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INEOS ABS (UK) Limited

Annual report for the year ended 31 December 2010

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# INEOS ABS (UK) Limited

## Annual report

for the year ended 31 December 2010

## Contents

Directors' report for the year ended 31 December 2010	1
Independent auditors' report to the members of INEOS ABS (UK) Limited	3
Profit and loss account for the year ended 31 December 2010	5
Balance sheet as at 31 December 2010	6
Statement of accounting policies	7
Notes to the financial statements for the year ended 31 December 2010	8

# **INEOS ABS (UK) Limited**

## **Directors' report for the year ended 31 December 2010**

Ineos ABS (UK) Limited registered number 06312813

The directors present their report and audited financial statements of the company for the year ended 31 December 2010

### **Change of ownership**

On 19 August 2010 the entire issued share capital of INEOS Industries Holdings Limited, the company's ultimate parent undertaking was transferred to INEOS A G. On 27 September 2011 the entire issued share capital of the Company was transferred to INEOS Industries Holdings Limited. The ultimate controlling party remains the same.

### **Principal activity**

The company's principal activity is the provision of marketing support services via its branches in Italy and Hong Kong.

### **Review of business**

During the year the company's branches provided marketing support services to fellow ABS subsidiary companies in Italy and Hong Kong. The results of the business were satisfactory during the year. The directors do not expect any change in the company's activities during the next financial year, other than as explained below.

### **Subsequent events**

On 4 October 2011 INEOS Industries Holdings Limited, the immediate parent undertaking, transferred the majority of its subsidiary undertakings, but excluding the company, to a joint venture established with BASF, Styrolution. As a consequence, a plan to transfer the marketing support services provided by the company's branches to Styrolution was implemented. In this regard, employees in the Hong Kong branch were transferred to Styrolution and on 15 December 2011 the branch was closed. Employees in the Italian branch remained in employment with an obligation to provide marketing support services for a defined period. As at the date of this report the Italian branch continues to provide services which are expected to cease in 2012.

As a consequence, the directors have decided to impair the carrying value of the goodwill associated with the Italian branch. No other adjustments were required to the carrying amounts in the balance sheet arising from the foregoing.

### **Results and dividends**

The profit for the financial year after taxation was €14,500 (2009 loss €57,000). The directors do not recommend the payment of a dividend.

### **Donations**

The company did not make any charitable or political donations.

### **Directors**

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

Graeme Leask  
Andrew Pizzey  
Gerhard Franken

# INEOS ABS (UK) Limited

## Statement of directors' responsibilities

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

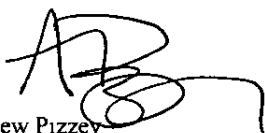
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company 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 year. 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,
- 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.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the companies Act 2006

By order of the board



Andrew Pizzey  
Director

28 February 2012

# **INEOS ABS (UK) Limited**

## **Independent auditors' report to the members of INEOS ABS (UK) Limited**

We have audited the financial statements of INEOS ABS (UK) Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities set out on page 2 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). 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.

### **Scope of the audit of the financial statements**

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.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 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.

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

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

# INEOS ABS (UK) Limited

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made,
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report



Michael Jeffrey (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
28 February 2012

# INEOS ABS (UK) Limited

## Profit and loss account for the year ended 31 December 2010

	Note	Continuing 2010 €'000	Discontinued 2010 €'000	Total 2010 €'000	2009 €'000
<b>Turnover</b>	1	<b>626.0</b>	<b>524.2</b>	<b>1,150.2</b>	<b>849.1</b>
Selling and distribution costs		(391.7)	(329.4)	(721.1)	(611.4)
Administrative expenses		(194.1)	(170.2)	(364.3)	(261.5)
<b>Operating profit /(loss)</b>	2	<b>40.2</b>	<b>24.6</b>	<b>64.8</b>	<b>(23.8)</b>
Interest receivable and similar income	3	0.1	-	0.1	1.8
Interest payable and similar charges	4	(3.4)	-	(3.4)	(3.9)
<b>Profit /(loss) on ordinary activities before taxation</b>		<b>36.9</b>	<b>24.6</b>	<b>61.5</b>	<b>(25.9)</b>
Taxation on profit/(loss) on ordinary activities	5	(42.9)	(4.1)	(47.0)	(31.1)
<b>Profit /(loss) for the financial year</b>	14	<b>(6.0)</b>	<b>20.5</b>	<b>14.5</b>	<b>(57.0)</b>

There were no recognised gains or losses other than those included in the results above, therefore no separate statement of total recognised gains and losses has been presented


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

# INEOS ABS (UK) Limited

## Balance sheet as at 31 December 2010

	Note	2010 €'000	2009 €'000
<b>Fixed assets</b>			
Intangible fixed assets	7	-	122 2
		-	122 2
<b>Current assets</b>			
Debtors	8	208 1	239 9
Cash at bank and in hand		278.2	67 1
		486.3	307 0
<b>Creditors: amounts falling due within one year</b>	9	(195.3)	(161 6)
<b>Net current assets</b>		291 0	145 4
<b>Total assets less current liabilities</b>		291 0	267 6
<b>Creditors: amounts falling due after more than one year</b>	10	(166 5)	(163 1)
<b>Provisions for liabilities and charges</b>	11	(63 2)	(60 7)
<b>Net assets</b>		61.3	43 8
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Profit and loss account	13	61.3	43 8
<b>Total shareholders' funds</b>	14	61 3	43 8

