

Runcorn MCP Limited

**Annual report and financial statements
for the year ended 31 December 2017**

Registered Number 09117961

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Runcorn MCP Limited
Annual report and financial statements
for the year ended 31 December 2017
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Runcorn MCP Limited

Strategic report for the year ended 31 December 2017

The Directors present their Strategic report of Runcorn MCP Limited (the "Company") for the year ended 31 December 2017.

Review of the business

The Company is a 50:50 joint venture agreement between INOVYN ChlorVinyls Limited and VYNOVA Runcorn Limited.

The Company provides a toll manufacturing service to its two shareholders, converting the shareholders raw material brine into chlorine and caustic.

Turnover has increased from £67.6 million in the period to 31 December 2016 to £77.9 million in the year to 31 December 2017. This is primarily due to the fact that the company toll manufactured a higher volume of product than in the previous year.

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks. The key business risks affecting the Company are set out below:

- Regulation – the Company is highly regulated and may incur significant costs to maintain compliance with or to address liabilities under environmental, health and safety laws and regulations. As a responsible chemical manufacturer, the Company is committed to meeting all of its legal obligations. The Company liaises with various industry bodies to understand and prepare for compliance with new regulations on a timely and cost effective basis.
- Safety, health and the environment – the Company's facilities are subject to operating risks, including the risk of environmental contamination and safety hazards. The Company sets strict health, safety and environmental performance targets and is committed to continuous improvement in all aspects of operations, with the view to meeting and exceeding all relevant legislation requirements in this area. Safety, health and the environment is managed as an integral part of activities through a formal management system.

Key performance indicators

The Board monitors the progress of the Company by reference to the following KPIs:

	2017	2016
Reportable injuries and environmental incidents	5	3
Plant reliability %	96.6%	96.6%
Fixed costs £m	15.1	14.6

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of currency fluctuation risk and liquidity 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 is exposed to currency fluctuation risk as a result of its operations. However, given the size of the Company's operations, the cost of managing exposure to such risk exceeds any potential benefits. The Company manages its own liquidity position with reference to its two shareholders who are also its only customers.

Strategic future developments

The Company is of the view that the current trading and ownership arrangements will remain in place for the foreseeable future.

On behalf of the Board


L E M Leunis
Director

17th May 2018

Runcorn MCP Limited

Directors' report for the year ended 31 December 2017

The Directors present their report and the audited financial statements of Runcorn MCP Limited (the "Company") for the year ended 31 December 2017.

Results for the year

The results of the Company are set out in the profit and loss account on page 7 which shows a profit before taxation of £0.6 million (2016: £0.5 million).

Dividends

The Directors recommend payment of a final dividend of £1.4 million making a total dividends paid of £3.9 million for the year.

Future developments

Refer to Strategic report on page 1.

Political donations and political expenditure

The Company made no political or charitable contributions (2016: £nil).

Financial risk management

Financial risk management policies have been disclosed in the Strategic report on page 1.

Directors

The Directors who held office during the year, and up to the date of signing the financial statements, were as follows:

S M Collings (resigned 1 August 2017)
P M Daniels
P Prinz (resigned 1 January 2017)
G Jelschen (resigned 20 April 2016)
S Sommer (appointed 20 April 2016)
L E M Leunis (appointed 1 January 2017)
J D Morrison (appointed 1 August 2017)

Directors' indemnities

As permitted by the Articles of Association, the Company, via a policy maintained by its parent undertaking has maintained cover for its directors and officers under a directors' and officers' liability insurance policy as permitted by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Employees

It is the Company's practice to give full and fair consideration to applications for employment received from disabled persons, subject to the Company's requirements and to the qualifications, ability and aptitude of the individual in each case. In the event of staff becoming disabled, every effort is made to ensure their continued employment with the Company and to provide specialised training where appropriate.

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 Safety, Health and the Environment (SHE), plant reliability and fixed costs. The discretionary Business Bonus Scheme incentivises employees to meet key targets each year through the potential to receive a bonus payout. Each individual also has a set of personal review targets that are used as the basis of rewarding individual performance through pay increases or one-off special bonuses.

