

INEOS Manufacturing (Hull) Limited
Annual report and financial statements
for the year ended 31 December 2009

Registered Number 6480046



INEOS Manufacturing (Hull) Limited

Annual report and financial statements

for the year ended 31 December 2009

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INEOS Manufacturing (Hull) Limited

Directors' report for the year ended 31 December 2009

The directors present their report and the audited financial statements of the company for the year ended 31 December 2009

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 £34.7m (period ended 31 December 2008: £31.1m) and the loss on ordinary activities before taxation was £0.1m (period ended 31 December 2008: profit of £0.5m). The directors do not recommend the payment of a dividend (period ended 31 December 2008: £nil), and the loss for the financial year will be withdrawn from reserves.

On 26 March 2010 the company's ultimate parent company became INEOS AG, a company registered in Switzerland. Prior to this date the company's ultimate parent company was INEOS Limited.

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 Holdings Limited. The directors have received confirmation that INEOS Holdings Limited intend to support the company for at least one year after these financial statements are signed.

Future outlook

The directors do not expect any change in the company's activities during the next financial year, and the company remains well placed to take advantage of the opportunities that are expected to arise in 2010.

Financial risk management

The company is not exposed to any significant financial risks. The financial risks of INEOS Limited, 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 KPIs is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of INEOS Limited, 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 Limited, 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
H Deans
GS Corsi
K Metcalfe
PC Overment

INEOS Manufacturing (Hull) Limited

Directors' report for the year ended 31 December 2009 (continued)

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

The directors are responsible for preparing the annual 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 UK 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 those financial statements, the directors are required to

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

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

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

By order of the board



M Stokes
Company secretary
30 September 2010

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 2009 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in equity shareholders' funds, 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 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss 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.

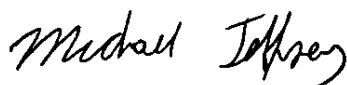
Opinion on other matter prescribed by the Companies Act 2006

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
30 September 2010

INEOS Manufacturing (Hull) Limited

Profit and loss account for the year ended 31 December 2009

	Note	2009 £m	2008 £m
Turnover	2	34.7	31.1
Cost of sales		(34.3)	(29.4)
Gross profit		0.4	1.7
Administrative expenses		-	0.1
Operating profit	1	0.4	1.8
Interest payable and similar charges	5	(0.5)	(1.3)
(Loss)/profit on ordinary activities before taxation		(0.1)	0.5
Tax on (loss)/profit on ordinary activities	6	-	(0.1)
(Loss)/profit for the financial year	13	(0.1)	0.4

All of the activities of the company relate to continuing operations

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/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 2009

	2009 £m	2008 £m
(Loss)/profit for the financial year	(0.1)	0.4
Actuarial loss recognised in the pension scheme (note 15)	(0.3)	(1.2)
Movement in deferred tax relating to pension liability	0.1	0.3
Total recognised gains and losses for the financial year	(0.3)	(0.5)

Reconciliation of movements in shareholders' deficit for the year ended 31 December 2009

	2009 £m	2008 £m
(Loss)/profit for the financial year	(0.1)	0.4
Actuarial loss recognised in the pension scheme (note 15)	(0.3)	(1.2)
Movement in deferred tax relating to pension liability	0.1	0.3
Net increase in shareholders' deficit	(0.3)	(0.5)
Opening shareholders' deficit	(0.5)	-
Closing shareholders' deficit	(0.8)	(0.5)

INEOS Manufacturing (Hull) Limited

Balance sheet as at 31 December 2009

	Note	2009 £m	2008 £m
Fixed assets			
Positive goodwill	7	0.2	0.2
Negative goodwill	7	(1.4)	(1.5)
Intangible assets	7	(1.2)	(1.3)
Tangible assets	8	19.0	17.1
		17.8	15.8
Current assets			
Stocks	9	0.3	0.3
Debtors	10	9.7	18.5
Cash at bank and in hand		0.6	0.5
		10.6	19.3
Creditors – amounts falling due within one year	11	(28.3)	(35.0)
Net current liabilities		(17.7)	(15.7)
Total assets less current liabilities		0.1	0.1
Net assets excluding pension liability		0.1	0.1
Pension liability	15	(0.9)	(0.6)
Net liability including pension liability		(0.8)	(0.5)
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	(0.8)	(0.5)
Total shareholders' deficit		(0.8)	(0.5)

The Financial statements on pages 4 to 17 were approved by the board of directors on 30 September 2010 and are signed on its behalf by



GS Corsi
Director

INEOS Manufacturing (Hull) Limited

Registered no 6480046

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. 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 Holdings Limited. The directors have received confirmation that INEOS Holdings Limited intend 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	-	5 years
• Fixtures, fittings and equipment	-	5 to 10 years
• Computer hardware and major software	-	2 to 4 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 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 Chlor Limited and INEOS Technologies Limited.

