

INEOS Paraform Limited

Annual report for the year ended 31 December 2013

Registered number 4482032



INEOS Paraform Limited

INEOS Paraform Limited

Annual report for the year ended 31 December 2013

Contents

Strategic report for the year ended 31 December 2013	1
Directors' report for the year ended 31 December 2013	3
Independent auditors' report to the members of INEOS Paraform Limited	4
Profit and loss account for the year ended 31 December 2013	6
Balance sheet as at 31 December 2013	7
Statement of accounting policies	8
Notes to the financial statements for the year ended 31 December 2013	10

INEOS Paraform Limited

Strategic report for the year ended 31 December 2013

Principal activities

The principal activity of the company is to act as an intermediate non-trading parent company to INEOS Paraform GmbH & Co. KG and INEOS Paraform Beteiligungs GmbH & Co. KG.

Given the non-trading purpose of this entity we would like to refer to the director's report of INEOS Paraform Holdings Limited (registered number 5293217), being the sole shareholder of INEOS Paraform Limited. Any other comments and disclosures in the director's report of INEOS Paraform Holdings Limited also apply to INEOS Paraform Limited.

Results and dividends

The results for the financial year are set out in the profit and loss account on page 6. The directors decided on a dividend payout of €1,000,000 for the business year 2013 in November 2013 and do not recommend the payment of a further dividend for the business year 2013 (2012: Nil).

Review of business

The directors are satisfied with the performance of the company during the year and anticipate a similar financial performance in 2014.

Objectives and strategy

The directors do not expect any change in the company's activities during the next financial year.

Principal risks and uncertainties

The directors are confident that the company is structured and positioned in a manner that will enable it to meet the demands of its markets and business environment. The entity acts as a holding company for the German entities of the group and no other operational business.

The group is embedded in the risk management system of the global INEOS group. Executive Committee Meetings take place on a regular basis, approximately six times per year, in which all aspects of business performance and all major decisions are discussed and agreed.

Insurances are in place to mitigate financial disadvantages from potential liabilities and damages. The insurance cover is reviewed on an annual basis. The main risks are covered by INEOS group policies (see INEOS Group Holdings SA consolidated financial statements).

To avoid losses from customer insolvencies, exports and overseas sales are secured by prepayments or letters of credit.

The group is in compliance with the requirements of the new European chemical legislation REACH and is well prepared to meet the future registration deadlines.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company where appropriate.

The exposure of the group to foreign exchange risks is limited. Approximately 90 percent of the group's revenue is realised in Euro denominated regions and all main feedstock purchases are on a Euro basis. Exports to non Euro regions are, on a case by case basis, evaluated with respect to profitability.

INEOS Paraform Limited

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.

Approved on behalf of and by order of the board



Y Ali

Company Secretary

28 October 2014

INEOS Paraform Limited

Directors' report for the year ended 31 December 2013

INEOS Paraform Limited – registered number 4482032

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

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

Mr G W Leask

Mr W Haenel

Mr P S Williams

Statement of directors' responsibilities

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to independent auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) 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.

Signed on behalf of and by order of the board



Y Ali
Company Secretary

28 October 2014

INEOS Paraform Limited

Independent auditors' report to the members of INEOS Paraform Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

What we have audited

The financial statements, which are prepared by INEOS Paraform Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss accounts for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

What an audit of financial statements involves

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

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

INEOS Paraform Limited

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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



Michael Jeffrey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
28 October 2014

INEOS Paraform Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 €'000	2012 €'000
Turnover	2	291	286
Administrative expenses	3	(323)	(297)
Operating loss	4	(32)	(11)
Income from other fixed asset investments	5	2,144	1,085
Other interest receivable and similar income	6	21	26
Interest payable and similar charges	7	(139)	(212)
Profit on ordinary activities before taxation		1,994	888
Tax on profit on ordinary activities	8	(297)	(222)
Profit for the financial year	14	1,697	666

All results relate to continuing operations.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.


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

INEOS Paraform Limited

Balance sheet as at 31 December 2013

	Note	2013 €'000	2012 €'000
Fixed assets			
Investments	5	10,912	10,912
Current assets			
Debtors	10	2,607	2,759
Cash at bank and in hand		-	247
		2,607	3,006
Creditors: amounts falling due within one year	11	(3,736)	(4,832)
Net current liabilities		(1,129)	(1,826)
Total assets less current liabilities		9,783	9,086
Net assets		9,783	9,086
Capital and reserves			
Called up share capital	12	-	-
Share premium account	13	3,350	3,350
Profit and loss account	14	6,433	5,736
Total shareholders' funds	15	9,783	9,086

The financial statements on pages 6 to 16 were approved by the board of directors on 28 October 2014 and were signed on its behalf by:


Mr G W Leask
Director

INEOS Paraform Limited

Statement of accounting policies

Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. As there are net current liabilities, the parent company INEOS Paraform Holdings Limited has provided written confirmation to the directors of its intent to continue to support the company. The principal accounting policies, which have been applied consistently, are set out below.

These financial statements contain information about INEOS Paraform Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, INEOS Paraform Holdings Limited, a company incorporated in England and Wales.

Cash flow statement

The company is a wholly owned subsidiary of INEOS Paraform Holdings Limited and its results are included in the consolidated financial statements of its parent company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) 'Cash flow statements'.

Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by INEOS Paraform Holdings Limited, whose financial statements are publicly available.

Turnover

Turnover represents the invoiced value of services provided to inter-company parties. Revenue is recognised at the point the service is provided.

Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Current taxation

Corporation tax is payable on taxable profits at the current rate.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

INEOS Paraform Limited

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

Foreign currencies

The functional currency of INEOS Paraform Limited is the local currency of its principal operating environment. The primary products of the company's principal subsidiary are sold in international commodities market prices and invoiced primarily in Euros; therefore the Euro is the company's functional currency.