The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. Employees are provided with information about the Company through regular briefing bulletins.

Runcorn MCP Limited

Directors' report for the year ended 31 December 2017 (continued)

Health and safety

The Company continually strives to meet, and where possible, exceed strict health, safety and environmental performance targets. It is committed to continuous improvement in all aspects of its operations. Through its Safety, Health, Environment Quality ("SHEQ") Policy, the Company aims to be amongst the chemical industry leaders in health, safety, environmental protection and customer satisfaction, ensuring our products meet society's increasing environmental requirements. Specifically, the Company works to two guiding principles. The first being to protect the health and safety of its employees; the communities in which it operates; and the users of its products. Secondly, the Company seeks to minimise the effects on the environment from its operations; storage; transport; use and disposal of its products. The Company manages SHE as an integral part of its activities through a formal management system. This includes defining SHE standards and targets and monitoring of performance against them. It requires all members of staff (and others who work on its behalf) to adhere to the standard in the SHE Management System and to exercise personal responsibility to prevent harm to themselves, others and the environment. Comprehensive SHE information and training is provided to all employees, with SHE objectives set for every individual each year through the performance appraisal process. SHE targets also feature in the Company's discretionary Business Bonus Scheme.

Corporate social responsibility

The Company operates in full accordance with all prevailing laws and regulations in each jurisdiction of operation. The Company's Executive Committees and business management teams have access to a comprehensive range of legal advice to ensure that they are kept abreast and remain compliant with such issues.

Employees are made aware of the Company's Social Accountability principles via information published in employee handbooks. This Statement covers the Company's position on matters such as child and forced labour, discrimination, employee rights and cultural diversity, amongst others.

Statement of directors' responsibilities in respect of the financial statements

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Runcorn MCP Limited

Directors' report for the year ended 31 December 2017 (continued)


Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. As a consequence of the Company having passed a written shareholder resolution, there is no requirement to reappoint PricewaterhouseCoopers LLP as auditors of the Company on an annual basis.

Registered address

Runcorn MCP Limited
Runcorn Site HQ
South Parade
PO Box 9
Runcorn
Cheshire
WA7 4JE
United Kingdom

On behalf of the Board


L E M Leunis
Director
17th May 2018

Runcorn MCP Limited

Independent auditors' report to the members of Runcorn MCP Limited

Report on the audit of the financial statements

Opinion

In our opinion, Runcorn MCP Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 balance sheet as at 31 December 2017; the profit and loss account, the statement of comprehensive income, the cash flow statement and the statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

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

We have nothing to report in respect of the following matters in relation to which 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.

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.

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.

Runcorn MCP Limited

Independent auditors' report to the members of Runcorn MCP Limited (continued)

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 2017 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, 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.

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.

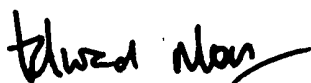
Other required reporting

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.



Edward Moss (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
17 May 2018

Runcorn MCP Limited

Profit and loss account for the year ended 31 December 2017

	Note	2017 £m	2016 £m
Turnover	2	77.9	67.6
Cost of sales		(59.2)	(50.5)
Gross profit		18.7	17.1
Administrative expenses		(18.0)	(16.4)
Operating profit	3	0.7	0.7
Interest payable and similar expenses	6	(0.1)	(0.2)
Profit before taxation		0.6	0.5
Tax on profit	7	-	(0.8)
Profit / (loss) for the financial year		0.6	(0.3)

Statement of comprehensive income for the year ended 31 December 2017

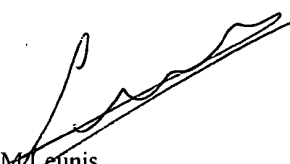
	Note	2017 £m	2016 £m
Profit / (loss) for the financial year		0.6	(0.3)
Other comprehensive income / (expense):			
Remeasurements of defined benefit liability	14	0.2	(1.2)
Recognition of deferred tax asset	13	(0.1)	0.2
Total comprehensive income / (expense) for the year		0.7	(1.3)