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

The method used to split the defined benefit pension scheme results between the company, INEOS Enterprises Limited, INEOS Chlor 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 Chlor Limited constitutes the largest percentage of the Fund's liabilities, the inactive members' liabilities are allocated to INEOS Chlor Limited.
- the plan assets are allocated between the entities based on the allocation of the liabilities between the various entities.
- the expected 2009 service cost has been allocated between the various entities based on the ratio of the respective active liabilities versus the total active liability for the Fund.
- the split of the actual 2009 contributions was either provided by the entities or reasonable assumptions were made to split these between the various entities. As all pensioner liabilities are allocated to INEOS Chlor Limited, all benefit payments are assumed to be paid by INEOS Chlor Limited.

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

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 Limited and its results are included in the consolidated financial statements of INEOS Limited, 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 Limited 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):

	2009 £000	2008 £000
Auditors' remuneration		
Audit fees	16	-
Non-audit services	-	-
Depreciation	1,600	900
Amortisation		
Goodwill	(100)	(100)
Research and development costs	-	-
Rentals payable under operating leases		
Other than plant and machinery	1,300	500

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 (2008 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	2009 Number	2008 Number
Production	41	42
Administration	2	-
	43	42

The aggregate payroll costs of these people were as follows

	2009 £m	2008 £m
Wages and salaries	1.8	1.4
Social security costs	0.2	0.1
Other pension costs (note 15)	0.4	0.2
	2.4	1.7

INEOS Manufacturing (Hull) Limited

Notes to the accounts (continued)

5 Interest payable and similar charges

	2009 £m	2008 £m
Interest payable on loans from group undertakings	0.4	0.7
Other interest and similar charges	0.3	-
Exchange (gains)/losses	(0.2)	0.6
Net interest payable	0.5	1.3

6 Tax on (loss)/profit on ordinary activities

a) Analysis of the charge for the year	2009 £m	2008 £m
UK corporation tax on (losses)/profits for the year	0.4	0.4
Deferred taxation – origination and reversal of timing differences	(0.4)	(0.3)
	-	0.1

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (period ended 31 December 2008 higher) than the standard rate of corporation tax in the UK. The differences are explained below.

	2009 £m	2008 £m
(Loss)/profit on ordinary activities before taxation	(0.1)	0.5
(Loss)/profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 28% (period ended 31 December 2008 28%)	-	0.1
Effects of		
Capital allowances in excess of depreciation	0.4	0.3
Current tax charge for year	0.4	0.4

(c) Factors which may affect future tax charges

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

INEOS Manufacturing (Hull) Limited

Notes to the accounts (continued)

(d) Deferred Taxation

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

	2009 Provided £m	2008 Provided £m
Arising from depreciation in excess of capital allowances	0.7	0.3
Pensions (note 15)	0.3	0.2
Total	1.0	0.5

Deferred tax asset relating to pension deficit

	2009 £m	2008 £m
At 1 January 2009	0.2	-
Deferred tax charge in profit and loss account	-	(0.1)
Deferred tax credited to the statement of total recognised gains and losses	0.1	0.3
At 31 December 2009	0.3	0.2

The deferred tax asset of £0.3m (2008: £0.2m) 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

	2009 Provided £m	2008 Provided £m
At 1 January 2009	0.5	-
Arising during the year	0.5	0.5
At 31 December 2009	1.0	0.5

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 £m	Negative Goodwill £m	Total £m
Cost			
At 1 January 2009	0.2	(1.6)	(1.4)
Additions	-	-	-
At 31 December 2009	0.2	(1.6)	(1.4)
Accumulated amortisation			
At 1 January 2009	-	(0.1)	(0.1)
Charge for the year	-	(0.1)	(0.1)
At 31 December 2009	-	(0.2)	(0.2)
Net Book Value			
At 31 December 2009	0.2	(1.4)	(1.2)
At 31 December 2008	0.2	(1.5)	(1.3)

8 Tangible fixed assets

	Land and buildings £m	Plant and machinery £m	Total £m
Cost			
At 1 January 2009	1.5	16.5	18.0
Additions	-	3.5	3.5
At 31 December 2009	1.5	20.0	21.5
Accumulated depreciation			
At 1 January 2009	-	0.9	0.9
Charge for year	-	1.6	1.6
At 31 December 2009	-	2.5	2.5
Net book value			
At 31 December 2009	1.5	17.5	19.0
At 31 December 2008	1.5	15.6	17.1

