INEOS Manufacturing (Hull) Limited

Annual report and Financial Statements

for the year ended 31 December 2014

Registered Number 6480046

INEOS Manufacturing (Hull) Limited

Annual report and financial statements

for the year ended 31 December 2014

Contents

Strategic report for the year ended 31 December 2014

The Directors present their strategic report of INEOS Manufacturing (Hull) Limited (the "Company") for the year ended 31 December 2014.

Review of the business and principal activities
The Company is a toll manufacturer of chemicals for other INEOS group companies and operated two manufacturing assets during 2014:

- VAM – The Manufacture and supply of Vinyl Acetate Monomer (VAM) at its site in Hull
- ETAC – The Manufacture and supply of Ethyl Acetate (ETAC) at its site in Hull

Turnover represents fixed toll manufacture fees earned from other group companies. Turnover for the year was £20,319,000 (2013: £39,313,000) and the profit on ordinary activities before taxation was £1,787,000 (2013: £41,837,000 loss). The decline of turnover is the result of the closure of the VAM plant.

Operating profit was £5,194,000 (2013: £1,676,000) representing an increase of £3,518,000.

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 have taken the decision to close the VAM manufacturing plant.

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 with 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 2014 (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 and amortisation, 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.

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 and updated as necessary. Due to the continuing challenging economic outlook and market conditions, the directors will continue to closely monitor the business environment for the Company's continuing business.

On behalf of the Board

PKV Huyck
Director

25 September 2015

Directors' report for the year ended 31 December 2014

The directors present their report and the audited financial statements of the company for the year ended 31 December 2014.

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 (2013: £nil), and the profit for the financial year will be deducted from reserves.

Future developments
Refer to the strategic report on page 2.

Financial risk management
Refer to the strategic report on page 1.

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
C Vercauteren

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Directors' report for the year ended 31 December 2014 (continued)

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 2015

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 2014 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 comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account and the statement of total recognised gains and losses for the year then ended;
- the reconciliation of movements in shareholders' deficit 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 the preparation of the financial statements 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.

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:

- 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.

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

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 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 and Finance Statements 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.

Michael Jeffrey

Michael Jeffrey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
25 September 2015

Profit and loss account for the year ended 31 December 2014

	Note		Continuing	Discontinued	Total
		2014	2013	2013	2013
		£'000	£'000	£'000	£'000
Turnover	2	**20,319**	19,213	20,100	39,313
Cost of sales		**(15,052)**	(18,331)	(19,358)	(37,689)
Gross profit		**5,267**	882	742	1,624
Administrative (expenses)/income		**(73)**	(16)	68	52
Operating profit	1	**5,194**	866	810	1,676
Exceptional closure costs	3	**-**	-	(42,593)	(42,593)
Loss on disposal of tangible fixed assets		**-**	(33)	-	(33)
Interest receivable and similar income	6	**2**	340	-	340
Interest payable and similar charges	7	**(3,367)**	(1,191)	-	(1,191)
Other finance costs	17	**(42)**	(36)	-	(36)
Profit/ (loss) on ordinary activities before taxation		**1,787**	(54)	(41,783)	(41,837)
Tax on profit/ (loss) on ordinary activities	8	**55**	8,008	-	8,008
Profit/ (loss) for the financial year	16	**1,842**	7,954	(41,783)	(33,829)

All results in the current year relate to continuing activities.

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

Statement of total recognised gains and losses for the year ended 31 December 2014

	2014 £'000	2013 £'000
Profit/(loss) for the financial year	**1,842**	(33,829)
Actuarial loss recognised in the pension scheme (note 17)	**(374)**	(147)
Movement in deferred tax relating to pension liability (note 8)	**53**	29
Total recognised gains/(losses) for the financial year	**1,521**	(33,947)

Reconciliation of movements in shareholders' deficit for the year ended 31 December 2014

	2014 £'000	2013 £'000
Profit/(loss) for the financial year	**1,842**	(33,829)
Actuarial loss recognised in the pension scheme (note 17)	**(374)**	(147)
Movement in deferred tax relating to pension liability (note 8)	**53**	29
Net decrease/(increase) in shareholders' deficit	**1,521**	(33,947)
Opening shareholders' deficit	**(34,941)**	(994)
Closing shareholders' deficit	**(33,420)**	(34,941)