Runcorn MCP Limited

Balance sheet as at 31 December 2017

	Note	2017 £m	2016 £m
Fixed assets			
Tangible assets	8	26.3	25.3
Current assets			
Stocks	9	1.4	1.3
Debtors: amounts falling due within one year	10	13.8	15.5
Debtors: amounts falling due after more than one year	10	22.0	22.1
Cash and cash equivalents	11	3.5	2.4
		40.7	41.3
Creditors: amounts falling due within one year	12	(13.1)	(13.1)
Net current assets		27.6	28.2
Total assets less current liabilities		53.9	53.5
Post-employment benefits	14	(2.7)	(3.0)
Net assets		51.2	50.5
Capital and reserves			
Called up share capital	16	-	-
Share premium account		11.2	11.2
Capital contribution reserve	16	40.0	36.5
Retained earnings		-	2.8
Total equity		51.2	50.5

The financial statements on pages 7 to 26 were approved by the Board of Directors on 17th May 2018 and are signed on its behalf by:


L E M Leunis
Director

Runcorn MCP Limited

Registered Number 09117961

Runcorn MCP Limited

Statement of changes in equity for the year ended 31 December 2017

	Called up share capital £m	Share premium account £m	Capital contribution reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2016	-	11.2	33.4	4.1	48.7
Loss for the financial year	-	-	-	(0.3)	(0.3)
Other comprehensive expense	-	-	-	(1.0)	(1.0)
Total comprehensive expense for the year	-	-	-	(1.3)	(1.3)
Transactions with owners, recorded directly in equity					
Capital contribution	-	-	3.1	-	3.1
Balance at 31 December 2016	-	11.2	36.5	2.8	50.5
Profit for the financial year	-	-	-	0.6	0.6
Other comprehensive income	-	-	-	0.1	0.1
Total comprehensive income for the year	-	-	-	0.7	0.7
Transactions with owners, recorded directly in equity					
Capital contribution	-	-	3.9	-	3.9
Dividends	-	-	(0.4)	(3.5)	(3.9)
Balance at 31 December 2017	-	11.2	40.0	-	51.2

Runcorn MCP Limited

Cash flow statement for the year ended 31 December 2017

	Note	2017 £m	2016 £m
Cash flows from operating activities			
Profit / (loss) for the financial year		0.6	(0.3)
Adjustments for:			
Depreciation	8	2.5	1.7
Net finance expense	6	0.1	0.2
Tax charge	7	-	0.8
Contribution to defined benefit pension scheme deficit		(0.1)	(0.4)
Decrease / (increase) in trade and other receivables	10	1.7	(3.5)
Increase in inventories	9	(0.1)	(0.4)
Increase in trade and other payables	12	0.0	2.8
Net cash from operating activities		4.7	0.9
Cash flows from investing activities			
Interest payable and similar expenses	6	(0.1)	(0.2)
Acquisition of property, plant and equipment	8	(3.5)	(3.7)
Net cash used in investing activities		(3.6)	(3.9)
Cash flows from financing activities			
Capital contribution from shareholders	16	3.9	3.1
Dividends paid	15	(3.9)	-
Net cash from financing activities		-	3.1
Net increase in cash and cash equivalents		1.1	0.1
Cash and cash equivalents at 31 December 2016	11	-	2.4
Cash and cash equivalents at 31 December 2017		3.5	-

Runcorn MCP Limited

Accounting policies

General information

Runcorn MCP Limited (the “Company”) is a private company limited by shares and incorporated and domiciled in the United Kingdom. The Company is registered in England and Wales.

Statement of compliance

These financial statements were prepared in accordance with the Companies Act 2006 and the Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £0.1 million.

Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

Measurement convention

The financial statements are prepared on the historical cost and going concern basis.

Foreign currency

Transactions in foreign currencies are translated to the Company’s functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company’s own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company’s own equity instruments or is a derivative that will be settled by the Company’s exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company’s own shares, the amounts presented in these financial statements for called up share capital and share premium account excludes amounts in relation to those shares.

