

Basell UK Holdings Limited

Annual report and financial statements
Registered number 03053549
31 December 2015



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Strategic report for the year ended 31 December 2015

The Directors present their strategic report for the year ended 31 December 2015.

Results

The profit for the financial year was £28,837,000 (2014 loss: £373,000) as set out on page 8. The company had net assets of £57,357,000 at the year end (2014: £28,665,000) as set out on page 9.

Principal activities, trading review and future developments

The company is an investment and holding company.

Review of the business

The company has two subsidiaries in the UK, Basell Polyolefins UK Limited and Basell UK Ltd. Basell Polyolefins UK Limited is a manufacturing company whose main assets are a polypropylene plant and a plastics compounding plant. During 2015 Basell Polyolefins UK Limited made a profit of £12.1 million. Basell UK Ltd, a marketing agent for Basell Sales & Marketing Company B.V., a Group company, made a small profit in the year.

The Directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Key performance indicators (KPIs)

Financial KPIs

The main financial KPI monitored by the company is profit/(loss) after taxation. As the company is principally a holding company its income relies on dividends from its subsidiaries. During the year it received £105 million in dividends which was used to repay an £80 million loan and its debt to Basell Finance Company N.V. Following the dividend distribution the value of the investments was reviewed resulting in an impairment of £75.8 million. Profit for the year was £28.8 million.

Non-financial KPIs

The key non-financial KPI for the company is considered to be Health and Safety. The company is very aware of its social, ethical and legal responsibility for the health and safety of its employees and all those who visit or work on site. The subsidiaries are monitored on TRIR (number of recordable injuries per 200,000 hours worked). This had steadily improved from over two in the 1990s to zero in recent years however, during 2015, one of the company's subsidiaries had a recordable injury. We are also aiming to eliminate all injuries including first aid cases. In 2015 we recorded a total of three first aid cases, one of the lowest totals ever.

Employee involvement

The company has a comprehensive policy concerning information provision and consultation with employees in its subsidiaries. Its objective is to meet their needs for information and involve them in issues affecting them, and to contribute to the management of change in the organisation.

The prime responsibility for information and consultation rests with managers. It is supplemented by representative bodies at some employment locations. In addition, there is a well-established system by which the senior management in the company make presentations to employees on business results and plans. This in turn is supplemented by in-house journals, briefing papers, management letters and video presentations. All the formal employee representative bodies held regular meetings throughout the year.

Strategic report for the year ended 31 December 2015 (continued)

Environmental

Our subsidiaries have made, and intend to continue to make, the expenditures necessary for compliance with applicable laws and regulations relating to environmental, health and safety matters. While capital expenditures or operating costs for environmental compliance, including compliance with potential legislation and regulation related to climate change, cannot be predicted with certainty, we do not believe they will have a material effect on our competitive position.

While there can be no assurance that physical risks to our facilities and supply chain due to climate change will not occur in the future, we have reviewed the potential for these risks and have concluded that, because of our facility locations and our existing distribution networks, we do not believe these risks are material in the near term.

Principal risks and uncertainties

Economic downturns and disruptions in financial markets can adversely affect our business and results of operations. Further, our business operations are subject to the cyclical and volatile nature of the supply-demand balance in the chemical and refining industries. Our future operating results are expected to continue to be affected by this cyclicity and volatility. Additionally our main manufacturing plant is closely linked to the nearby refinery which benefits us in terms of ease of supply but exposes us to risks of disruption outside of our control. The chemical and refining industries historically have experienced alternating periods of capacity shortages, causing prices and profit margins to increase, followed by periods of excess capacity, resulting in oversupply, declining capacity utilisation rates and declining prices and profit margins. In addition to changes in the supply and demand for products, changes in energy prices and other worldwide economic conditions can cause volatility. These factors result in significant fluctuations in profits and cash flow from period to period and over business cycles. Furthermore, new capacity additions, especially in Asia and the Middle East, are expected to lead to a period of oversupply and lower profitability.

In order to manage the impact of key risks identified above, the company's manufacturing subsidiary has a contract with the supplier of the principal raw material which has a price linked to the market price of our finished product. This contract is currently being re-negotiated as it is currently due to terminate at the end of 2018.

Review of strategy and business model

The Key Areas for the company and subsidiaries are:

Operational excellence

Operational Excellence is LyondellBasell's fundamental method for achieving safe and reliable performance, which has a direct, positive impact on our bottom line. The safer the plant, the more reliable it becomes – and vice versa. The more efficient the operation, the less raw materials and energy it consumes, the less waste it generates and the more we contribute to a sustainable future.

