

INEOS Oxide Limited

Annual report and financial statements

Registered number 03545207

31 December 2021



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Strategic report

The directors present their strategic report of INEOS Oxide Limited (the 'Company') for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is a sales agent (of a range of chemical intermediate and speciality products used in various chemical applications) for INEOS Europe AG ("IEAG"), for which it receives an agent commission for all sales generated in the UK and Ireland. The rewards of existing contracts pre 1 July 2011 remain within the company until expiry or written renewal.

Results for the year

The results of the Company are set out in the profit and loss account on page 12 which shows a profit before taxation of €62.8 million (2020: profit of €1,508.9 million). The decrease compared to 2020 is due to the dividend income in 2020 of €1,488.8 million received from a subsidiary (INEOS Finance Company 3 Limited).

INEOS Oxide Limited performs agency services on behalf of IEAG for sales of speciality and intermediate chemicals produced at four sites in Europe being Antwerp, Hull, Koln and Lavera. The Koln and Lavera sites are integrated with INEOS' joint venture refining business (Lavera) and their O&P business (Koln) located at the same sites.

The Company's strategy, in line with the INEOS group strategy, is to continue growing our profitability and cash flows by reducing costs, increasing the focus on high margin products, leveraging our existing resources to expand sales and keeping the overall management structure of the group simple and decentralised.

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to local and national competition factors which would cause a decline in the market. Further discussion of these risks and uncertainties in the context of the group as a whole, is provided in the annual report of parent company INEOS Group Holdings S.A., which does not form part of this report.

Section 172(1) statement

The directors have the duty to promote the success of the Company for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers and the environment. The directors focusses on engagement with all stakeholders, and uses this when taking decisions.

The likely consequences of any decision in the long-term

The Company's principal objectives are to maintain its position as a key global supplier of Ethylene and Propylene Oxide and their derivatives and to increase the value of INEOS Oxide by generating strong, sustainable and growing cash flows across industry cycles. To achieve these objectives, the Company has the following key strategies:

- Maintain health, safety, security and environmental excellence
- Maintain and grow the Company's leadership positions to enhance competitiveness;
- Reduce costs and realise synergies;
- Maximise utilisation of assets;
- Access advantaged feedstock and energy opportunities;
- Pursue value-enhancing opportunities in developing further EO and PO derivatives; and
- Develop and implement a sustainable business.

The directors believe these are critical long-term factors for the success of the Company.

Strategic Report (continued)

The directors' decision making has supported the implementation of the strategy. The Company plans for strategic investments to support its goals. Examples of such decisions include the capital investment into new EO derivatives in Antwerp and further growth in production of utilities in Antwerp by acquiring the existing combined heat and power plant from RWE in 2019.

The Company aims to operate and develop its business in a way that supports both the current and future needs, taking into account relevant economic, environmental and social factors. This enables the Company to sustain the business for the long term. The directors strongly believe that sustainable business management and practices will contribute to long-term business success and will strengthen the Company's leading position in the market.

The directors ensure that the Company has sufficient resources to support its long-term growth strategy and to fund its investments. An important element is the Company's long-term cash and operational planning in relation to the capital requirements needed to grow.

Stakeholder considerations

Engaging stakeholders and developing meaningful partnerships is essential for our long-term business success. The Company engages in regular, open and proactive dialogue with all relevant stakeholders as this is needed to understand their perspectives, expectations, concerns and needs. In this way, the Company is able to integrate stakeholder's considerations into business decision making processes. Dialogue with stakeholders gives the Company the opportunity to explain its clear and committed approach to sustainability as well as the value of our work, and our products and services for society.

Key stakeholders contribute to our economic, social and environmental performance. Stakeholders include our customers, suppliers, employees, investors, financial experts and rating agencies, local communities, industry associations, NGOs, universities, scientific institutions and value chain partners such as waste sorters and recyclers.

As the European market leader in EO, PO and derivatives, the Company adopts a holistic approach looking at its entire value chain – from procurement, development and production to transport, sales, integration into customer processes, final intended use and recycling. Together with industry associations and our business partners, we strive to achieve high and well-acknowledged sustainability standards in our industry.

The Company is very conscious of changing attitudes to climate change, and monitors its impact on the environment, including emissions arising from its use of power and feedstock, and the potential impacts of climate change on its business, whether arising from regulatory change, changing weather patterns or other factors. These matters are considered by the directors in making decisions and in assessing the long term viability of the business.