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Accounting policies (continued)

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents 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 cash flow statement.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Plant and machinery:

- major items of plant - 10 to 30 years
- major plant overhauls - 2 to 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Research and development

Expenditure on research and development is written off to the profit and loss account in the year incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Runcorn MCP Limited

Accounting policies (continued)

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Runcorn MCP Limited

Accounting policies (continued)

Employee benefits

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 profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plan 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. The fair value of any plan assets is deducted. The Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/(asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AAA or AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed every three years by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit and loss.

Remeasurement of the net defined benefit liability/(asset) is recognised in other comprehensive income in the period in which it occurs.

There are two defined benefit pension schemes that the Company is party to, the INEOS Chlor Pension Fund and the EVC UK Plan. These are multi-employer pension schemes for the employees of the Company and various related parties. INOVYN ChlorVinyls Limited is the principal employer.

A full actuarial valuation of these plans is conducted every three years and as a result in the interim years the IAS 19 pension scheme results need to be split on an approximate basis between the Company and the other related parties.

The method used to allocate the IAS 19 liabilities, assets and service cost between the entities is as follows:

- The December 2017 liabilities have been based on the section 75 debt liabilities for the Company versus these liabilities for the plans as a whole at 5 April 2016 (the date of the last signed valuation).
- Approximate allowance has been made for the changes due to special events (that the local actuary is aware of) since 5 April 2016.
- The split of the assets was based on the liability split at 31 December 2017.
- The expected 2018 service cost is based on the ratio of the Company's active payroll versus the total active payroll for the funds as a whole

In summary the 31 December 2017 disclosures for the Company are based on roll-forward calculations based on the latest full valuations, allowing for the approximate impact of the special events and updating for changes in assumptions as at 31 December 2017. Although no further membership changes have been allowed for in the calculations, for the purposes of estimating the liabilities for these disclosures, updated total payroll and membership numbers were provided.

The Directors believe that this approach represents a reasonable basis of accounting for the scheme.

The most recent signed valuation for the Company was 5 April 2016. The data from the full actuarial valuation, adjusted for material membership movements since this date, have been used in these financial statements.

Runcorn MCP Limited

Accounting policies (continued)

Employee benefits (continued)

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Provisions

A provision is recognised in the balance sheet when 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. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Turnover

Turnover represents the invoiced value of services provided to third parties, net of value added taxes. Turnover is recognised on completion of the service provided.

Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest income and interest payable is recognised in profit and loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Runcorn MCP Limited

Notes to the financial statements

1 Acquisition of assets

On 1 May 2015, the Company acquired the membrane chlorine plant of INOVYN ChlorVinyls Limited. On this date the employees associated with the operation and maintenance of the asset transferred from INOVYN ChlorVinyls Limited along with the related defined benefit pension liability.

Net assets acquired at the acquisition date:	Recognised values on acquisition £m
Tangible fixed assets	23.1
Defined benefit pension liability	(2.5)
	20.6
Total consideration	20.6
Goodwill on acquisition	-

Consideration consisted of a capital contribution from INOVYN ChlorVinyls Limited and a subsequent issue of shares.

2 Turnover

The Company's activities consist of the UK manufacture of chemicals under a tolling arrangement. These activities are considered to represent a single business segment. All of the Company's turnover originates from and is destined for the United Kingdom.

3 Operating profit

Included in operating profit are the following:

	2017 £m	2016 £m
Included in operating profit are the following:		
Inventory recognised as an expense	0.1	0.1
Depreciation	2.5	1.7
Auditors' remuneration:		
Audit of these financial statements*	-	-

*Auditors' remuneration in respect of the audit of these financial statements for the year was £11,000 (2016: £10,500).

