

INEOS TECHNOLOGIES (VINYLS) LIMITED

Annual report and financial statements

Registered number 7085219

31 December 2016

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Strategic report for the year ended 31 December 2016

The directors present their strategic report on the Company for the year ended 31 December 2016.

Principal activities

The Company markets and sells licenses for PVC and VCM technology and also provides specialist R&D expertise.

Review of the business

The Company is a leading licensor of PVC and VCM technology. During 2016 difficult trading conditions continued, the Company however signed a significant new license for PVC and VCM technology for supply into China. Levels of enquiries from potential new licenses remain high and costs continue to be tightly controlled, keeping the Company well placed to compete in the market place.

Turnover for the year was €3.7m (2015: €2.8m) and the profit before taxation was €1.4m (2015: €1.9m). No dividend payment was made during the year (2015: €nil).

Non-financial risks

The key business risks affecting the company are set out below:

- Economic conditions - licensing of VCM & PVC technology requires heavy capital investment. The ability for customers to secure financing is a key factor that will influence future volumes.
- Industries are cyclical – changing market demands and prices may negatively affect the Company's ability to attract new licensees.
- Competition – significant competition in the Company's industries may adversely affect its competitive position.

Financial risk management

The financial risks to the Company are minimised through its distribution and licensing agreement with INEOS Europe AG.

Future developments

A strategic review of the Technologies Business Group (of which INEOS Technologies (Vinyls) Limited was part) was undertaken during 2016, following which, a decision was taken to place INEOS Technologies (Vinyls) Limited under the stewardship of INOVYN.

INOVYN is a large, well established and successful business that has a strong presence within the European Vinyls industry. As such, it is envisaged that this change will help strengthen the future of INEOS Technologies (Vinyls) Limited as it combines its own expertise with that of INOVYN.

In addition to the above, the change in management from a Swiss based entity (INEOS Europe AG) to a UK based entity, INOVYN, means that the current operating model will also be changed to reflect a UK based Exec. In doing so, the existing Swiss Entrepreneur model will be replaced with a UK focused operating model.

Key performance indicators ("KPIs")

In conjunction with the management of costs and working capital to improve profit the Company uses a number of key performance indicators ("KPIs") to monitor performance against budget:

- EBITDA
- Sales, variable costs and gross margin.
- Average working capital as a percentage of sales.
- Safety, Health and Environment controls.

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

The company's strategy is one of growth with improved profitability. The directors monitor progress against this strategy by reference to a number of KPIs.



By order of the board

M J Maher
Director
8 September 2017

Directors' report for the year ended 31 December 2016

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

Future developments

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

Dividends

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

Financial risk management

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

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Ronald Sanchez	- resigned 29 February 2016
Andre Scheelen	- appointed 16 March 2016 and resigned 16 February 2017
Stuart Michael Collings	- appointed 16 February 2017
Graham Wallace Leask	- resigned 16 February 2017
Debra Smeeton	- resigned 16 February 2017
Keith James Breaux	- resigned 16 February 2017
Stuart Michael Collings	- resigned 16 February 2017
Christopher Edward Tane	- appointed 16 February 2017
Michael John Maher	- appointed 16 February 2017
Julie Dawn Taylorson	- appointed 16 February 2017
Anthony Moorcroft	- appointed 16 February 2017
Hiong Leong Tan	- appointed 16 February 2017
Luc Marie Georges Castin	- appointed 16 February 2017

Directors' indemnities

The Company maintained throughout the year, and at the date of approval of the financial statements, liability insurance for its directors and officers. This is a qualifying provision for the purposes of the Companies Act 2006.

Research and development

Research and development activity is carried out by the Company as part of the strategic development programme.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act 2006 the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he 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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board



M J Maher
Director
8 September 2017

Registered Office
INEOS Technologies (Vinyls) Limited
Runcom Site HQ
South Parade
PO Box 9
Runcom
Cheshire
England and Wales,
United Kingdom
WA7 4JE

Registered number: 7085219

Independent auditors' report to the members of INEOS Technologies (Vinyls) Limited

Report on the financial statements

Our opinion

In our opinion, INEOS Technologies (Vinyls) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

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

- the Balance sheet as at 31 December 2016;
- the Profit and loss account and Statement of comprehensive income 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 United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

Independent auditors' report to the members of INEOS Technologies (Vinyls) 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 in respect of the financial statements, 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.

