

INEOS Industrial Investments Limited  
Annual report  
for the year ended 31 December 2013

Registered Number 04588429



# INEOS Industrial Investments Limited

## Annual report

for the year ended 31 December 2013

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# INEOS Industrial Investments Limited

## Strategic report for the year ended 31 December 2013

The Directors present their strategic report for INEOS Industrial Investments Limited ("the Company") for the year ended 31 December 2013.

### Principal activities

The Company's principal activity is the provision of funding to a fellow group undertaking.

### Review of the business

The results of the Company are set out in the profit and loss account on page 6 which show a profit on ordinary activities before taxation for the year of £0.1 million (2012: £0.2 million).

The net assets of the Company at 31 December 2013 were £1 (2012: £20.4 million).

A shareholder resolution was passed on 28 January 2013 to reduce the issued share capital from £1,001 to £1 by the cancellation of 1,000 £1 Deferred shares and to reduce the share premium to £nil.

In accordance with Section 644 of the Companies Act 2006 this resolution, and therefore the reduction in share capital, was effective from 30 January 2013 being the date on which the resolution was registered at Companies House.

Subsequent to this resolution the Directors declared a dividend of £20.5 million on 1 February 2013 (2012: nil).

### Subsequent events

Subsequent events affecting Kerling plc Group of which the Company is a subsidiary are included in the Directors report on page 2.

### Financial risk management

The Company's operations expose it to a variety of financial risks including the effects of credit risk and liquidity risk. As most of the Company's operations involve related parties, none of these risks are considered significant. As the Company is a subsidiary of Kerling plc all risks are managed at a Group level. Further detail of Group policies in relation to external financial risks can be found in the Annual Report and financial statements of Kerling plc.

### Future developments

The Directors do not expect the Company to recommence trading.

### Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

By order of the Board



M J Maher

Director

1 September 2014

# INEOS Industrial Investments Limited

## Directors' report for the year ended 31 December 2013

The Directors present their report and the audited financial statements of INEOS Industrial Investments Limited ("the Company") for the year ended 31 December 2013.

### Future developments

An indication of the likely future developments of the business is included in the Strategic report on page 1.

### Dividends

The Directors declared a dividend of £20.5 million on 1 February 2013 (2012: nil).

### Financial risk management

Financial risk management strategy is described in the Strategic report on page 1.

### Subsequent events

In May 2013, Solvay and INEOS announced that they had signed a Letter of Intent to combine their European chlor-vinyls activities in a proposed 50-50 joint venture. The joint venture would generate significant synergies from shared best practices that improve production processes, streamlined product mix and increased specialisation of plants, optimised raw material and energy purchases and usage, reduced logistics and transport costs, and combined marketing and sales forces. The proposed transaction is subject to the applicable information and consultation procedures with employee representatives in the countries involved. In September 2013, INEOS and Solvay submitted their application for competition clearance to the European Commission. The European Commission announced its decision to continue its evaluation of the proposed joint venture in November 2013, with INEOS and Solvay continuing to work with the Commission. In February 2014, the parties jointly agreed to put forward a remedy package to address any competition concerns that had been raised by the European Commission, which was subsequently revised in March 2014. The final proposed remedy package comprised the divestment of the LVM heritage assets at Beek, The Netherlands, Mazingarbe, France and Tessenderlo, Belgium, together with the PVC and VCM plants at Wilhelmshaven, Germany and potentially the EDC and chlorine membrane plant at Runcorn, UK. In May 2014 the European Commission announced that they had cleared the proposed joint venture, conditional upon full compliance with a number of commitments, the main commitment being not to complete the proposed transaction before concluding a binding agreement for the sale of the divestment business to a suitable purchaser approved by the Commission.

### Directors

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

C E Tane  
M J Maher  
GGJ Decadt  
K Metcalfe

### Directors' indemnities

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

### 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.

# INEOS Industrial Investments Limited

## Directors' report for the year ended 31 December 2013 (continued)

### Statement of Directors' responsibilities (continued)

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.

### 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. As a consequence of the Company having passed a written shareholder resolution, there is no requirement to reappoint PricewaterhouseCoopers LLP as auditors of the Company on an annual basis.