Balance sheet as at 31 December 2014

	Note	**2014** **£'000**	2013 £'000
Fixed assets			
Intangible assets	9	**129**	143
Tangible assets	10	**10,534**	11,759
		10,663	11,902
Current assets			
Stocks	11	**2,107**	224
Debtors (including £8,008,000 (2013: £9,090,000) recoverable after more than one year)	12	**17,729**	16,148
Cash at bank and in hand		**917**	3,251
		20,753	19,623
Creditors: amounts falling due within one year	13	**(54,398)**	(24,323)
Net current liabilities		**(33,645)**	(4,700)
Total assets less current liabilities		**(22,982)**	7,202
Provisions for liabilities	14	**(7,818)**	(39,619)
Net liabilities excluding pension liability		**(30,800)**	(32,417)
Pension liability	17	**(2,620)**	(2,524)
Net liabilities		**(33,420)**	(34,941)
Capital and reserves			
Called up share capital	15	**-**	-
Profit and loss account	16	**(33,420)**	(34,941)
Total shareholders' deficit		**(33,420)**	(34,941)

The financial statements on pages 7 to 24 were approved by the Board of Directors on 25 September 2015 and signed on its behalf by:

PKV Huyck
Director

Accounting policies

Basis of preparation
These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards. The principal accounting policies are set out below and have been applied consistently. The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continuing financial support of the group company, INEOS 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.

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

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

The typical effective lives of assets are:

Freehold buildings	-	30 to 50 years
Plant and machinery		
• Major items of plant	-	10 to 20 years
• Major plant overhauls	-	2 to 4 years
• Motor vehicles	-	10 years
• Fixtures, fittings and equipment	-	5 to 10 years
• Computer hardware and major software	-	2 to 10 years

Freehold land is not depreciated.

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

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

Intangible fixed assets
When the fair value of the separable net assets is less than the fair value of the consideration for acquired trade and assets the difference is treated as goodwill and is capitalised and amortised through the profit and loss account on a straight-line basis over its estimated useful life, which is typically 15 years.

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

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

Accounting policies (continued)

Pension costs
The company participates in a defined benefit pension scheme providing benefits based on final pensionable pay and the assets of this scheme are held separately from those of the company. The pension scheme is a multi-employer pension scheme for employees of the company and INEOS Enterprises Limited, INEOS ChlorVinyls Limited and INEOS Technologies Limited.

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

The method used to split the defined benefit pension scheme results between the company, INEOS Enterprises Limited, INEOS ChlorVinyls Limited and INEOS Technologies Limited is consistent with the approach used in the financial statements of the other participating companies and is as follows:

- the total active liabilities have been split based on the proportion of their respective payrolls versus the payroll of the Fund in total. As INEOS ChlorVinyls Limited constitutes the largest percentage of the Fund's liabilities, the inactive members' liabilities are allocated to INEOS ChlorVinyls Limited
- the plan assets are allocated between the entities based on the allocation of the liabilities between the various entities
- the expected 2014 service cost has been allocated between the various entities based on the ratio of the respective active liabilities versus the total active liability for the Fund
- the split of the actual 2014 contributions was either provided by the entities or reasonable assumptions were made to split these between the various entities. As all pensioner liabilities are allocated to INEOS ChlorVinyls Limited, all benefit payments are assumed to be paid by INEOS ChlorVinyls Limited

The company also participates in a defined contribution scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The amounts charged to the profit and loss account represent the contributions payable to the plans in respect of the accounting period.

Deferred taxation
Deferred tax is recognised as a liability or asset in respect of all timing differences which have originated but not reversed at the balance sheet date if transactions have occurred at the balance sheet date which give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured at the average tax rates which are expected to apply in the years during which the timing differences are expected to reverse, based on the tax rates and laws which are in place at the balance sheet date. Deferred tax assets and liabilities are not discounted.

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

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

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

Notes to the financial statements

1 Operating profit

Operating profit is stated after charging/(crediting):

	2014 £'000	2013 £'000
Auditors' remuneration		
Audit fees	**12**	18
Depreciation	**1,711**	2,946
Amortisation of goodwill	**14**	(52)
Rentals payable under operating leases:		
Other than plant and machinery	**62**	2,419

2 Turnover

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

3 Exceptional closure costs

	2014 £'000	2013 £'000
Exceptional items included in non operating expenses:		
VAM business closure	**-**	(42,593)

VAM business closure

As discussed in the strategic review on page 1, the company announced the closure of its VAM business on 4 October 2013. As part of the closure, certain costs will be incurred in relation to decommissioning and demolition of the plant, severance costs and costs incurred in recovering metals and meeting operating lease obligations. A full review of the businesses assets and liabilities was undertaken and a provision of £39,619,000 was recognised to cover present obligations (see Note 14). During the current year £31,801,000 has been utilised against this provision account.