The financial statements on pages 5 to 15 were approved by the board of directors on 28 February 2012 and were signed on its behalf by

  
 Andrew Pizzey  
 Director



# INEOS ABS (UK) Limited

## Statement of 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 accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

### **Turnover**

Turnover, which is stated net of value added tax, represents amounts recovered for marketing support provided to other undertakings in the INEOS ABS group of companies. Turnover is recognised on an accruals basis, at the point when the service is delivered.

### **Foreign currency transactions**

Foreign currency transactions in currencies other than euros are recorded at the exchange rate ruling on the date of transaction. Monetary assets and liabilities in currencies other than euros are translated into euros at rates of exchange ruling at the balance sheet date. All exchange gains and losses on settlement or translation at closing rates of exchange of monetary assets and liabilities are included in the determination of profit/loss for the year. Exchange gains and losses arising on translation of overseas branches are taken to reserves.

### **Deferred tax**

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

### **Goodwill**

Goodwill represents the excess of cost of acquisitions of businesses over the fair value attributed to their net assets. Goodwill is capitalised as an intangible fixed asset and amortised through the profit and loss account on a straight line basis over its estimated useful economic life of 5 years. All intangible fixed assets are reviewed for impairment when there are indications that carrying value may not be fully recoverable.

### **Cash flow statement**

The company is controlled by INEOS ABS (Jersey) Limited and is ultimately consolidated within the financial statements of INEOS Industries Limited. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

### **Operating leases**

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

### **Provisions for liabilities and charges**

Provisions for employment related benefits payable to employees in Italy are recognised when there is a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

# INEOS ABS (UK) Limited

## Notes to the financial statements for the year ended 31 December 2010

### 1 Turnover

	2010 €'000	2009 €'000
Geographical analysis		
Italy	626.0	404.5
Hong Kong	524.2	444.6
Total	1,150.2	849.1

### 2 Operating profit/(loss)

This is stated after charging

	2010 €'000	2009 €'000
Operating leases – motor vehicles	29.9	14.2
Amortisation of intangible fixed assets	46.0	46.9
Impairment of intangible fixed assets	76.2	-

The audit fee for the company is borne by INEOS ABS (Jersey) Limited

### 3 Interest receivable and similar income

	2010 €'000	2009 €'000
Bank interest receivable	0.1	1.8

### 4 Interest payable and similar charges

	2010 €'000	2009 €'000
Interest payable on loan from parent company	3.4	3.9

# INEOS ABS (UK) Limited

## 5 Taxation on profit/(loss) on ordinary activities

### (a) Analysis of charge in the year

The tax charge is made up as follows

	2010 €'000	2009 €'000
<b>Foreign tax</b>		
Taxation payable on profits/(losses) for the year	47.0	20.3
<b>Total current tax (Note 5(b))</b>	<b>47.0</b>	<b>20.3</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	10.8
<b>Taxation on profit on ordinary activities</b>	<b>47.0</b>	<b>31.1</b>

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

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 28%. The differences are explained below

	2010 €'000	2009 €'000
Profit/(loss) on ordinary activities before taxation	61.5	(25.9)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28%	17.2	(7.3)
Effects of		
Expenses not deductible for tax purposes	31.3	31.7
Adjustment in respect of foreign tax rates	(1.5)	(4.1)
<b>Tax charge for current year (Note 5(a))</b>	<b>47.0</b>	<b>20.3</b>

# INEOS ABS (UK) Limited

## 5 Taxation on profit/(loss) on ordinary activities (continued)

### (c) Factors that may affect future tax charges

During the period, a change in the UK corporation tax rate from 28% to 27% was substantively enacted and the reduced rate will be effective from 1 April 2011. As at 31 December 2010 there are no deferred tax balances to be re-measured.

In addition to the changes in rates of Corporation tax disclosed above, a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. A resolution passed by Parliament on 29 March 2011 has reduced the main rate of corporation tax to 26% from 1 April 2011. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes enacted by Parliament on 29 March 2011 will have no effect on the balances above.

## 6 Directors and employees

None of the directors received any fees or remuneration for services as a director of the company during the financial year.

### Employee costs

	2010 €'000	2009 €'000
Wages and salaries	510.8	468.6
Social security costs	79.3	48.4
Pension costs	37.0	29.1
	627.2	546.1

The average monthly number of full time employees during the year was 7, all employed in marketing activities.