By order of the Board



M J Maher

Director

1 September 2014

# **INEOS Industrial Investments Limited**

## **Independent auditors' report to the members of INEOS Industrial Investments Limited**

### **Report on the financial statements**

#### ***Our opinion***

In our opinion the financial statements, defined below:

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

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

#### ***What we have audited***

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

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended;
- the reconciliation of movements in shareholders' funds 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 their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### ***What an audit of financial statements involves***

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

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

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

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

# **INEOS Industrial Investments Limited**

## **Independent auditors' report to the members of INEOS Industrial Investments Limited (continued)**

### **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.

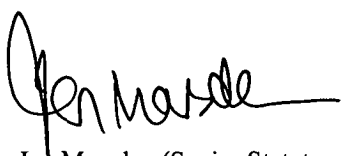
### **Responsibilities for the financial statements and the audit**

#### ***Our responsibilities and those of the Directors***

As explained more fully in the Statement of Directors' responsibilities set out on pages 2 and 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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



Ian Marsden (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
1 September 2014

# INEOS Industrial Investments Limited

## Profit and loss account for the year ended 31 December 2013

	Note	2013 £m	2012 £m
<b>Operating result</b>	2	-	-
Interest receivable and similar income	5	0.1	0.2
<b>Profit on ordinary activities before taxation</b>		0.1	0.2
Tax on profit on ordinary activities	6	-	-
<b>Profit for the financial year</b>	9	0.1	0.2

All activities of the Company relate to continuing operations.

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

The Company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of recognised gains and losses has been presented.

## Reconciliation of movements in shareholder's funds for the year ended 31 December 2013

	2013 £m	2012 £m
Profit for the financial year	0.1	0.2
Dividend paid	(20.5)	-
Shareholder's funds at the start of the year	20.4	20.2
<b>Shareholder's funds at the end of the year</b>	-	20.4



# INEOS Industrial Investments Limited

## Balance sheet as at 31 December 2013

		2013 £m	2012 £m
<b>Current assets</b>			
Debtors – amounts falling due within one year	7	-	20.4
<b>Net current assets</b>		-	20.4
<b>Total assets less current liabilities</b>		-	20.4
<b>Net assets</b>		-	20.4
 <b>Capital and reserves</b>			
Called up share capital	8	-	-
Share premium account	9	-	115.0
Profit and loss account	9	-	(94.6)
<b>Total shareholder's funds</b>		-	20.4

The financial statements on pages 6 to 11 were approved by the Board of Directors on 1 September 2014 and were signed on its behalf by:



MJ Maher  
Director

INEOS Industrial Investments Limited

Registered Number 4588429

# INEOS Industrial Investments Limited

## Notes to the financial statements

### 1 Accounting policies

#### Basis of preparation

These financial statements are prepared on a going concern basis under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Companies Act 2006 and the accounting policies set out below. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the Company.

#### Cash flow statement and related party disclosures

The Company is a subsidiary of Kerling plc and its results are included in the consolidated financial statements of Kerling plc, which are available to the public. Consequently, the Company has taken advantage of various exemptions from reporting requirements.

- Under the terms of Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements" the Company is exempt from preparing a cash flow statement.
- Under the terms of Financial Reporting Standard 8 "Related Party Disclosures" the Company is exempt from disclosing related party transactions with entities that form part of the Kerling plc group.

#### Foreign currencies

Foreign currency transactions are translated into sterling 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 profit and loss account.

#### 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. A deferred tax asset is recognised to the extent that it can be regarded as more likely than not that there will be suitable taxable profits from which future reversal of timing differences can be deducted. Deferred tax is measured at the average tax rates which are expected to apply in the periods 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.

### 2 Operating result

Auditors' remuneration of £515 (2012: £1,890) was borne by a fellow group undertaking.

### 3 Directors' emoluments

None of the Directors received any emoluments in respect of services to the Company during the year or the previous year.

### 4 Employee information

The Company had no employees, other than the Directors, during the year or the previous year.