Independent auditors' report to the members of INEOS Technologies (Vinyls) Limited (continued)

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Hazel Macnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
8 September 2017

Profit and loss account
For the year ended 31 December 2016

	Note	2016 €000	2015 €000
Turnover	2	3,710	2,849
Cost of sales		(2,577)	(1,655)
Gross profit		<u>1,133</u>	<u>1,194</u>
Distribution costs		(1,228)	(1,230)
Administrative expenses		(1,906)	(1,313)
Other operating income	3	3,458	3,371
Operating profit	4	<u>1,457</u>	<u>2,022</u>
Interest payable and similar expenses	7	(74)	(99)
Profit before taxation		<u>1,383</u>	<u>1,923</u>
Tax on profit	8	(346)	(893)
Profit for the financial year		<u><u>1,037</u></u>	<u><u>1,030</u></u>

All activities of the company relate to continuing operations.

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

	Note	2016 €000	2015 €000
Profit for the financial year		1,037	1,030
Other comprehensive (expense) / income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of defined benefit liability	14	(1,903)	(509)
Movement in deferred tax relating to pension liability	11	323	101
Other comprehensive expense for the year		(1,580)	(408)
Total comprehensive (expense) / income for the year		(543)	622

Balance sheet as at 31 December 2016

	Note	2016 €000	2015 €000
Fixed assets			
Intangible assets	9	2,157	4,314
Property, plant and equipment	10	1,369	1,464
		3,526	5,778
Current assets			
Accounts receivable due within one year	11	5,295	3,605
Cash at bank and in hand		1,572	1,312
		6,867	4,917
Accounts payable – amounts falling due within one year	12	(6,189)	(5,835)
Net current assets / (liabilities)		678	(918)
Total assets less current liabilities		4,204	4,860
Accounts payable -amounts falling due after more than one year	13	-	(1,491)
Net assets excluding pension liability		4,204	3,369
Pension liability	14	(3,801)	(2,423)
Net assets including pension liability		403	946
Capital and reserves			
Share capital	15	-	-
Retained earnings		403	946
Total equity		403	946

The financial statements on pages 8 to 24 were approved by the Board of Directors on 8 September 2017 and are signed on its behalf by:



M J Maher
Director

Company registered number: 7085219

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

	Retained earnings	Total equity
	€000	€000
Balance at 1 January 2015	324	324
Profit for the financial year	1,030	1,030
Other comprehensive expense	(408)	(408)
Total comprehensive income for the year	622	622
Balance at 31 December 2015	946	946

	Retained earnings	Total equity
	€000	€000
Balance at 1 January 2016	946	946
Profit for the financial year	1,037	1,037
Other comprehensive expense	(1,580)	(1,580)
Total comprehensive expense for the year	(543)	(543)
Balance at 31 December 2016	403	403

Notes to the financial statements

1 Accounting policies

INEOS Technologies (Vinyls) Limited (the "Company") is a private company limited by shares and is incorporated in England. The Company's registered address is Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, England and Wales, United Kingdom WA7 4JE.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

INEOS Group Holdings SA, is the head of the smallest and largest group to consolidate the Company's results and includes the Company's results in its consolidated financial statements. The consolidated financial statements of INEOS Group Holdings SA are prepared in accordance with International Financial Reporting Standards, are available to the public and may be obtained from the Company Secretary, 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets;
- Disclosures of related party transactions between two or more wholly owned members of the same group;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of INEOS Group Holdings SA include the equivalent disclosures, the Company has also taken the exemptions available under FRS 101 in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of Assets in respect of principal estimates used in the impairment review for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The Company's critical accounting estimates and judgements are disclosed in note 18.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The directors have considered the Company's projected future cash flows, working capital requirements and are confident that the company has sufficient cash flows to meet its working capital requirements for the next 12 months from the date of signing the financial statements. Accordingly the financial statements have been prepared on the going concern basis.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes to the financial statements (continued)

1 Accounting policies (continued)

1.4 Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Plant and machinery 5 to 20 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Assets under construction are not depreciated, but are transferred to an appropriate asset category when they are available for use.

1.5 Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

1.6 Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate

1.7 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

Notes to the financial statements (continued)

1 Accounting policies (continued)

1.8 Employee benefits

Pension costs

The Company participates in a pension scheme providing benefits based on final pensionable pay and the assets of this scheme are held separately from those of the Company. The pension scheme is a multi-employer pension scheme for employees of the Company (Technologies), INEOS Compounds UK Limited (Compounds) and INEOS ChlorVinyls Limited (Vinyls). INEOS ChlorVinyls Limited is the principal employer.