Runcorn MCP Limited

Notes to the financial statements (continued)

4 Staff numbers and costs

The average monthly number of persons employed by the Company (including Directors) during the period, analysed by category, was as follows:

By category	2017 Number	2016 Number
Production and distribution	92	93
	92	93

The aggregate payroll costs of these persons was as follows:

	2017 £m	2016 £m
Wages and salaries	5.3	5.2
Social security costs	0.5	0.5
Other pension costs - defined contribution plans (Note 14)	0.3	0.3
Other pension costs - defined benefit plans (Note 14)	0.8	0.4
	6.9	6.4

5 Directors' remuneration

None of the Directors received any emoluments in respect of services to the Company (2016: £nil).

6 Interest payable and similar expenses

	2017 £m	2016 £m
Total interest expense on financial liabilities measured at amortised cost	0.1	0.2
Total other interest payable and similar expenses	0.1	0.2

Interest payable and similar expenses include interest payable to group undertakings of £nil (2016: £nil).

Runcorn MCP Limited

Notes to the financial statements (continued)

7 Tax on profit

Recognised in the profit and loss account

	2017 £m	2016 £m
UK corporation tax		
Current tax on income for the period	0.1	-
Adjustment in respect of prior periods	(0.1)	-
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	-	0.1
Under provided in prior periods	-	0.7
Total deferred tax	-	0.8
Tax on profit	-	0.8

Recognised in other comprehensive income

	2017 £m	2016 £m
Deferred tax		
Employee benefits	(0.1)	0.2
	(0.1)	0.2

Reconciliation of effective tax rate

	2017 £m	2016 £m
Profit before taxation	0.6	0.5
Profit multiplied by the standard rate of tax in the UK of 19.25% (2016: 20%)	0.1	0.1
Under provided in prior periods	(0.1)	0.7
Total tax charge	-	0.8

Factors affecting future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 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.

Runcorn MCP Limited

Notes to the financial statements (continued)

8 Tangible assets

	Plant and machinery £m	Assets under construction £m	Total £m
Cost			
At 1 January 2016	23.6	0.4	24.0
Additions	-	3.7	3.7
Transfers	3.4	(3.4)	-
At 31 December 2016	27.0	0.7	27.7
Additions	-	3.5	3.5
Transfers	3.4	(3.4)	-
At 31 December 2017	30.4	0.8	31.2
Accumulated depreciation			
At 1 January 2016	0.7	-	0.7
Charge for the year	1.7	-	1.7
At 31 December 2016	2.4	-	2.4
Charge for the year	2.5	-	2.5
At 31 December 2017	4.9	-	4.9
Net book value			
At 31 December 2017	25.5	0.8	26.3
At 31 December 2016	24.6	0.7	25.3

Tangible fixed assets under construction

No borrowing costs were capitalised during the year (2016: £nil).

9 Stocks

	2017 £m	2016 £m
Raw materials and consumables	1.4	1.3

Inventories are stated after provisions for impairment of £0.5 million.

Raw materials and consumables recognised as cost of sales in the year amounted to £1.5 million (2016: £1.4 million).

There were no material write downs of stock during the financial year (2016: £nil).

No stocks were pledged as security for liabilities in the year (2016: £nil).

Runcorn MCP Limited

Notes to the financial statements (continued)

10 Debtors

	2017 £m	2016 £m
Amounts owed by group undertakings (note 19)	9.4	10.6
Other debtors	4.4	4.9
Deferred tax asset (note 13)	22.0	22.1
	35.8	37.6
Amounts falling due within one year	13.8	15.5
Amounts falling due after more than one year (note 13)	22.0	22.1
	35.8	37.6

Debtors include deferred tax assets of £22.0 million (2016: £22.1 million) due after more than one year. Amounts owed by group undertakings refer to normal trading activity and therefore incur no interest and are repayable on agreed terms.

11 Cash and cash equivalents

	2017 £m	2016 £m
Cash and cash equivalents per cash flow statements	3.5	2.4

12 Creditors: amounts falling due within one year

	2017 £m	2016 £m
Trade creditors	0.8	0.8
Amounts owed to group undertakings (note 19)	11.5	11.3
Taxation and social security	0.2	0.2
Other creditors	-	0.2
Accruals and deferred income	0.6	0.6
	13.1	13.1

No creditors relate to convertible debt (2016: £nil). Amounts owed to group undertakings refer to normal trading activity and therefore incur no interest and are repayable on agreed terms.