# INEOS Industrial Investments Limited

## Notes to the financial statements (continued)

### 5 Interest receivable and similar income

	2013 £m	2012 £m
Interest receivable on loans to fellow group undertaking	0.1	0.2

### 6 Tax on profit on ordinary activities

#### (a) Analysis of the tax charge for the year

There is no tax charge for the year (2012: £nil)

#### (b) Factors affecting the tax charge for the year

The tax assessed for the year is equal to (2012: lower than) the standard rate of corporation tax in the UK. The differences are explained below:

	2013 £m	2012 £m
Profit on ordinary activities before taxation	0.1	0.2
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	-	0.1
Effects of:		
Tax losses utilised	-	(0.1)
Current tax charge for the year	-	-

#### (c) Factors affecting future tax charges

The Finance Act 2013 was substantively enacted on 2 July 2013 and included legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and further reduce to 20% from 1 April 2015.

#### (d) Deferred taxation

The amounts provided and not provided in respect of the deferred tax asset are as follows:

	2013		2012	
	Provided £m	Not provided £m	Provided £m	Not provided £m
Tax losses	-	0.1	-	0.1

The potential deferred tax asset of £0.1 million (2012: £0.1 million) has not been recognised as the benefit of these losses is not expected to crystallise in the foreseeable future.

# INEOS Industrial Investments Limited

## Notes to the financial statements (continued)

### 7 Debtors – amounts falling due within one year

	2013 £m	2012 £m
Amounts owed by group undertakings	-	20.4

### 8 Called up share capital

	At 31 December 2013 Allotted, issued and fully paid		At 31 December 2012 Allotted, issued and fully paid	
	Number	£	Number	£
Ordinary shares	1	1	1	1
Deferred shares	-	-	1,000	1,000
	1	1	1,001	1,001

The Deferred shares carry no rights to attend or vote at any general meeting of the Company and only nominal rights to dividends and the Company's assets on winding-up.

A shareholder resolution was passed on 28 January 2013 to reduce the issued share capital from £1,001 to £1 by the cancellation of 1,000 £1 Deferred shares, and to reduce the share premium to £nil.

In accordance with Section 644 of the Companies Act 2006 this resolution, and therefore the reduction in share capital, was effective from 30 January 2013 being the date on which the resolution was registered at Companies House.

### 9 Reserves

	Share premium account £m	Profit and loss account £m
At 1 January 2013	115.0	(94.6)
Reduction in share premium account	(115.0)	115.0
Cancellation of 1,000 £1 Deferred shares	-	-
Dividend paid	-	(20.5)
Profit for the financial year	-	0.1
<b>At 31 December 2013</b>	<b>-</b>	<b>-</b>

# **INEOS Industrial Investments Limited**

## **Notes to the financial statements (continued)**

### **10 Subsequent events**

In May 2013, Solvay and INEOS announced that they had signed a Letter of Intent to combine their European chlor-vinyls activities in a proposed 50-50 joint venture. The joint venture would generate significant synergies from shared best practices that improve production processes, streamlined product mix and increased specialisation of plants, optimised raw material and energy purchases and usage, reduced logistics and transport costs, and combined marketing and sales forces. The proposed transaction is subject to the applicable information and consultation procedures with employee representatives in the countries involved. In September 2013, INEOS and Solvay submitted their application for competition clearance to the European Commission. The European Commission announced its decision to continue its evaluation of the proposed joint venture in November 2013, with INEOS and Solvay continuing to work with the Commission. In February 2014, the parties jointly agreed to put forward a remedy package to address any competition concerns that had been raised by the European Commission, which was subsequently revised in March 2014. The final proposed remedy package comprised the divestment of the LVM heritage assets at Beek, The Netherlands, Mazingarbe, France and Tessenderlo, Belgium, together with the PVC and VCM plants at Wilhelmshaven, Germany and potentially the EDC and chlorine membrane plant at Runcorn, UK. In May 2014 the European Commission announced that they had cleared the proposed joint venture, conditional upon full compliance with a number of commitments, the main commitment being not to complete the proposed transaction before concluding a binding agreement for the sale of the divestment business to a suitable purchaser approved by the Commission.

### **11 Ultimate parent company and ultimate controlling party**

The intermediate parent undertaking is INEOS ChlorVinyls Holdings Limited, a company registered in England and Wales. The ultimate parent company is INEOS AG, a company registered in Switzerland.

The smallest and largest group that consolidate the Company's financial statements is Kerling plc. The consolidated financial statements of Kerling plc are available to the public and may be obtained from the Company Secretary at: Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom.

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