The current service cost of pension provision and any costs of benefits relating to past service are charged against operating profit for the year. A charge equal to the increase in present value of the pension scheme liabilities and a credit equal to the long-term expected return on pension scheme assets at the start of the year are included in 'net finance costs' in the profit and loss account. Actuarial gains and losses are recognised in the statement of comprehensive income.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus, to the extent that it is considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax, if appropriate.

The pension liabilities and assets of the Company, INEOS Compounds UK Limited and INEOS ChlorVinyls Limited form one pension plan. In general, a full actuarial valuation of this plan is conducted every three years and as a result in the interim years the IAS 19 pension scheme results need to be split on an approximate basis between the Company, INEOS Compounds UK Limited and INEOS ChlorVinyls Limited.

The method used to allocate the IAS 19 liabilities, assets and service cost between entities is as follows:

- The 31 December 2016 liabilities have been based on the Section 75 debt liabilities for each entity versus these liabilities for the plan as a whole at 5 April 2013 (the date of the last signed full valuation).
- Approximate allowance has been made for the changes due to special events (that the local actuary is aware of) since 5 April 2013.
- The split of the assets was based on the liability split at 31 December 2016.
- The expected 2017 service costs were based on the ratio of the Vinyls Technologies active payroll versus the total active payroll for the EVC Fund, as a whole.
- The approach outlined above is in line with that applied at the end of 2015.

In summary the 31 December 2016 disclosures for Technologies are based on roll-forward calculations based on the latest full valuations, allowing for the approximate impact of the special events and updating for changes in assumptions as at 31 December 2016. Although no further membership changes have been allowed for in the calculations, for the purposes of estimating the liabilities for these disclosures, updated total payroll and membership numbers were provided.

The Directors believe that this approach represents a reasonable basis of accounting for the scheme.

The most recent signed valuation for the Company was 5 April 2013. The data from the full actuarial valuation, adjusted for material membership movements since this date, have been used in these financial statements.

The Company also participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Notes to the financial statements (continued)

1 Accounting policies (continued)

1.9 Provisions

A provision is recognised in the balance sheet when the Company has 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.10 Turnover

Revenue represents the sales value of goods and services to customers during the year. It excludes VAT and similar based taxes.

Revenue is recognised when the risks and rewards of ownership are transferred to the customer or the service has been provided, and it can be reliably measured.

1.11 Expenses

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the financial statements (continued)

2 Turnover

The directors consider there to be only one operating segment in the business.

	2016 €000	2015 €000
By geographical market		
Europe	-	4
Rest of World	3,710	2,845
	3,710	2,849

3 Other operating income

	2016 €000	2015 €000
IP heritage charge	3,458	3,371
	3,458	3,371

4 Operating profit

The following charges / (income) are included with operating profit:

	2016 €000	2015 €000
Depreciation	200	119
Impairment of intangible assets	2,157	2,157
Research & development cost	1,395	1,541
Operating lease rentals (note 19)	136	159
Release of Italian VAT provision	(223)	(841)

Auditors' remuneration for the statutory audit of the Company for the year was €20,159 (2015: €24,000).

No non-audit services have been provided to the Company in the year (2015: Nil)

Notes to the financial statements (continued)

5 Staff numbers and costs

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Sales and technical service	5	5
Administration	1	1
Research & development	13	14
	19	20

The overall costs of these persons charged in arriving at operating profit in the year were as follows:

	2016	2015
	€000	€000
Wages and salaries	1,372	1,705
Social security costs	156	190
Contributions to defined contribution plans (note 14)	195	287
Expenses related to defined benefit plans (note 14)	100	157
	1,823	2,339

6 Directors' remuneration

The directors did not receive any emoluments for their services to the company (2015: £Nil).