Cost management

Focus on controlling costs and identifying opportunities to reduce costs. Careful management of fixed costs and a lean, motivated organisation are key drivers of our business model.

Capital discipline

Focus on using capital for projects that have modest risk and strong returns:

- Approximately £1.5 million invested in our plants over the last year primarily aimed at improving safety and reliability and reducing energy usage thereby improving the environment and delivering strong returns to the business.

Strategic report for the year ended 31 December 2015 (continued)

Performance culture

Focus on maintaining a culture that expects and rewards high performance through well defined, challenging goals:

- A pay-for-performance compensation program fosters accountability and exemplary performance; and
- Benchmarking, goal setting and measuring results are central to our culture.

On behalf of the board



M J Pooley
Director

Carrington Site
Urmston
Manchester
M31 4AJ

31 August 2016

Directors' report for the year ended 31 December 2015

The Directors present their Directors' report and the audited financial statements for the year ended 31 December 2015.

Dividends

The Directors do not recommend the payment of a dividend (2014: £ nil).

Future developments

As outlined in the Strategic report on page 1.

Equal opportunity

The company's policy continues to be the application of equal opportunity principles to the selection, training and career development of all applicants and employees, including disabled people. The company's medical officers provide appropriate advice to help with the successful achievement of these objectives, particularly regarding physical facilities which need to be made available at the workplace.

Directors

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

M J Pooley	
M Tickner	(appointed 1 st September 2015)
P B Pyman	(resigned 1 st September 2015)
P Lindsten	(resigned 1 st September 2015)
L Hautier	(resigned 1 st September 2015)

Political and charitable contributions

During the year the company made no political or charitable donations (2014: nil).

Financial risk management

The liquidity of the company, the credit risk and exposure to currency fluctuations are all managed at Group level. Further information is provided in note 1 to the financial statements.

Qualifying third party indemnity provision

At the time the report is approved a qualifying third party indemnity provision was in place for the benefit of one or more directors of the company during the financial year and at the date of approval of the financial statements.

Going concern

The inter-relationships with other Group companies make the company dependent on the Group to enable it to continue as a going concern.

The company's business activities, together with the factors likely to affect its future development and position, are described above. The company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the LyondellBasell Group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' report for the year ended 31 December 2015 (continued)

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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.

Statement of disclosure of information to auditors

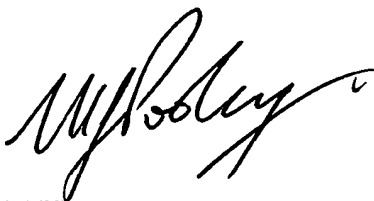
In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the directors' report is approved:

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

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

On behalf of the board



M J Pooley
Director

Carrington Site
Urmston
Manchester
M31 4AJ

31 August 2016

Independent auditors' report to the members of Basell UK Holdings Limited

Report on the financial statements

Our opinion

In our opinion, Basell UK Holdings 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 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; 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 2015;
- the income statement and statement of other comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

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.

Independent auditors' report to the members of Basell UK Holdings 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 page 5, 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.



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

31 August 2016

Income statement

for the year ended 31 December 2015

	Note	2015	2014
		£000	£000
Administrative expenses		(59)	(68)
Impairment of investment in subsidiary undertakings		(75,780)	-
Other operating income		91	134
Operating (loss)/profit	2	(75,748)	66
Income from investment in subsidiary		105,000	-
Finance costs	5	(415)	(439)
Profit/(loss) on ordinary activities before taxation		28,837	(373)
Tax on profit/(loss) on ordinary activities	6	-	-
Profit/(loss) for the financial year		28,837	(373)

The results above have been derived from continuing operations.