Land and buildings relates to freehold land

INEOS Manufacturing (Hull) Limited

Notes to the accounts (continued)

9 Stocks

	2009 £m	2008 £m
Raw materials and consumables	0.3	0.3
	0.3	0.3

10 Debtors

	2009 £m	2008 £m
Amounts falling due within one year		
Trade debtors	3.5	9.8
Amounts owed by fellow group undertakings	-	6.5
Deferred taxation	0.7	0.3
Other debtors	1.2	1.7
Prepayments and accrued income	4.3	0.2
	9.7	18.5

11 Creditors – amounts falling due within one year

	2009 £m	2008 £m
Trade creditors	1.2	4.2
Amounts owed to fellow group undertakings	22.5	27.9
Group relief payable	0.8	0.4
Accruals	3.8	2.5
	28.3	35.0

12 Called up share capital

Ordinary shares of £1 each	2009 Number	2009 £	2008 Number	2008 £
Authorised	100	100	100	100
Allotted, issued and fully paid	1	1	1	1

INEOS Manufacturing (Hull) Limited

Notes to the accounts (continued)

13 Profit and loss account

	2009 £m	2008 £m
At 1 January 2009	(0.5)	-
(Loss)/profit for the financial year	(0.1)	0.4
Actuarial loss in pension scheme (note 15)	(0.3)	(1.2)
Movement in deferred tax relating to pension liability	0.1	0.3
At 31 December 2009	(0.8)	(0.5)

14 Commitments and contingent liabilities

Annual operating lease commitments

At 31 December 2009 the Company had annual commitments under non-cancellable operating leases for assets expiring as follows

	Other 2009 £m	Other 2008 £m
Leases which expire		
Within one year	0.1	0.4
Between one and two years	-	-
Between two and five years	-	-
	0.1	0.4

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 2009) The valuation of the scheme used the projected unit method and was carried out by Watson Wyatt LLP, professionally qualified actuaries The principal assumptions made by the actuaries were

	2009 % pa	2008 % pa
Price inflation	3.6	3.1
Discount rate for scheme liabilities	5.7	6.1
Rate of increases in salaries	4.6	4.6
Rate of increase of pensions in payment	3.5	3.1
Rate of increase for deferred pensioners	3.5	3.1
Material demographic assumptions		
	2009 years	2008 years
Expected future lifetime at age 65 for a male currently aged 65	19.08	18.93

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

	31 December 2009		31 December 2008	
	Expected rate of return % pa	Fair Value £m	Expected rate of return % pa	Fair Value £m
Equities	8.1	1.2	8.2	0.7
Bonds	5.1	0.2	5.2	0.2
Other	4.3	-	4.0	-
Total fair value of assets	7.6	1.4	7.5	0.9
Actuarial value of scheme liabilities		(2.6)		(1.7)
Deficit in the scheme		(1.2)		(0.8)
Related deferred tax asset		0.3		0.2
Net pension liability		(0.9)		(0.6)

INEOS Manufacturing (Hull) Limited

Notes to the accounts (continued)

Reconciliation of present value of scheme liabilities	2009 £m	2008 £m
At 1 January 2009/On incorporation	1.7	-
Interest cost	0.1	0.1
Current service cost	0.4	0.2
Transfer in on acquisition	-	1.5
Actuarial loss/(gain)	0.4	(0.1)
At 31 December 2009	2.6	1.7

Reconciliation of fair value of scheme assets	2009 £m	2008 £m
At 1 January 2009/On incorporation	0.9	-
Actual company contributions	0.3	0.1
Expected return on plan assets	0.1	0.1
Actuarial gain/(loss)	0.1	(1.2)
Transfer in on acquisition	-	1.9
At 31 December 2009	1.4	0.9

Analysis of the amount charged to operating profit	2009 £m	2008 £m
Current service cost	0.4	0.2
Total operating charge	0.4	0.2

Analysis of the amount charged to other finance costs	2009 £m	2008 £m
Expected return on pension scheme assets	0.1	0.1
Interest on pension scheme liabilities	(0.1)	(0.1)
Net charge	-	-

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	2009 £m	2008 £m
Actual return less expected return on pension fund assets	-	(1 3)
Experience losses arising on fund liabilities	-	-
(Losses)/Gains on change of financial and demographic assumptions	(0 3)	0 1
Actuarial loss recognised in the statement of total recognised gains and losses	(0 3)	(1 2)

Movement in deficit during the period	2009 £m	2008 £m
Deficit in the fund at beginning of period	(0 8)	-
Contributions paid	0 3	0 1
Current service cost	(0 4)	(0 2)
Transfer in on acquisition	-	0 5
Other finance costs	-	-
Actuarial loss	(0 3)	(1 2)
Deficit in the fund at end of period, before allowance for deferred tax	(1 2)	(0 8)