7 Interest payable and similar expenses

	2016	2015
	€000	€000
Net interest on net defined benefit pension plan liability (note 14)	(72)	(87)
Interest payable on amounts owed to group undertakings	(21)	(104)
Foreign exchange gains related to bank revaluation	19	92
	(74)	(99)

Notes to the financial statements (continued)

8 Tax on profit

Recognised in the profit and loss account

	2016 €000	2015 €000
Current tax:		
UK corporation tax on profits in the year	593	498
Adjustments in respect of prior year	(457)	240
Total current tax charge	136	738
Deferred tax:		
Origination & reversal of timing differences	112	155
Effect of rate change	(15)	-
Adjustments in respect of prior year	113	-
Total deferred tax charge	210	155
Tax on profit	346	893

Reconciliation of effective tax rate

	2016 €000	2015 €000
Profit before taxation	1,383	1,923
Profit before taxation at the UK tax rate of 20% (2015: 20.25%)	277	389
Expenses not deductible for tax purposes	428	434
Income not chargeable for tax purposes	-	(170)
Effect of rate change	(15)	-
Adjustments in respect of prior year	(344)	240
Tax on profit on ordinary activities	346	893

Factors which may affect future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020, which was substantively enacted on 15 September 2016.

Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. The deferred tax balances have been re-measured accordingly at the balance sheet date.

Notes to the financial statements (continued)

9 Intangible assets

	Goodwill
	€000
Cost	
Balance at 1 January 2016 and 31 December 2016	16,934
Accumulated amortisation and impairment	
Balance at 1 January 2016	(12,620)
Impairment charge for the year	(2,157)
At 31 December 2016	(14,777)
Net book value	
At 31 December 2015	4,314
At 31 December 2016	2,157

The impairment charge for the year reflects the Company's view that the carrying value of its intangible assets was greater than their recoverable amount.

10 Property, plant and equipment

	Plant and Machinery €000	Assets under construction €000	Total €000
Cost			
Balance at 1 January 2016	1,597	40	1,637
Transferred to plant and machinery	40	(40)	-
Additions	55	50	105
Balance at 31 December 2016	1,692	50	1,742
Accumulated depreciation			
Balance at 1 January 2016	173	-	173
Depreciation charge for the year	200	-	200
Balance at 31 December 2016	373	-	373
Net book value			
At 31 December 2015	1,424	40	1,464
At 31 December 2016	1,319	50	1,369

Notes to the financial statements (continued)

11 Accounts receivable: amounts due within one year

	2016 €000	2015 €000
Trade receivables	2,032	706
Amounts owed by group undertakings	2,377	1,511
Other receivables	282	897
Deferred tax asset	604	491
	5,295	3,605

Amounts owed by group undertakings are unsecured, attract interest at a monthly rate issued by Group, have no fixed date of repayment and are repayable on demand.

Deferred tax

	Pension asset / (liability) €000	Accelerated capital allowances €000	Total €000
At 1 January 2016	484	7	491
Charged to the profit and loss account	(162)	(48)	(210)
Credited to the statement of comprehensive income	323	-	323
At 31 December 2016	645	(41)	604

12 Accounts payable: amounts falling due within one year

	2016 €000	2015 €000
Trade payables	9	-
Amounts owed to group undertakings	5,324	5,114
Other payables	42	45
Accruals and deferred income	814	676
	6,189	5,835

Amounts owed to group undertakings are unsecured, generate interest payable at a monthly rate issued by Group, have no fixed date of repayment and are repayable on demand.

13 Accounts payable: amounts falling due after more than one year

	2016 €000	2015 €000
Amounts owed to group undertakings	-	1,491
	-	1,491

Notes to the financial statements (continued)

14 Employee benefits

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the years shown.

	2016 €000	2015 €000
Total defined benefit asset	10,733	10,328
Total defined benefit liability	(14,534)	(12,751)
Net defined benefit liability	(3,801)	(2,423)

Movements in net defined benefit liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2016	2015	2016	2015	2016	2015
	€000	€000	€000	€000	€000	€000
Balance at 1 January	12,751	11,940	(10,328)	(9,459)	2,423	2,481
Included in profit and loss*						
Current service cost	100	157	-	-	100	157
Interest cost	436	473	(364)	(386)	72	87
	536	630	(364)	(386)	172	244
Included in other comprehensive income						
Remeasurements:						
Change in financial assumptions	3,512	(291)	-	-	3,512	(291)
Experience adjustment	15	(60)	-	-	15	(60)
Return on plan assets excluding interest income	-	-	(1,180)	703	(1,180)	703
Effective movement of exchange rate	(2,020)	745	1,576	(588)	(444)	157
	1,507	394	396	115	1,903	509
Other						
Contributions paid by the employer	-	-	(697)	(811)	(697)	(811)
Benefits paid	(260)	(213)	260	213	-	-
Balance at 31 December	14,534	12,751	(10,733)	(10,328)	3,801	2,423