Statement of other comprehensive income

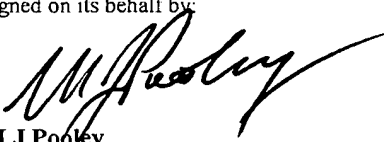
for the year ended 31 December 2015

	Note	2015	2014
		£000	£000
Profit/(loss) for the financial year		28,837	(373)
<i>Other comprehensive income: Items that will not be reclassified to profit or loss</i>			
Remeasurement of post-employment benefit obligations	11	(145)	251
Total other comprehensive (expense)/income for the financial year		(145)	251
Total comprehensive income/(expense) for the financial year		28,692	(122)

Balance sheet
as at 31 December 2015

	Note	31/12/2015	31/12/2014
		£000	£000
Non-current assets			
Investments	7	56,738	132,518
		<u>56,738</u>	<u>132,518</u>
Current assets			
Trade and other receivables	8	1,324	-
		<u>1,324</u>	<u>-</u>
Total assets		<u>58,062</u>	<u>132,518</u>
Current liabilities			
Trade and other payables	9	(10)	(23,260)
		<u>(10)</u>	<u>(23,260)</u>
Non-current liabilities			
Trade and other payables	10	-	(80,000)
Employee benefits	11	(695)	(593)
		<u>(695)</u>	<u>(80,593)</u>
Total liabilities		<u>(705)</u>	<u>(103,853)</u>
Net assets		<u>57,357</u>	<u>28,665</u>
Equity			
Share capital	12	16,828	91,828
Share premium		4,820	99,820
Capital reserves		131	131
Retained earnings/(accumulated losses)		35,578	(163,114)
Total equity		<u>57,357</u>	<u>28,665</u>

The financial statements on pages 8 to 21 were approved by the board of Directors on 23 August 2016 and were signed on its behalf by:


M J Pooley
Director
Basell UK Holdings Limited
Registered number 03053549

Statement of changes in equity
for the year ended 31 December 2015

	Accumulated losses/ retained earnings £000	Share capital £000	Share premium £000	Capital reserves £000	Total equity £000
Balance at 1 January 2014	(162,992)	91,828	99,820	131	28,787
Loss for the financial year	(373)	-	-	-	(373)
Other comprehensive income for the financial year	251	-	-	-	251
Total comprehensive expense for the financial year	(122)	-	-	-	(122)
Balance at 31 December 2014	(163,114)	91,828	99,820	131	28,665
Balance at 1 January 2015	(163,114)	91,828	99,820	131	28,665
Profit for the financial year	28,837	-	-	-	28,837
Other comprehensive expense for the financial year	(145)	-	-	-	(145)
Total comprehensive income for the financial year	28,692	-	-	-	28,692
Reclass 2011 capital contribution from parent	30,000	-	(30,000)	-	-
Share capital reduction and restructure	140,000	(75,000)	(65,000)	-	-
Balance at 31 December 2015	35,578	16,828	4,820	131	57,357

In the year ended 31 December 2011, the company received a capital contribution of £30 million which was incorrectly accounted for. The above reclassification corrects this accounting error in the current year.

Further details of the share capital reduction are provided in note 12.

Statement of cash flows
for the year ended 31 December 2015

	Note	2015	2014
		£000	£000
Cash flows from operating activities			
Profit/(loss) on ordinary activities before taxation		28,837	(373)
Finance costs		415	439
Dividend income		(105,000)	-
Impairment of investment in subsidiary undertakings	7	75,780	-
		<hr/>	<hr/>
Operating cash flows before changes in working capital		32	66
Movement in trade and other receivables		(1,324)	8
Movement in trade and other payables		(23,250)	323
Movement in provisions		(63)	6
		<hr/>	<hr/>
Cash flows from operating activities		(24,605)	403
Interest paid		(395)	(403)
		<hr/>	<hr/>
Net cash utilised by operating activities		(25,000)	-
Cash flows from financing activities			
Long term loan	10	(80,000)	-
		<hr/>	<hr/>
Net cash utilised by financing activities		(80,000)	-
Cash flows from investing activities			
Dividends received		105,000	-
		<hr/>	<hr/>
Net cash generated by investing activities		105,000	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash at 1 January		-	-
		<hr/>	<hr/>
Cash at 31 December		-	-
		<hr/>	<hr/>

The company holds a current account with LYB Finance Company B.V., a fellow Group company, and all payments and deposits disclosed above are made via LYB Finance Company B.V.

Notes to the financial statements

for the year ended 31 December 2015

1 Accounting policies

The company is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is Carrington Site, Urmston, Manchester, M31 4AJ.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These financial statements have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRSs) and IFRS IC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the going concern basis under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The area involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, is employee benefits as disclosed in Note 11.