Runcorn MCP Limited

Notes to the financial statements (continued)

13 Deferred taxation

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

	2017 £m	2016 £m
Employee benefits	0.5	0.6
Arising from accelerated capital allowances	21.5	21.5
	22.0	22.1

Deferred taxation arising from accelerated capital allowances is included within debtors falling due after more than one year (Note 10).

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

	Employee benefits £m	Arising from accelerated capital allowances £m	Total £m
At 1 January 2017	0.6	21.5	22.1
Charge in Profit and loss account	-	-	-
Charge in Statement of comprehensive income	(0.1)	-	(0.1)
At 31 December 2017	0.5	21.5	22.0

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

14 Post-employment benefits

Defined contribution plan

The Company operates a defined contribution pension plan. The total expense relating to these plans in the current year was £0.3 million (2016: £0.3 million).

Defined benefit plans

The UK defined benefit pension plans are final salary in nature. The majority of the UK plans are either closed to new entrants or frozen to future accrual. The plans operate under trust law and are managed and administered by Trustees in accordance with the terms of each plan's Trust Deed and Rules and relevant legislation. The contributions paid to the UK plans are set every three years based on a funding agreement between the Company and Trustee after taking actuarial advice.

Runcorn MCP Limited

Notes to the financial statements (continued)

14 Post-employment benefits (continued)

Movements in net defined benefit liability	Defined benefit obligation £m	Fair value of plan assets £m	Net defined benefit liability £m
Balance at 1 January 2017	4.1	(1.1)	3.0
Included in profit and loss			
Current Service Cost	0.8	-	0.8
Included in Statement of comprehensive income			
Remeasurements gain:			
Actuarial loss arising from			
- Changes in financial assumptions	(0.2)	-	(0.2)
Other			
Contributions paid by the employer	-	(0.9)	(0.9)
Balance at 31 December 2017	4.7	(2.0)	2.7

Movements in net defined benefit liability	Defined benefit obligation £m	Fair value of plan assets £m	Net defined benefit liability £m
Balance at 1 January 2016	2.5	(0.4)	2.1
Included in profit and loss			
Current Service Cost	0.4	-	0.4
Included in Statement of comprehensive income			
Remeasurements gain:			
Actuarial gain arising from			
- Changes in financial assumptions	1.2	-	1.2
Other			
Contributions paid by the employer	-	(0.7)	(0.7)
Balance at 31 December 2016	4.1	(1.1)	3.0

Runcorn MCP Limited

Notes to the financial statements (continued)

14 Post-employment benefits (continued)

Plan assets

	2017 £m	2016 £m
Cash and cash equivalents	0.1	-
Debt instruments	1.0	0.6
Other (Diversified Growth)	0.9	0.5
Total	2.0	1.1

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA-rated. All other plan assets are not quoted in an active market.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages)

	2017	2016
Discount rate at 31 December	2.7%	2.6%
Future salary increases	3.3%	3.3%
Rate of price inflation (RPI)	3.3%	3.3%
Rate of price inflation (CPI)	2.2%	2.2%
Rate of pension increases	3.0%	3.0%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet 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:

- Current pensioner aged 65 and male: 21.0 years (2016: 22.7 years)
- Future retiree upon reaching 65 (male member currently aged 45): 22.9 years (2016: 25.0 years)

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions.

	2017 £m	2016 £m
Discount rate		
Discount rate – 25 basis points (2.45%) (2016: 2.35%)	5.0	4.3
Discount rate + 25 basis points (2.95%) (2016: 2.85%)	(4.4)	(3.9)
Mortality		
One year increase in life	4.8	4.2

The above sensitivities are based on the average duration of the defined benefit obligation determined at the date of the last full actuarial valuation at 5 April 2013 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

The Company expects to pay £0.9 million in contributions to its defined benefit plans in 2018.

Runcorn MCP Limited

Notes to the financial statements (continued)

15 Dividends

	2017 £m	2016 £m
Declared and paid during the year	2.5	-
Proposed final dividend	1.4	-
Total	3.9	-

Payment of the final dividend was approved by the Board of Directors on 19th January 2018.

