £'000
Interest payable on loans from group undertakings	2,274	1,358
Other interest and similar charges	(28)	3
Exchange losses	43	257
Net interest payable	2,289	1,618

6 Tax on profit on ordinary activities

a) Analysis of the charge for the year	2011 £'000	2010 £'000
UK corporation tax – current year	913	727
UK corporation tax – prior year	(63)	537
Current taxation	850	1,286
Deferred taxation – origination and reversal of timing differences	(576)	(713)
	274	573

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2010 higher) than the standard rate of corporation tax in the UK. The differences are explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	759	694
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 26.5% (2010 28%)	201	194
Effects of		
Capital allowances in excess of depreciation	742	533
Expenses not deductible for tax purposes	5	-
Pension timing differences	20	-
Group relief not paid	(55)	-
Adjustments in respect of previous periods	(63)	559
Current tax charge for year	850	1,286

INEOS Manufacturing (Hull) Limited

Notes to the accounts (continued)

(c) Factors which may affect future tax charges

The Finance Act 2011 was substantively enacted on 29 March 2011 and included legislation to reduce the main rate of corporation tax from 28% to 26% from 1 April 2011. A further reduction to 25% from 1 April 2012 was substantively enacted by subsequent legislation on 5 July 2011. The deferred tax asset at 31 December 2011 has been re-measured accordingly.

Further reductions to the UK corporation tax rate were announced in the 2011 Budget on 23 March 2011, which proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. However, a further announcement was made in the 2012 Budget on 21 March 2012, which will result in the rate reducing to 24% from 1 April 2012, with further 1% reductions per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements. The impact of the proposed changes is not expected to be material to the balance sheet.

(d) Deferred Taxation

The amounts provided in respect of the deferred tax assets are as follows

	2011 Provided £'000	2010 Provided £'000
Arising from accelerated capital allowances (note 10)	2,024	1,427
Pensions (note 15)	392	368
Total	2,416	1,795

Deferred tax asset relating to pension deficit

	2011 £'000	2010 £'000
At 1 January	368	345
Deferred tax charge in profit and loss account	(21)	-
Deferred tax credited to the statement of total recognised gains and losses	45	23
At 31 December	392	368

The deferred tax asset of £392,000 (2010: £368,000) has been deducted in arriving at the net pension deficit on the balance sheet.

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

	2011 Provided £'000	2010 Provided £'000
At 1 January	1,795	1,001
Arising during the year	621	794
At 31 December	2,416	1,795

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

INEOS Manufacturing (Hull) Limited

Notes to the accounts (continued)

7 Intangible assets

	Positive Goodwill £'000	Negative Goodwill £'000	Total £'000
Cost			
At 1 January 2011	234	(1,528)	(1,294)
Additions	-	-	-
At 31 December 2011	234	(1,528)	(1,294)
Accumulated amortisation			
At 1 January 2011	43	(246)	(203)
Charge/(credit) for the year	16	(91)	(75)
At 31 December 2011	59	(337)	(278)
Net Book Value			
At 31 December 2011	175	(1,191)	(1,016)
At 31 December 2010	191	(1,282)	(1,091)

8 Tangible assets

	Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2011	1,418	27,399	28,817
Additions	-	1,006	1,006
At 31 December 2011	1,418	28,405	29,823
Accumulated depreciation			
At 1 January 2011	-	4,365	4,365
Charge for year	17	2,800	2,817
At 31 December 2011	17	7,165	7,182
Net book value			
At 31 December 2011	1,401	21,240	22,641
At 31 December 2010	1,418	23,034	24,452

Included within Land and buildings is £962,000 (2010 £962,000) in relation to land which is not depreciated. There is no difference between the book value and market value of Land and buildings.

INEOS Manufacturing (Hull) Limited

Notes to the accounts (continued)

9 Stocks

	2011 £'000	2010 £'000
Raw materials and consumables	1,347	3,695

10 Debtors

	2011 £'000	2010 £'000
Amounts falling due within one year		
Amounts owed by fellow group undertakings	6,267	5,368
Deferred taxation (note 6)	2,024	1,427
Other debtors	1,629	2,238
Prepayments and accrued income	1,438	590
	11,358	9,623

11 Creditors – amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	3,768	2,776
Amounts owed to fellow group undertakings	27,288	30,316
Group relief payable	2,989	2,139
Accruals	1,988	2,098
	36,033	37,329

12 Called up share capital

Ordinary shares of £1 each	2011 Number	2011 £	2010 Number	2010 £
Allotted, issued and fully paid	1	1	1	1

INEOS Manufacturing (Hull) Limited

Notes to the accounts (continued)

13 Profit and loss account

	2011 £'000	2010 £'000
At 1 January	(655)	(718)
Profit/(loss) for the financial year	485	121
Actuarial loss in pension scheme (note 15)	(179)	(81)
Movement in deferred tax relating to pension liability	45	23
At 31 December	(304)	(655)

14 Commitments and contingent liabilities

Annual operating lease commitments

At 31 December 2011 the Company had annual commitments under non-cancellable operating leases for assets expiring as follows

	Other 2011 £'000	Other 2010 £'000
Leases which expire		
Within one year	546	130
Between one and two years	-	-
Between two and five years	-	-
	546	130

INEOS Manufacturing (Hull) Limited

Notes to the accounts (continued)

15 Retirement benefits

The majority of the employees participate in the INEOS Chlor Pension Fund ("The Fund"). The Fund is administered by a group of trustees with assets being held separately from the company. Members receive defined benefit pensions that are based on their length of service and average final remuneration with the company.