New standards, amendments to standards or interpretations

The Group has adopted the following new and amended IFRSs in all periods presented in the consolidated historical financial information. There has not been a material impact to the Group when adopting these new and amended IFRSs:

Annual improvements 2013:

IFRS 1, 'First time adoption'
IFRS 3 'Business combinations'
IFRS 13 'Fair value measurement'
IAS 40 'Investment property'
IFRIC 21 'Levies'

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation
Amendments to IAS 27, 'Separate financial statements' on the equity method
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'

Annual improvements 2014:

Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative
Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception
IFRS 15 'Revenue from contracts with customers'
IFRS 9 'Financial instruments'

Group financial statements

These financial statements present information about the company as an individual undertaking and not about its group. The results of the companies in the group are included in the audited consolidated financial statements of the parent undertaking (see note 14) which is established under the law of a member state of the EU and which complies with the Seventh Directive. The company is therefore exempt from the requirement to prepare group financial statements under s400 of the Companies Act 2006.

Notes to the financial statements (continued)

for the year ended 31 December 2015

1 Accounting policies (continued)

Impairment

The Directors consider the carrying value of investments in subsidiary undertakings for impairment annually. Any reduction in value arising from the impairment of the investments is charged to the income statement for the year. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount (the higher of fair value less costs to sell and value in use).

Current income tax

Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the UK. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Sterling ('£'), which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Post retirement and other employee benefits

The company accounts for pensions under IAS19 R "Employee benefits".

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The operating and financing costs of such plans are recognised separately in the income statement; service costs are spread systematically over the lives of employees and financing costs are recognised in the periods in which they arise.

Notes to the financial statements (continued)

for the year ended 31 December 2015

1. Accounting policies (continued)

Post retirement and other employee benefits (continued)

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the statement of comprehensive income. Past-service costs are recognised immediately in income. Following the transition to IAS19 R all actuarial gains and losses at 1 January 2012 were recognised.

Share capital

Ordinary shares are classified as equity.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. All trade payables are amounts due to group undertakings.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. All trade receivables are amounts due from Group undertakings due in less than one year.

Financial risk management

The company is exposed to a variety of financial risks, namely credit risk and liquidity risk. The company uses the LyondellBasell Group to manage these risks on its behalf.

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the UK pound. LyondellBasell Group treasury manages any unmatched risk.

Liquidity management is controlled entirely by the LyondellBasell Group on behalf of the company.

Capital risk management

The capital structure of the company is controlled by LyondellBasell Group including the provision of advice on share issues, dividend payments and any other capital restructuring issues.

Critical accounting estimates and judgements

Defined benefit pension costs and liabilities are included in the financial statements on the basis given by the actuary as described in note 11.

As at 31 December 2015, the company has not applied any estimates or assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Notes to the financial statements (continued)
for the year ended 31 December 2015

2 Operating (loss)/profit

	2015	2014
	£000	£000
<i>Operating (loss)/profit is stated after charging / (crediting):</i>		
Recharge of DB pension deficit movement to other Group companies	(43)	(72)
Increase in defined benefit scheme deficit	30	42
Impairment of investment in subsidiary undertakings	75,780	-

The audit fees for Basell UK Holdings Limited are borne by Basell Polyolefins UK Limited. The total fee charged to Basell Polyolefins UK Limited in 2015 was £46,631 (2014: £46,631) for audit services and £nil (2014: £nil) for non-audit services.

3 Remuneration of directors

The emoluments of five (2014: four) directors are paid by fellow group undertakings that make no recharge to the company. They are directors of a number of fellow group undertakings and it is not possible to make an apportionment of their emoluments in respect of this company. Five (2014: four) directors received no emoluments in respect of their services to this company.

4 Staff numbers and costs

During the year the company employed one employee (2014: one) who was seconded to another Group company. All costs of employment, including pension contributions to the defined benefit Basell Offshore Pension Scheme, are borne by or recharged to the other Group company.

5 Finance costs

	2015	2014
	£000	£000
Interest costs of defined benefit scheme	20	36
On loans from Group undertakings	395	403
	<u>415</u>	<u>439</u>

6 Tax on profit/(loss) on ordinary activities

Recognised in the income statement

	2015	2014
	£000	£000
Current tax expense/(credit)	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

The company has tax losses carried forward of £10,936,000 (2014: £9,801,000). Under current tax legislation these tax losses have no expiry term. The related deferred tax asset of £1,969,000 (2014: £1,764,000) on the tax losses carried forward has not been recognised as, in the opinion of the Directors, it is unlikely that these losses will be utilised in the near future.