# INEOS ABS (UK) Limited

## 7 Intangible fixed assets

	Goodwill €'000	Other €'000	Total €'000
<b>Cost</b>			
At 1 January 2010	217.7	10.0	227.7
<b>At 31 December 2010</b>	<b>217.7</b>	<b>10.0</b>	<b>227.7</b>
<b>Accumulated amortisation</b>			
At 1 January 2010	98.0	7.5	105.5
Charge for the year	43.5	2.5	46.0
Impairment	76.2	-	76.2
<b>At 31 December 2010</b>	<b>217.7</b>	<b>10.0</b>	<b>227.7</b>
<b>Net book amount</b>			
<b>At 31 December 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 31 December 2009	119.7	2.5	122.2

The carrying value of the goodwill was assessed for impairment as at 31 December 2010 and given the uncertainty regarding the future of the Italian branch to which the goodwill relates, in the opinion of the directors, the carrying value was fully impaired

## 8 Debtors

	2010 €'000	2009 €'000
Amount owed by group undertakings	126.6	132.6
Other debtors	4.6	2.6
Prepayments and accrued income	76.9	104.7
	<b>208.1</b>	<b>239.9</b>

## INEOS ABS (UK) Limited

### 9 Creditors: amounts falling due within one year

	2010 €'000	2009 €'000
Trade creditors	9.7	41.3
Amount owed to group undertakings	58.7	54.1
Taxation and social security	41.8	27.2
Accruals and deferred income	85.1	39.0
	<b>195.3</b>	<b>161.6</b>

### 10 Creditors: amounts falling due after more than one year

	2010 €'000	2009 €'000
Loans from parent undertaking	166.5	163.1

The loan from the parent undertaking carries interest at LIBOR plus 2.5%, is unsecured and repayable at any time.

### 11 Provisions for liabilities and charges

	€'000
At 1 January 2010	60.7
Charged to profit and loss account during the year	17.9
Utilised during the year	(15.4)
<b>At 31 December 2010</b>	<b>63.2</b>

Provisions for liabilities and charges relate to certain employment related benefits for employees in the Italian branch.

# INEOS ABS (UK) Limited

## 12 Called up share capital

	2010 €	2009 €
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1,000	1,000
<b>Allotted and fully paid</b>		
1 ordinary share of £1 each	1	1

As the reporting currency of the company is the euro the share capital has been converted to euros at the effective rate of exchange ruling at the date of issuance

## 13 Profit and loss account

	€'000
At 1 January 2010	43.8
Profit for the financial year	14.5
Exchange adjustments	3.0
<b>At 31 December 2010</b>	<b>61.3</b>

## 14 Reconciliation of movement of shareholders' funds

	2010 €'000	2009 €'000
Opening shareholders' funds	43.8	102.2
Profit/(loss) for the financial year	14.5	(57.0)
Exchange adjustments	3.0	(1.4)
<b>Closing shareholders' funds</b>	<b>61.3</b>	<b>43.8</b>

# INEOS ABS (UK) Limited

## 15 Financial commitments

At 31 December 2010 the company had annual commitments under non-cancellable operating leases for motor vehicles as follows

	2010 €'000	2009 €'000
Expiring in less than one year	1.4	16.2
Expiring between two and five years	-	1.4
	1.4	17.6

## 16 Reporting currency

The financial statements are expressed in euros as the company primarily generates income, incurs expenditure and have the majority of their assets and liabilities denominated in euros

The exchange rate as at 31 December 2010 was €1 17412/£1 (2009 €1 11944/£1)

## 17 Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related party disclosures" on the grounds that it is a wholly owned subsidiary of a group headed by Ineos Industries Limited whose accounts are publicly available, and has not disclosed transactions with group companies. There were no other related party transactions in the year.

## 18 Ultimate parent undertaking and controlling party

As at 31 December 2010 the immediate parent undertaking was INEOS ABS (Jersey) Limited, a company incorporated in Jersey, Channel Islands.

On 27 September 2011 the entire issued share capital of the Company was transferred to INEOS Industries Holdings Limited. As at 31 December 2010 and the date of this report the ultimate parent undertaking was INEOS A.G., a company registered in England and Wales.

The ultimate controlling party is Mr J A Ratcliffe, director and majority shareholder in the ultimate parent undertaking INEOS A.G.



## **INEOS ABS (UK) Limited**

### **19 Subsequent events**

On 27 September 2011 the entire issued share capital of the Company was transferred to INEOS Industries Holdings Limited. The ultimate controlling party remains the same.

On 4 October 2011 INEOS Industries Holdings Limited, the immediate parent undertaking, transferred the majority of its subsidiary undertakings, but excluding the company, to a joint venture established with BASF, Styrolution. As a consequence, a plan to transfer the marketing support services provided by the company's branches to Styrolution was implemented. In this regard, employees in the Hong Kong branch were transferred to Styrolution and on 15 December 2011 the branch was closed. Employees in the Italian branch remained in employment with an obligation to provide marketing support services for a defined period. As at the date of this report the Italian branch continues to provide services which are expected to cease in 2012.

As a consequence, the directors have decided to impair the carrying value of the goodwill associated with the Italian branch. No other adjustments were required to the carrying amounts in the balance sheet arising from the foregoing.