History of experience gains and losses	2009	2008
Difference between the actual and expected return on fund assets		
Amount	£0 1m	(£1 3m)
% of fund assets at end of period	7 1%	(144 4%)
Experience gains/(losses) on fund liabilities		
Amount	£nil	£nil
% of fund liabilities at end of period	-	-

16 Ultimate parent company and ultimate controlling party

At 31 December 2009, the company was a subsidiary undertaking of INEOS Holdings Limited, a company registered in England and Wales. The company's ultimate parent company was INEOS Limited, a company registered in England and Wales. INEOS Group Holdings plc is the parent undertaking of the smallest group of undertakings to consolidate these financial statements.

Copies of the accounts of both INEOS Limited and INEOS Group Holdings Plc can be obtained from the company secretary, INEOS Limited, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

On 26 March 2010, INEOS Limited was acquired by INEOS AG, a company registered in Switzerland, which therefore became the company's ultimate parent company.

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



Nick Rowe/UK/ABAS/PwC

27/09/2010 15 05

Business Related

Action (To) Tom J McGuinness/UK/ABAS/PwC@EMEA-UK, Luke
J Armstrong/UK/ABAS/PwC@EMEA-UK
Information (cc) Sanjay D Farmahan/UK/ABAS/PwC
Confid List (bcc)
Subject Fw Snug stock count instructions

2 Files Attached - [69,213] - PLEASE SCAN FOR VIRUSES BEFORE USE

Tom & Luke,

Please find below the Snug Company stock count instructions

The key contact at the client will be Kate Stephenson (Financial Controller) Please can you give her a call on 0191 495 2232 to confirm the arrangements (She is not in today) The client is based in Gateshead and the address is as follows,

Snug Company Limited
Stonegate House
Stoneygate Lane
Felling
Gateshead
NE10 0HJ

Please be aware that the majority of stock is not held at the client's premises, but at a warehouse at the Port of Tyne Luke - Please obtain the address from Kate when you speak to her

Snug Company make bedding, such as duvets & pillows etc Key customers include Argos, Morrisons and Duvetco

As such, the stocks will be a variety of raw materials and finished goods associated with these products

Prior year end stock split is given below

Raw materials	569	2,787,165	2,315,156
Finished goods	571	1,062,559	828,011
Work in progress	572	18,000	20,000
		3,867,724	3,163,167

As mentioned above, the majority of stocks are held at the Port of Tyne with only stock sufficient for a couple of days production being held at the factory

Tom - you will be attending the factory site on the Friday morning and production will then re-commence on Friday afternoon

Luke - you are attending the warehouse on the Sunday

I attach below the prior year stock count write up and the physical inventory checklist and would appreciate it if you could use these to write up the stock count



Snug.xlsx



Snug.docx

Luke - for the main warehouse at the Port of Tyne, can you select a sample of 40 each way, split appropriately across each of the elements of raw materials and finished goods. It may be worth having a quick look at the detailed stock listing before the count and splitting your sample based on the value of stock type. Please can you make sure that you take enough information from the count sheets / detailed listing to enable us to be able to retrace counts at the final audit.

Tom - for the factory, can you perform a sample of test checks based on the levels of stock there at the time of production - you will need to liaise with Kate on this, but this should not result in an extensive sample (10 to 20 items should be sufficient).

Please see last years results and write up below -

Things to look out for-

The client has historically had problems with obsolete/old stock. Please can you make a note of any significant amounts of obsolete/damaged stock that you encounter during your visit and question the inclusion of these items in the final stock count

In addition, Snug used to supply Woolworths and Roseby's. Both of these companies went in to administration. Snug used to hold significant quantities of packaging stock which was branded as Woolworths/Roseby's. Much of this has now been disposed of/provided against. Please can you make a note of any significant amounts of Woolworths/Roseby's packaging you encounter during your visit and question whether this is included in the final detailed listing

Please can you make sure you retain the following from the client,

- A copy of the detailed stock listing before the count
- A copy of all of the count sheets
- A copy of the control sheet (used to make sure all count sheets are returned and input)
- A copy of the variance report
- A copy of the final detailed stock listing after the count

Once you have completed the stock count, please can you write up your results and send them across to me. Can you also please send the physical count sheets etc to me in the Cardiff office via internal mail.

Also, please call me at the conclusion of the count to confirm that there are no issues arising that need to be cleared prior to you leaving the site.

If you encounter any problems or have any queries please just give me a call on the number below.

Kind regards

Nick

Nick Rowe | Senior Manager

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