4 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the company (2013: £nil).

Notes to the financial statements (continued)

5 Staff numbers and costs

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

The average monthly number of people recharged to the company (including directors) during the year was as follows:

Analysis by function	2014 Number	2013 Number
Production	**30**	42
Administration	**1**	1
	31	43

The aggregate payroll costs of these people were as follows:

	2014 £'000	2013 £'000
Wages and salaries	**1,610**	2,168
Social security costs	**92**	248
Defined contribution pension costs	**30**	235
	1,732	2,651

6 Interest receivable and similar income

	2014 £'000	2013 £'000
Exchange gains	**-**	340
Short term deposit	**2**	-
	2	340

7 Interest payable and similar charges

	2014 £'000	2013 £'000
Interest payable on loans from group undertakings	**812**	1,191
Exchange losses	**2,555**	-
	3,367	1,191

Notes to the financial statements (continued)

8 Tax on profit/ (loss) on ordinary activities

(a) Analysis of the credit for the year	2014 £'000	2013 £'000
UK corporation tax – current year	655	-
Adjustments in respect of prior years	(6,737)	(74)
Current taxation credit	(6,082)	(74)
Deferred taxation:		
Origination and reversal of timing differences	(323)	(9,492)
Current year rate change	23	1,329
Adjustments in respect of prior years	6,327	229
Deferred taxation	6,027	(7,934)
Tax credit on profit/ (loss) on ordinary activities	(55)	(8,008)

(b) Factors affecting the tax credit for the year

The tax assessed for the year is lower (2013: higher) than the standard rate of corporation tax in the UK of 21.5% (2013:23.25%). The differences are explained below:

	2014 £'000	2013 £'000
Profit/ (loss) on ordinary activities before taxation	1,787	(41,837)
Profit/ (loss) on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	384	(9,727)
Effects of:		
Capital allowances in excess of depreciation	354	2,126
Losses carried forward	-	7,378
Expenses not deductible for tax purposes	17	236
Pension timing differences	(100)	(13)
Adjustments in respect of prior years	(6,737)	(74)
Current tax credit for year	(6,082)	(74)

(c) Factors which may affect future tax charges

The Summer Finance Bill of 2015 included reductions to the main rate of corporation tax to reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020. As these changes had not been substantially enacted at the balance sheet date their effects are not included in these financial statements.

Notes to the financial statements (continued)

8 Tax on profit/ (loss) on ordinary activities (continued)

(d) Deferred Taxation

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

	2014 Provided £'000	2013 Provided £'000
Arising from accelerated capital allowances	**3,092**	2,743
Arising from losses carried forward	**-**	6,347
Deferred tax asset	**3,092**	9,090
Pensions (note 17)	**655**	630
Total	**3,747**	9,720

Deferred tax asset relating to pension deficit

	2014 £'000	2013 £'000
At 1 January	**630**	706
Deferred tax charge in profit and loss account	**(28)**	(105)
Deferred tax credited to the statement of total recognised gains and losses	**53**	29
At 31 December	**655**	630

The deferred tax asset of £655,000 (2013: £630,000) has been deducted in arriving at the net pension deficit on the balance sheet.

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

	2014 Provided £'000
At 1 January	**9,720**
Arising during the year	**(5,973)**
At 31 December	**3,747**

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

Notes to the financial statements (continued)

9 Intangible assets

	Positive Goodwill £'000	Negative Goodwill £'000	Total £'000
Cost			
At 1 January 2014 and 31 December 2014	**234**	**(1,528)**	**(1,294)**
Accumulated amortisation			
At 1 January 2014	91	(1,528)	(1,437)
Charge for the year	14	-	14
At 31 December 2014	**105**	**(1,528)**	**(1,423)**
Net Book Value			
At 31 December 2014	**129**	**-**	**129**
At 31 December 2013	143	-	143

10 Tangible assets

	Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2014	1,418	28,972	30,390
Additions	47	439	486
At 31 December 2014	**1,465**	**29,411**	**30,876**
Accumulated depreciation			
At 1 January 2014	50	18,581	18,631
Charge for year	63	1,648	1,711
At 31 December 2014	**113**	**20,229**	**20,342**
Net book value			
At 31 December 2014	**1,352**	**9,182**	**10,534**
At 31 December 2013	1,368	10,391	11,759

Included within land and buildings is £962,000 (2013: £962,000) in relation to land which is not depreciated. There is no difference between the book value and market value of Land and buildings.

