

INEOS Manufacturing (Hull) Limited
Annual report and Financial Statements
for the year ended 31 December 2016

Registered Number 6480046

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Annual report and financial statements
for the year ended 31 December 2016
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Strategic report for the year ended 31 December 2016

The Directors present their strategic report of INEOS Manufacturing (Hull) Limited (the "Company") for the year ended 31 December 2016.

Review of the business and principal activities

The Company is a toll manufacturer of chemicals for other INEOS group companies and operated the manufacture and supply of Ethyl Acetate (ETAC) during 2016.

Turnover represents fixed toll manufacture fees earned from other group companies. Turnover for the year was £29,144,000 (2015: £19,562,000) and the profit on ordinary activities before taxation was £3,020,000 (2015: £3,641,000).

Operating profit was £10,969,000 (2015: £2,573,000) representing an increase of £8,396,000. This increase is due to recharge of financial costs.

Key exceptional items

On 4 October 2013, the company announced the closure of its VAM plant. The VAM market had become increasingly targeted by cheap imports, mainly from Saudi Arabia and the USA, both of which benefit from low cost raw materials. Although significant efforts were made to reduce costs and improve profitability at the plant, the cost per tonne remained significantly higher than the international competition thus making trading conditions difficult, as a result, the Directors took the decision to close the VAM manufacturing plant and made an exceptional provision of £39,619,000. During the year 2015 £4,117,000 was released from the provision as an exceptional gain. In 2016 there was an exceptional gain of £3,484,000 due to the sale of a VAM storage tank.

Principal risks and uncertainties

The Company's operations mean that the business is exposed to risks from changing market demand, adverse changes to raw material prices and increases in competition. These risks are expected for a European Chemicals manufacturer and are continually monitored through reference to our financial performance and where appropriate through the use of hedging instruments to secure margin.

Operating within the Chemical industry, our businesses are highly regulated, with Environmental, Health and Safety laws and regulations governing our operations and providing our licence to operate. The Company places compliance with these laws and regulations as the number one priority and has a "best in class" reputation within the Industry.

Financial risk management

The Company's operations expose it primarily to commodity price risk, foreign exchange and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company where appropriate. Interest rate exposures are not material to the Company as the Company has no outstanding external loan balances. Foreign exchange losses arise from balances with other group companies or normal trading balances.

Strategic report for the year ended 31 December 2016 (continued)

Key performance indicators (“KPIs”)

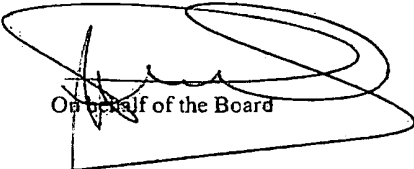
In conjunction with the management of costs and working capital to improve profit the company uses a number of key performance indicators (“KPIs”) to monitor performance. These KPIs are monitored both on a product-by-product basis and also for the company as a whole, compared to budget:

- EBITDA – earnings before interest, tax, depreciation, amortization, and exceptional items.
- Working capital ratios – these include debtor days indicating the average length of time it takes to receive cash from a sale and creditor days indicating the average length of time it takes to pay cash for a purchase.

The directors of INEOS Group Holdings S.A. manage the group’s operations on a divisional basis. For this reason, the company’s directors believe that analysis using performance indicators of the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Ineos Manufacturing (Hull) Ltd. The development, performance and position of the group, including this company, are discussed in the group’s annual report which does not form part of this report.

Strategic future developments

Following the announcement of the VAM closure during 2013, focus for the VAM business is on minimising costs in relation to the closure. The provision is monitored regularly. Due to the continuing challenging economic outlook and market conditions, the directors will continue to closely monitor the EtAc business environment for the Company’s continuing business.



On behalf of the Board

P.K.V. Huyck
Director

25 September 2017

Directors' report for the year ended 31 December 2016

The directors present their report and the audited financial statements of the company for the year ended 31 December 2016.

Review of the business

A review of the business is discussed within the strategic report, refer to page 1.

Dividends

The directors do not recommend the payment of a dividend (2015: £nil).

Financial risk management

Refer to the strategic report on page 1.

Future developments

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

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 intends to support the company for at least one year after these financial statements are signed.

Directors

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

G Leask
JF Ginns
PKV Huyck
GGJ Decadt

Statement of directors' responsibilities

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 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.