Transactions 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 closing rate of the period. All translation gains and losses on the settlement of monetary assets and liabilities are included in the determination of profit for the financial year.

Debt issue costs

Debt issue costs arising from external financing arrangements are capitalised and amortised over the term of the financing instrument.

INEOS Paraform Limited

Notes to the financial statements for the year ended 31 December 2013

1 Reporting currency

The financial statements are expressed in Euros as the company primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in Euros.

The exchange rate as at 31 December 2013 was €1.196 / £1 (2012: €1.225 / £1).

2 Turnover

Turnover represents management charges to subsidiary companies. All turnover relates to activities in the UK.

3 Administrative expenses

	2013	2012
	€'000	€'000
Materials and inspections	18	17
Inter-company advisory fee	291	286
Exchange rate gains	14	(6)
	323	297

4 Operating loss

Operating loss is stated after charging the following:

	2013	2012
	€'000	€'000
Auditors remuneration		
- fees payable to the company's auditors for the audit of the financial statements	18	15

INEOS Paraform Limited

5 Fixed asset investments

	Investments in subsidiary undertakings €'000
Cost and net book value	
At 1 January 2013 and 31 December 2013	10,912

The following information relates to the subsidiary undertakings of the company:

	Country of registration and operation	Principal activity	Percentage holding (ordinary shares)
INEOS Paraform GmbH & Co. KG	Germany	Manufacture and sale of chemicals	90%
INEOS Paraform Beteiligungs GmbH & Co. KG	Germany	Holding company	100%

INEOS Paraform Limited holds a 90% direct holding in INEOS Paraform GmbH & Co. KG and a 10% indirect holding by virtue of its 100% holding in INEOS Paraform Beteiligungs GmbH & Co. KG as INEOS Paraform Beteiligungs GmbH & Co. KG holds the remaining 10% shareholding in INEOS Paraform GmbH & Co. KG.

The unlimited partner of both partnerships mentioned in the above table is INEOS Paraform Verwaltungs GmbH which holds one share in each of the companies at a zero value.

The directors believe the book value of investments is supported by their underlying net assets.

	2013 €'000	2012 €'000
Income from fixed asset investments	2,144	1,085

6 Other interest receivable and similar income

	2013 €'000	2012 €'000
Interest receivable from group undertakings	21	26

INEOS Paraform Limited

7 Interest payable and similar charges

	2013	2012
	€'000	€'000
Interest payable to group undertakings	139	212

8 Tax on profit on ordinary activities

The taxation charge for the year comprises:

	2013	2012
	€'000	€'000
Current tax		
UK corporation tax on profits of the year	487	266
Double taxation relief	(487)	(266)
Foreign tax		
Foreign tax	298	231
Adjustments in respect of prior years	(1)	(9)
Tax on profit on ordinary activities	297	222

INEOS Paraform Limited

8 Tax on profit on ordinary activities (continued)

The tax assessed for the year is lower (2012: higher) than the standard rate of corporation taxation in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013	2012
	€'000	€'000
Profit on ordinary activities before taxation	1,994	888
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	463	218
Adjustments in respect of foreign taxes	67	-
Adjustments in respect of prior years	(1)	(9)
Capital allowances in excess of depreciation	24	49
Double taxation relief	(256)	(36)
Tax charge for the year	297	222

Factors affecting future tax charges

No deferred tax is recognised on the un-remitted earnings of overseas subsidiaries. As the earnings are continually reinvested by the Group, no tax is expected to be payable on them in the foreseeable future.

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge accordingly.

9 Employees and directors

INEOS Paraform Limited had no employees during 2013 (2012: none) apart from the directors.

The directors did not receive any emoluments in respect of their services to the company (2012: €nil).

INEOS Paraform Limited

10 Debtors

	2013	2012
	€'000	€'000
Amounts owed by group undertakings	2,601	2,388
Other debtors	6	9
Corporation tax	-	362
	2,607	2,759

11 Creditors: amounts falling due within one year

	2013	2012
	€'000	€'000
Trade creditors	43	43
Amounts owed to group undertakings	3,608	4,773
Corporation tax	67	-
Accruals and deferred income	18	16
	3,736	4,832

12 Called up share capital

	2013	2012
	€'000	€'000
Authorised		
100,010 (2012:100,010) ordinary shares of 1p each	1	1
	2013	2012
	€'000	€'000
Allotted and fully paid		
10,010 (2012:10,010) ordinary shares of 1p each	-	-

INEOS Paraform Limited

13 Share premium account

	€'000
At 1 January 2013 and 31 December 2013	3,350

14 Profit and loss account

	€'000
At 1 January 2013	5,736
Profit for the financial year	1,697
Dividends	(1,000)
At 31 December 2013	6,433

15 Reconciliation of movements in shareholders' funds

	2013 €'000	2012 €'000
Profit for the financial year	1,697	666
Dividends (note 16)	(1,000)	-
Movement in shareholders' funds	697	666
Opening shareholders' funds	9,086	8,420
Closing shareholders' funds	9,783	9,086

16 Dividends

	2013 €'000	2012 €'000
Interim paid	1,000	-

The directors are not proposing a final dividend in respect of the financial year ending 31 December 2013.

INEOS Paraform Limited

17 Ultimate parent undertaking and controlling party

These financial statements are consolidated into the INEOS Paraform Holdings Limited financial statements, the company's immediate parent undertaking. The ultimate parent undertaking is INEOS AG.

INEOS Paraform Holdings Limited and its subsidiary undertakings is the smallest and largest group to consolidate the financial statements of the company.

The consolidated group financial statements of INEOS Paraform Holdings Limited are available to the public and may be obtained from the Company Secretary at: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

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