Notes to the financial statements (continued)

11 Stocks

	2014 £'000	2013 £'000
Raw materials and consumables	**2,107**	224

12 Debtors

	2014 £'000	2013 £'000
Trade debtors	**6,144**	-
Amounts owed by group undertakings	**4,916**	2,805
Deferred taxation (note 8)	**3,092**	9,090
Other debtors	**3,201**	1,640
Prepayments and accrued income	**376**	2,613
	17,729	16,148

The deferred tax balance and amounts owed by group undertakings are considered likely to be recovered after more than one year.

13 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	**1,761**	63
Amounts owed to group undertakings	**51,158**	22,265
Accruals and deferred income	**1,479**	1,995
	54,398	24,323

Notes to the financial statements (continued)

14 Provisions for liabilities

	2014 £'000
At 1 January	**39,619**
VAM closure costs spent	**(31,801)**
At 31 December	**7,818**
Provision less than one year	**3,383**
Provision greater than one year	**4,435**

VAM business closure

The company announced the closure of its VAM business on 4 October 2013. As part of the closure, certain costs will be incurred in relation to decommissioning and demolition of the plant, severance costs and costs incurred in recovering metals and fulfilling operating lease obligations. A provision of £39,619,000 was recognised to cover such obligations in 2013. In 2014 there has been spend of £31,801,000 related to VAM business closure. From the remaining provision £3,383,000 will be utilised within one year and £4,435,000 will be utilised in future years.

15 Called up share capital

Ordinary shares of £1 each	**2014 Number**	**2014 £**	2013 Number	2013 £
Allotted, issued and fully paid	1	1	1	1

16 Profit and loss account

	2014 £'000	2013 £'000
At 1 January	**(34,941)**	(994)
Profit/ (loss) for the financial year	**1,842**	(33,829)
Actuarial loss in pension scheme (note 17)	**(374)**	(147)
Movement in deferred tax relating to pension liability (note 8)	**53**	29
At 31 December	**(33,420)**	(34,941)

Notes to the financial statements (continued)

17 Retirement benefits

The Company participates in a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to this scheme and amounted to £30,000 (2013: £235,000). Contributions amounting to £nil (2013: £nil) were outstanding at the year end.

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

The most recent actuarial valuation of the fund was carried out as at 31 December 2010 (updated to 31 December 2014). The valuation of the scheme used the projected unit method and was carried out by Towers Watson LLP, professionally qualified actuaries. The principal assumptions made by the actuaries were:

	2014 **%pa**	2013 % pa	2012 % pa	2011 % pa	2010 % pa
Price inflation	**3.1**	3.4	3.0	3.1	3.6
Discount rate for scheme liabilities	**3.7**	4.5	4.7	5.0	5.5
Rate of increases in salaries	**-**	-	3.0	4.1	4.6
Rate of increase of pensions in payment	**2.9**	3.1	2.8	2.9	3.5
Rate of increase for deferred pensioners	**2.1**	2.4	2.3	2.1	2.9

Material demographic assumptions:

	2014 **years**	2013 years
Expected future lifetime at age 65 for a male currently aged 65	**22.4**	23.2

Notes to the financial statements (continued)

17 Retirement benefits (continued)

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

	31 December 2014		31 December 2013		31 December 2012	
	Expected rate of return % pa	Fair Value £'000	Expected rate of return % pa	Fair Value £'000	Expected rate of return % pa	Fair Value £'000
Equities	**6.1**	**4,757**	6.4	4,817	7.2	4,687
Bonds	**2.9**	**1,994**	3.9	1,600	3.8	932
Property	**5.5**	**18**	6.8	20	-	7
Other	**2.5**	**551**	3.1	1,848	7.2	1,176
Total fair value of assets		**7,320**		8,285		6,802
Actuarial value of scheme liabilities		**(10,595)**		(11,439)		(9,867)
Deficit in the scheme		**(3,275)**		(3,154)		(3,065)
Related deferred tax asset		**655**		630		706
Net pension liability		**(2,620)**		(2,524)		(2,359)

Reconciliation of present value of scheme liabilities	**2014 £'000**	2013 £'000
At 1 January	**11,439**	9,867
Interest cost	**514**	463
Actual benefits paid	**(91)**	(52)
Loss on change on assumptions	**1,204**	1,157
Experience (gain)/ loss	**(2,471)**	4
At 31 December	**10,595**	11,439

Notes to the financial statements (continued)

17 Retirement benefits (continued)

Reconciliation of fair value of scheme assets	2014 £'000	2013 £'000
At 1 January	**8,285**	6,802
Actual company contributions	**295**	94
Actual benefits paid	**(91)**	(52)
Expected return on plan assets	**472**	427
Actuarial (loss)/ gain	**(1,641)**	1,014
At 31 December	**7,320**	8,285