Notes to the financial statements (continued)
for the year ended 31 December 2015

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

Reconciliation of effective tax rate

The tax charge for the year is lower (2014: lower credit) than the standard rate of corporation tax in the UK, 20.25% (2014: 21.50%). The differences are explained below:

	2015 £000	2014 £000
<i>Tax reconciliation</i>		
Profit/(loss) on ordinary activities before taxation	28,837	(373)
	<hr/>	<hr/>
Tax at 20.25% (2014: 21.50%)	5,839	(80)
<i>Effects of:</i>		
Expenses not deductible for tax	15,345	-
Tax exempt dividend income	(21,262)	-
Transfer pricing adjustment	(621)	(688)
Group relief surrendered	469	719
Losses not utilised	230	49
	<hr/>	<hr/>
Total tax charge/(credit) (see above)	-	-
	<hr/>	<hr/>

The Finance Act 2013 introduced changes to the main rate of corporation tax which was reduced from 21% to 20% from 1 April 2015. The Finance Act 2015 announced reductions in the main rate of corporation tax to 19% from 1 April 2017, and to 18% from 1 April 2020.

Further changes to the UK corporation tax rates were announced in the Chancellor's Budget on 16 March 2016. These include a reduction in the main rate of corporation tax to 17% for the year commencing 1 April 2020. As these changes were not substantively enacted at the balance sheet date their effects are not included in these financial statements. The overall effect of these changes, if they were applied to the deferred tax balance at the balance sheet date, would be to reduce the unrecognised deferred tax asset by an additional £109,000. There would be no effect on the tax charge for the period.

7 Investments

	Investment in subsidiary undertakings £000
Net book value at 1 January 2015	132,518
Impairment of investment in subsidiary undertakings	(75,780)
	<hr/>
Net book value at 31 December 2015	56,738
	<hr/>

Details of the investments in subsidiary and associate undertakings are as follows:

<i>Name of subsidiary</i>	<i>Class of shares</i>	<i>Percentage held</i>	<i>Country of Incorporation</i>	<i>Principal Activity</i>
Basell Polyolefins UK Limited	Ordinary	100%	England & Wales	Plastics
Basell UK Ltd	Ordinary	100%	England & Wales	Plastics

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

Notes to the financial statements (continued)
for the year ended 31 December 2015

8 Trade and other receivables

	2015 £000	2014 £000
Amounts owed by Group undertakings	1,324	-

Amounts owed by Group undertakings comprise a current account balance of £1,324,000 (2014: nil) with LYB Finance Company B.V. with an interest rate at 31 December of 0.35% (2014: 0.35%).

9 Trade and other payables

	2015 £000	2014 £000
Amounts owed to Group undertakings	10	23,260
	10	23,260

Amounts owed to Group undertakings include a current account balance of £nil (2014: 23,251,000) with LYB Finance Company B.V. with an interest rate at 31 December of 1.75% (2014: 1.75%). All other balances are non-interest bearing.

10 Borrowings

	2015 £000	2014 £000
Non-interest bearing loans due in more than one year	-	80,000

The interest free loan of £80,000,000 from Basell Polyolefins UK Limited was repaid in full on 17 December 2016 as part of the capital restructure.

11 Employee benefits

Pension plans

The Basell Offshore Pension Scheme was established for seven employees, previously employed by Basell Polyolefins UK Limited, who have been seconded to other LyondellBasell entities.

In 2015 the company commenced an agreed recovery plan to eliminate the past service deficit. During 2015 the company made additional shortfall correction contributions of £73,280. A further £925,160 of additional contributions will be paid by the company between 2016 and 2024.

Whilst the company is the sponsoring employer of the scheme, all employer contributions in respect of future accrual of benefits are fully recharged to the associated LyondellBasell entities.

The information disclosed is in respect of the whole of the plan for which the company is the sponsoring employer.

Notes to the financial statements (continued)

for the year ended 31 December 2015

11 Employee benefits (continued)

Balance Sheet

	31/12/2015	31/12/2014
	£000	£000
Present value of funded defined benefit obligations	(3,905)	(3,654)
Fair value of plan assets	3,210	3,061
Net obligations	(695)	(593)
Recognised liability for defined benefit obligations	(695)	(593)

Movements in present value of defined benefit obligation

	2015	2014
	£000	£000
At 1 January	3,654	3,290
Current service cost	48	90
Interest expense	139	155
Participant contributions	6	8
Remeasurements: effect of changes in demographic assumptions	123	(116)
Remeasurements: effect of changes in financial assumptions	(42)	257
Remeasurements: effect of experience adjustments	(23)	(30)
At 31 December	3,905	3,654