Directors' report for the year ended 31 December 2016 (continued)

Statement of directors' responsibilities (continued)

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.

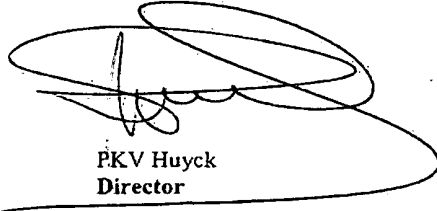
Disclosure of information to auditors

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

Independent auditors

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

On behalf of the board



PKV Huyck
Director

25 September 2017

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

Report on the financial statements

Our opinion

In our opinion, INEOS Manufacturing (Hull) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

What we have audited

The financial statements, included within the Annual report and Financial Statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2016;
- the Profit and loss account and the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

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:

- 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.

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

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 pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("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.

What an audit of financial statements involves

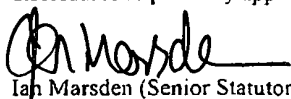
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Ian Marsden (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Newcastle upon Tyne

25 September 2017

Profit and loss account for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Turnover	1	29,144	19,562
Cost of sales		(18,141)	(16,919)
Gross profit		11,003	2,643
Administrative expenses		(34)	(70)
Operating profit	2	10,969	2,573
Exceptional gain	3	3,484	4,117
Interest receivable and similar income	6	1	2
Interest payable and similar expenses	7	(11,434)	(3,051)
Profit before taxation		3,020	3,641
Tax on profit	8	(751)	(1,053)
Profit for the financial year		2,269	2,588

All results in the current year relate to continuing activities.

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

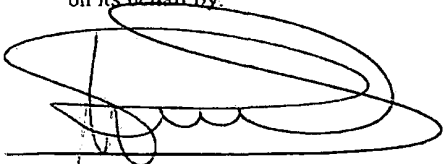
**Statement of comprehensive income
for the year ended 31 December 2016**

	Note	2016 £'000	2015 £'000
Profit for the financial year		2,269	2,588
Other comprehensive (expense)/income			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial (loss)/gain recognised in the pension scheme	15	(2,650)	92
Movement in deferred tax relating to pension deficit	8	451	3
Other comprehensive (expense)/income for the year		(2,199)	95
Total comprehensive income for the year		70	2,683

Balance sheet at 31 December 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	9	97	113
Tangible assets	10	11,170	12,035
		11,267	12,148
Current assets			
Stocks	11	1,505	2,321
Debtors (including £6,194,000 (2015: £7,517,000) recoverable after more than one year)	12	10,356	11,868
Cash at bank and in hand		684	1,198
		12,545	15,387
Creditors: amounts falling due within one year	13	(48,955)	(54,622)
Net current liabilities		(36,410)	(39,235)
Total assets less current liabilities		(25,143)	(27,087)
Provisions for liabilities	14	-	(621)
Employee benefits	15	(5,524)	(3,029)
Net liabilities		(30,667)	(30,737)
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account		(30,667)	(30,737)
Total shareholders' deficit		(30,667)	(30,737)

The financial statements on pages 7 to 29 were approved by the Board of Directors on 25 September 2017 and signed on its behalf by:



PKV Huyck
Director

INEOS Manufacturing (Hull) Limited
Registered number 6480046

Statement of changes in equity for the year ended 31 December 2016

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' deficit £'000
Balance at 1 January 2015	-	-	(33,420)	(33,420)
Profit for the financial year	-	-	2,588	2,588
Other comprehensive income for the year:				
Actuarial gain in pension scheme (note 15)	-	-	92	92
Movement in deferred tax relating to pension liability (note 8)	-	-	3	3
Total comprehensive income for the year	-	-	2,683	2,683
Balance at 31 December 2015	-	-	(30,737)	(30,737)

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' deficit £'000
Balance at 1 January 2016	-	-	(30,737)	(30,737)
Profit for the financial year	-	-	2,269	2,946
Other comprehensive (expense)/income for the year:				
Actuarial loss in pension scheme (note 15)	-	-	(2,650)	(2,650)
Movement in deferred tax relating to pension liability (note 8)	-	-	451	451
Total comprehensive income for the year	-	-	70	70
Balance at 31 December 2016	-	-	(30,667)	(30,667)