Notes to the financial statements (continued)

14 Employee benefits (continued)

Plan assets

	2016 €000	2015 €000
Cash and cash equivalents	403	587
Equity instruments	6,230	5,858
Debt instruments e.g. Government bonds	3,313	2,740
Real estate	146	117
Investment funds	641	1,026
Total	10,733	10,328

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA-rated. All other plan assets are not quoted in an active market.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2016	2015
Discount rate at 31 December	2.6%	3.8%
Future salary increases	3.3%	3.1%
Future pension increases	3.8%	3.1%

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

- Current pensioner aged 65: 22.8 years (male), 24.9 years (female).
- Future retiree upon reaching 65: 24.3 years (male), 26.3 years (female).

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased as a result of a change in the respective assumptions.

	2016 €000	2015 €000
Discount rate – 1%	3,233	2,708
1 yr increase in mortality rates	575	436
Inflation (RPI, CPI) – 0.5%	1,305	926

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 December 2016 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Notes to the financial statements (continued)

14 Employee benefits (continued)

Funding

The Company expects to pay €633,000 in contributions to its defined benefit plans in 2017. The weighted average duration of the defined benefit obligation at the end of the financial year is 20 years (2015: 20 years).

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was €194,794 (2015: € 286,750).

15 Share capital

	2016 €	2015 €
<i>Allotted, called up and fully paid</i>		
100 (2015:100) Ordinary shares of £1 each	110	110
	110	110

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

16 Controlling parties

The Company is a subsidiary undertaking of INEOS AG which is the ultimate parent company, incorporated in Switzerland.

The largest group in which the results of the Company are consolidated is that headed by INEOS Group Holdings SA, incorporated in Luxembourg. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from Company Secretary, 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

17 Subsequent events

No subsequent events were identified prior to signature of the financial statements.

18 Critical accounting estimates and judgements

Taxation

All the company's operations are in the UK. Management is required to estimate the tax payable and this involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the balance sheet of the company. Management have performed an assessment as to the extent to which future taxable profits will allow the deferred tax asset to be recovered. The calculation of the company's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

Details of amounts recognised with regard to taxation are disclosed in Note 8.

Post employment benefits

The Group operates a defined benefit post employment scheme. The plan is now closed to new entrants and frozen to future accrual. Under IAS 19 Revised Employee Benefits, management is required to estimate the present value of the future defined benefit obligation of each defined benefit scheme. The costs and year end obligations under the defined benefit scheme are determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- inflation rate projections; and
- discount rate for scheme liabilities.

Details of post employment benefits are set out in Note 14.

Notes to the financial statements (continued)

18 Critical accounting estimates and judgements (continued)

Impairment reviews

IFRSs require management to test for impairment of goodwill and other intangible assets with indefinite lives, on an annual basis, and of tangible and intangible assets with finite lives if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

An impairment test requires an assessment as to whether the carrying value of assets can be supported by its recoverable amount. Management calculates the recoverable amount based on the net present value of the future cash flows derived from the relevant assets, using cash flow projections which have been discounted at an appropriate discount rate.

In calculating the net present value of the future cash flows, certain assumptions and estimates are required to be made in respect of highly uncertain matters, including management's expectations of:

- growth rates of various revenue streams;
- long term growth rates;
- future margins;
- the selection of an appropriately risk adjusted discount rate; and
- the determination of terminal values.

Changing the assumptions selected by management, in particular the discount rate used in the present value calculation, could significantly affect the company's impairment evaluation and results.

For the purpose of impairment testing (when required), to assess whether any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as changes in the planned use of buildings, plant or equipment, or closure of facilities, the presence or absence of competition, lower than expected asset utilisation from events such as unplanned outages, strikes, technical obsolescence or lower than anticipated sales of products with capitalised intellectual property rights could result in shortened useful lives or impairment. Changes in the discount rates used could also lead to impairments.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 10 for the carrying amount of the property, plant and equipment, and Note 1 for the useful economic lives for each class of asset.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors, and historical experience.

19 Operating leases

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods.

	2016 €000	2015 €000
Not later than one year	128	149
Later than one year and not later than five years	513	598
Later than five years	-	-
	641	747