Movements in fair value of plan assets

	2015	2014
	£000	£000
At 1 January	3,061	2,488
Interest income	119	119
Employer contributions	128	99
Participant contributions	6	8
Administrative expenses paid from plan assets	(16)	(15)
Remeasurements: return on plan assets (excluding interest income)	(88)	362
At 31 December	3,210	3,061

Notes to the financial statements (continued)
for the year ended 31 December 2015

11 Employee benefits (continued)

Income recognised in the income statement

	2015	2014
	£000	£000
Current service cost	48	90
Interest expense on defined benefit obligation	139	155
Interest income on plan assets	(119)	(119)
Administrative expenses	16	15
Employer contributions recharged to other group entities	(54)	(99)
Recharge scheme deficit movement to other group entities	(43)	(72)
Total income	(13)	(30)

The income is included in other operating expense/(income) and finance costs in the income statement.

The fair value of the plan assets and the return on those assets were as follows:

	2015	2014
	£000	£000
Equities	680	623
Debt instruments	2,528	2,435
Other – Cash deposits	2	3
	3,210	3,061
Actual return on plan assets	31	481

Notes to the financial statements (continued)

for the year ended 31 December 2015

11 Employee benefits (continued)

The expected rates of return on plan assets are determined by reference to the historical returns, without adjustment, of the portfolio as a whole and not on the sum of the returns on individual asset categories.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2015 %	2014 %
Discount rate	3.90	3.80
Future salary increases	3.35	3.30
Future pension increases/inflation	3.10	3.05

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables for males and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old male to live for a number of years as follows:

- Current pensioner aged 65: 22.4 years
- Future retiree (currently aged 45) upon reaching 65: 24.2 years

History of plans

The history of the plans for the current year is as follows:

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Present value of defined benefit obligations	(3,905)	(3,654)	(3,290)	(2,890)	(2,457)
Fair value of plan assets	3,210	3,061	2,488	2,196	1,929
Scheme deficit	(695)	(593)	(802)	(694)	(528)

The company expects to contribute approximately £158,000 to its defined benefit plan in the next financial year and to receive reimbursement of approximately £48,000 from associated Group entities.

Sensitivity of key assumptions

The table below gives an approximation of the impact on the IAS19R pension scheme liabilities to changes in assumptions and experience. Note that all figures are before allowing for deferred tax.

Item	Approximate impact on IAS19(R) valuation
Increase / reduce discount rate by 0.25%	+£0.2m / -£0.2 million
Increase / reduce price inflation assumption by 0.25%	-£0.2 million / +£0.2 million
Mortality by 1 year	-£0.1m

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Notes to the financial statements (continued)
for the year ended 31 December 2015

12 Share capital

	2015 £000	2014 £000
<i>Authorised</i>		
16,828,043 (2014: 91,828,043) Ordinary shares of £1 each	16,828	91,828
<i>Allotted and fully paid</i>		
16,828,043 (2014: 91,828,043) Ordinary shares of £1 each	16,828	91,828

During the year the sole member, Basell Europe Holdings B.V., passed a special resolution to authorise the reduction of the company's share capital from £91,828,043 to £16,828,043 by cancelling and extinguishing 75,000,000 of the issued Ordinary shares of £1.00 each in the company and the reduction of the share premium account by £65,000,000. The amount of the reduction of share capital and share premium was credited to distributable reserves.

13 Commitments

There are no capital commitments at the end of the financial year (2014: £nil).

14 Ultimate parent undertaking

The immediate parent undertaking is Basell Europe Holdings B.V. The ultimate parent undertaking and controlling party is LyondellBasell Industries N.V.

The smallest and largest group in which the company is consolidated is that headed by LyondellBasell Industries N.V. Copies of these consolidated financial statements are available from LyondellBasell Industries N.V., PO Box 2416, 3000 CK Rotterdam, The Netherlands and 4th Floor, One Vine Street, London, W1J 0AH, United Kingdom.

15 Related party transactions

During the year, the company entered into transactions with other LyondellBasell Group companies.

Transactions with subsidiaries

	2015 £000	2014 £000
Year-end balances		
Loans from Group undertakings	-	80,000
Trade and other payables	10	10

Transactions with other related parties

	2015 £000	2014 £000
Non-trading transactions		
Interest charged	395	403
Year-end balances		
Trade and other receivables	1,324	-
Trade and other payables	-	23,250

The key management personnel of the company are considered to be its Directors. There are no other transactions with the Directors or their relatives other than those disclosed in note 3.