16 Capital and reserves

Called up share capital

	"A" Ordinary shares £	"B" Ordinary Shares £
On issue at 1 January 2015	100	-
At 31 December 2016 and at 31 December 2017	100	100

Allotted and fully paid at 31 December 2016 and at 31 December 2017

	Number	£
"A" Ordinary shares of £1 each	100	100
"B" Ordinary shares of £1 each	100	100
	200	200

The "A" ordinary and "B" ordinary shares are considered to rank pari passu. The holders of both ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Capital contribution reserve

During the year the shareholders contributed £3.9 million to fund capital expenditure (2016: £3.1 million). Of this £0.4 million was repaid to shareholders as dividends (2016: £nil). Net contribution was £3.5 million (2016: £3.1 million).

17 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	2017 £m	2016 £m
Assets measured at amortised cost		
Amounts owed by related parties	9.4	10.6
Other receivables	4.4	4.9
Cash and cash equivalents	3.5	2.4
	17.3	17.9

Runcorn MCP Limited

Notes to the financial statements (continued)

17 Financial instruments (continued)

Liabilities measured at amortised cost	2017 £m	2016 £m
Trade payables	0.8	0.8
Amounts owed to related parties	11.5	11.3
Accruals and other payables	0.8	1.0
	13.1	13.1

18 Commitments

Capital commitments

Outstanding capital expenditure authorised by the Board and for which contracts had been placed as at 31 December 2017 amounted to approximately £1.0 million (2016: £0.8 million).

19 Related parties

The Company is a 50:50 joint venture between INOVYN ChlorVinyls Limited and Vynova Runcorn Limited. INOVYN ChlorVinyls Limited is part of a group headed by INOVYN Limited of which INOVYN Group Treasury Limited is a fellow member.

	Sales to		Expenses from	
	2017 £m	2016 £m	2017 £m	2016 £m
INOVYN ChlorVinyls Limited	36.6	36.3	68.1	60.8
Vynova Runcorn Limited	41.3	31.3	-	-
	77.9	67.6	68.1	60.8

	Receivables outstanding		Creditors outstanding	
	2017 £m	2016 £m	2017 £m	2016 £m
INOVYN ChlorVinyls Limited	4.7	4.9	9.4	9.1
Vynova Runcorn Limited	4.7	5.7	2.1	2.2
	9.4	10.6	11.5	11.3

Runcorn MCP Limited

Notes to the financial statements (continued)

20 Controlling parties

The Company is a 50:50 joint venture between INOVYN ChlorVinyls Limited and Vynova Runcorn Limited, companies registered in England and Wales, both with the same registered office address as this Company (as shown on page 4). The two shareholders are considered to be the ultimate controlling parties, and consolidate this joint venture as a joint operation.

21 Accounting estimates and judgements

Taxation

All the Company's operations are in the UK. Management is required to estimate the tax payable and this involves estimating the actual current tax charge or credit together with assessing temporary difference 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 balance sheet of the company. Management have performed an assessment as to the extent to which future taxable profits will allow the deferred tax 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 fully determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process. Details of amounts recognised with regard to taxation are disclosed in note 9 to the financial statements.

Pension assumptions

The Company is party to two defined benefit pension plans. The plans are now closed to new entrants and frozen to future accrual. Under IAS 19 Revised Employee Benefits, management is required to estimate the present value of the future defined benefit obligation of each defined benefit scheme. The costs and year end obligations under the defined benefit scheme are determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- Inflation rate projections;
- Discount rate for scheme liabilities.

Details of pension assumptions are described in detail in note 14 to the financial statements.

Useful economic lives of tangible fixed assets

The annual depreciation charge of tangible fixed 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 utilization and the physical condition of the assets. See note 8 for the carrying value of the tangible fixed assets and the accounting policies for the useful economic lives for each class of asset.

Impairment of debtors

The Company made 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 aging profile of debtors and historical experience.