Analysis of the amount charged to other finance costs	2014 £'000	2013 £'000
Expected return on pension scheme assets	**472**	427
Interest on pension scheme liabilities	**(514)**	(463)
Net charge	**(42)**	(36)

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

Notes to the financial statements (continued)

17 Retirement benefits (continued)

Analysis of amounts recognised in the statement of total recognised gains and losses	**2014 £'000**	2013 £'000
Actual return less expected return on pension fund assets	**(1,641)**	1,014
Experience gains/ (losses) arising on fund liabilities	**2,471**	(4)
Losses on change of financial and demographic assumptions	**(1,204)**	(1,157)
Actuarial loss recognised in the statement of total recognised gains and losses	**(374)**	(147)

Movement in deficit during the year	**2014 £'000**	2013 £'000
Deficit in the fund at beginning of year	**(3,154)**	(3065)
Contributions paid	**295**	94
Other finance costs	**(42)**	(36)
Actuarial loss	**(374)**	(147)
Deficit in the fund at end of year, before allowance for deferred tax	**(3,275)**	(3,154)

History of experience gains and losses	**2014**	2013	2012	2011	2010
Difference between the actual and expected return on fund assets					
Amount	**(£1,641,000)**	£1,014,000	4,624,000	(£366,000)	£121,000
% of fund assets at end of year	**(22.4%)**	12.2%	68.0%	(18.5%)	5.3%
Experience (losses)/gains on fund liabilities					
Amount	**£2,471,000**	(£4,000)	(£5,476,000)	£139,000	£nil
% of fund liabilities at end of year	**(23.3%)**	0.0%	55.5%	(3.9%)	-
Total actuarial (loss)/gain recognised in the statement of total recognised gains and losses					
Amount	**(£374,000)**	(£147,000)	(£1.964,000)	(£179,000)	(£81,000)
% of fund liabilities at end of year	**3.5%**	1.3%	5.0%	5.0%	2.5%

Notes to the financial statements (continued)

18 Commitments and contingent liabilities

(a) Annual operating lease commitments

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

	Other 2014 £'000	Other 2013 £'000
Leases which expire:		
Within one year	5	409
Between one and two years	-	-
	5	409

(b) Other contingent liabilities

The Company is party to a Senior Secured Term Loans agreement dated 27 April 2012 (as amended). The total outstanding indebtedness under the Senior Secured Term Loans agreement at 31 December 2014 was €3,138.4 million (2013: €2,987.5 million). The Company is a guarantor under the Senior Secured Term Loans agreement. These obligations are secured by fixed and floating charges over the assets of the Company.

The Company is party to the Senior Secured Notes due 2019 Indenture dated 10 February 2012 (as amended) and the Senior Secured Notes due 2020 Indenture dated 4 May 2012 (as amended). The total outstanding indebtedness under the Senior Secured Notes at 31 December 2014 was €1,959.1 million (2013: €1,784.7 million). The Company is a guarantor under the Senior Secured Notes Indentures. These obligations are secured by fixed and floating charges over the assets of the Company.

The Company is party to the Senior Notes due 2018 Indenture dated 14 May 2013 (as amended) and the Senior Notes due 2019 Indenture dated 18 February 2014. The total outstanding indebtedness under the Senior Notes at 31 December 2014 was €2,142.3 million (2013: €2,022.9 million). The Company is a guarantor under the Senior Notes Indentures. These guarantees are on an unsecured senior subordinated basis.

In March 2015 the Group entered into an incremental term loan facility under the Senior Secured Term Loans agreement to borrow an additional €850 million and $625 million. The proceeds of the additional Term Loans were used to redeem the Senior Secured Notes due 2019.

In May 2015 the Group issued €770 million of Senior Secured Notes due 2023. The proceeds of the refinancing were used to redeem the Senior Secured Notes due 2020.

Notes to the financial statements (continued)

19 Related party transactions

Related parties comprise parent companies and their subsidiaries that are not included within the consolidated financial statements of INEOS Group Holdings SA, the smallest and largest group that consolidate the Company's financial statements.

INEOS AG owns and controls a number of subsidiaries that are not included in the consolidated financial statements of INEOS Group Holdings SA group, including the Kerling plc group.

Kerling PLC and subsidiaries combined
Included in the financial statements are cost recoveries of £nil (2013: £2,831,000), purchases of £nil (2013:£nil) and a balance payable of £nil (2013: £278,000).

20 Ultimate parent company and ultimate controlling party

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

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

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