The most recent actuarial valuation of the fund was carried out as at 31 December 2007 (updated to 31 December 2011). The valuation of the scheme used the projected unit method and was carried out by Towers Watson LLP, professionally qualified actuaries. The principal assumptions made by the actuaries were:

	2011 % pa	2010 % pa	2009 % pa	2008 % pa
Price inflation	3.1	3.6	3.6	3.1
Discount rate for scheme liabilities	5.0	5.5	5.7	6.1
Rate of increases in salaries	4.1	4.6	4.6	4.6
Rate of increase of pensions in payment	2.9	3.5	3.5	3.1
Rate of increase for deferred pensioners	2.1	2.9	3.5	3.1

Material demographic assumptions

	2011 years	2010 years
Expected future lifetime at age 65 for a male currently aged 65	20.4	20.3

The assets and liabilities in the scheme and the expected rates of return were:

	31 December 2011		31 December 2010		31 December 2009	
	Expected rate of return % pa	Fair Value £'000	Expected rate of return % pa	Fair Value £'000	Expected rate of return % pa	Fair Value £'000
Equities	7.2	1,413	8.1	1,420	8.1	1,097
Bonds	3.8	302	4.8	167	5.1	213
Other	7.2	265	8.1	327	4.3	7
Total fair value of assets	6.7	1,980	7.8	1,914	7.6	1,317
Actuarial value of scheme liabilities		(3,549)		(3,228)		(2,550)
Deficit in the scheme		(1,569)		(1,314)		(1,233)
Related deferred tax asset		392		368		345
Net pension liability		(1,177)		(946)		(888)

INEOS Manufacturing (Hull) Limited

Notes to the accounts (continued)

Reconciliation of present value of scheme liabilities	2011 £'000	2010 £'000
At 1 January	3,228	2,550
Interest cost	178	145
Current service cost	325	331
Actual member contributions	5	-
Actuarial (gain)/loss	(187)	202
At 31 December	3,549	3,228

Reconciliation of fair value of scheme assets	2011 £'000	2010 £'000
At 1 January	1,914	1,317
Actual company contributions	294	331
Actual member contributions	5	-
Expected return on plan assets	133	145
Actuarial (loss)/gain	(366)	121
At 31 December	1,980	1,914

Analysis of the amount charged to operating profit	2011 £'000	2010 £'000
Current service cost	325	331
Total operating charge	325	331

Analysis of the amount charged to other finance costs	2011 £'000	2010 £'000
Expected return on pension scheme assets	133	145
Interest on pension scheme liabilities	(178)	(145)
Net charge	(45)	-

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy

INEOS Manufacturing (Hull) Limited

Notes to the accounts (continued)

Analysis of amounts recognised in the statement of total recognised gains and losses	2011 £'000	2010 £'000
Actual return less expected return on pension fund assets	(366)	121
Experience losses arising on fund liabilities	139	-
Gains/(losses) on change of financial and demographic assumptions	48	(202)
Actuarial loss recognised in the statement of total recognised gains and losses	(179)	(81)

Movement in deficit during the period	2011 £'000	2010 £'000
Deficit in the fund at beginning of period	(1,314)	(1,233)
Contributions paid	294	331
Current service cost	(325)	(331)
Transfer in on acquisition	-	-
Other finance costs	(45)	-
Actuarial loss	(179)	(81)
Deficit in the fund at end of period, before allowance for deferred tax	(1,569)	(1,314)

History of experience gains and losses	2011	2010	2009
Difference between the actual and expected return on fund assets			
Amount	(£366,000)	£121,000	£63,000
% of fund assets at end of period	(18.5%)	5.3%	7.1%
Experience gains/(losses) on fund liabilities			
Amount	(£139,000)	£nil	£nil
% of fund liabilities at end of period	(3.9%)	-	-

INEOS Manufacturing (Hull) Limited

Notes to the accounts (continued)

16 Ultimate parent company and ultimate controlling party

The Company's immediate parent undertaking is INEOS European Holdings Limited, a company registered in England and Wales. The Company's ultimate parent company is INEOS AG, a company registered in Switzerland.

The smallest and largest group that consolidates the Company's financial statements is INEOS Group Holdings SA, a subsidiary of INEOS AG. The consolidated financial statements of INEOS Group Holdings SA and INEOS Group Holdings PLC are available to the public and may be obtained from the Company Secretary at Hawkslease, Chapel Lane, Lyndhurst, SO43 7FG, United Kingdom.

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

17 Subsequent events

On 10 February 2012, INEOS Finance plc issued €500,000,000 aggregate principal amount of Floating Rate Senior Secured Notes due 2019 and \$1,000,000,000 8.375% Senior Secured Notes due 2019 under an indenture dated 10 February 2012. The company is a guarantor under this Indenture. These obligations are secured by fixed and floating charges over the assets of the company.

In May 2012 the Group successfully issued \$775 million Senior Secured Notes due 2020 and new Senior Secured Term Loans totalling \$3,025 million. The net proceeds from the notes and term loans were used to repay all of the outstanding Term Loan C, Term Loan D and Revolving Credit Facility indebtedness under the Senior Facilities Agreement, including the associated PIK interest. The company is a guarantor under this Indenture. These obligations are secured by fixed and floating charges over the assets of the company.