Act fairly between members

The Company has a single shareholder and a single ultimate controlling party. Their interests are taken into account by the directors to promote fairness in decision making.

Principal Decisions

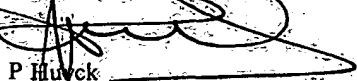
There were no principal decisions that management took in the year ending 31 December 2021.

Strategic Report (continued)

Key performance indicators

The directors of INEOS Group Holdings S.A. manage the group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using performance indicators of the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of INEOS Oxide Limited. The development, performance and position of the group, including this Company, is discussed in the group's annual report which does not form part of this report.

Approved and signed on behalf of the board



P Huyck

Director

29 September 2022

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Directors

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

Mr. G Leask
Mr. J Ginns
Mr. P Huyck

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company where appropriate. The Company is funded internally by the INEOS group and therefore has no direct exposure to liquidity or debt market risk. Interest rate exposures are managed on a group basis and are fully disclosed in the consolidated financial statements of INEOS Group Holdings S.A..

Covid-19

The Company and its fellow subsidiaries continue to implement contingency plans for the COVID-19 pandemic, with the primary objective of maintaining the safety of personnel and the reliable operation of the Company's plants. The chemical industry is deemed as essential, critical infrastructure by governments across the world. Throughout the pandemic all of the Company and its fellow subsidiaries' plants have continued to operate fully and supply chains have operated without significant disruption. Protecting employees and ensuring that they remain healthy has been the first priority of the Company and its fellow subsidiaries. All plants have sufficient resources and have implemented measures to ensure that this remains the case throughout the pandemic.

Whilst there is still uncertainty due to the COVID-19 pandemic the Directors have undertaken a rigorous assessment of the potential impact of COVID-19 on demand for the Group's products and services and the impact on margins for the next 12 months.

Going concern

The directors have considered the Company's projected future cash flows and working capital requirements. As at 31 December 2021, the company had net assets of €7.13 billion (2020: €7.11 billion). The company held cash of €1.10 million (2020: €0.90 million) and amounts owed to group undertakings of €454.40 million (2020: €411.30 million). The profit for the year was €19.90 million (2020: €1.53 billion). The directors have received confirmation that the parent, INEOS Holdings Limited, will continue to support the company for at least the 12 months from signing of these financial statements.

After making enquiries, the directors have a reasonable expectation that the parents going concern assessment confirms that there is sufficient forecast committed liquidity headroom for the parent to provide this support and the company will therefore have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing its financial statements.

Future Developments

The directors do not expect any change in the Company's activities during the next financial year.

Dividends

The directors recommended no payment of a dividend (2020: €1,488.6 million).

Directors' report (continued)

Carbon Reporting

The Company is an intermediary parent of a large group and therefore requires to comply the Streamlined Energy and Carbon Reporting (SECR) reporting requirements. As the Company consumed less than 40,000kWh during the year, the exemption for entities with low emissions has been applied and thus the information is not disclosed.

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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

Deloitte LLP are deemed to be reappointed in accordance with an elective resolution made under section 487 of the Companies Act 2006.

Approved and signed on behalf of the board



P Huyck
Director

INEOS Oxide Limited
Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG
29 September 2022

Independent auditor's report to the members of INEOS Oxide Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of INEOS Oxide Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 18

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the members of INEOS Oxide Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of INEOS Oxide Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, Bribery Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- occurrence of turnover: We obtained an understanding of the margin pushback calculation and test inputs in the calculation. We tested occurrence of the turnover by reconciling the recorded amount to the subsequently invoice sent out and received payment. We also identified and evaluated the types of revenue and revenue transactions that give rise to a risk of material misstatement due to fraud relating to revenue recognition.
- We also obtained an understanding of the review control relating to revenue.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report to the members of INEOS Oxide Limited (continued)

Report on other legal and regulatory requirements

Opinions 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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Suzanne Gallagher FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, UK
29 September 2022

Profit and Loss Account
for year ended 31 December 2021

	<i>Note</i>	2021 €m	2020 €m
Turnover	<i>3</i>	59.7	19.8
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		59.7	19.8
Distribution costs		(0.4)	(0.5)
Administrative expenses		(0.1)	(0.6)
		<hr/>	<hr/>
Operating profit	<i>4</i>	59.2	18.7
Income from shares in group undertakings	<i>16</i>	0.2	1,488.8
Net interest receivable and similar income	<i>7</i>	3.4	1.4
		<hr/>	<hr/>
Profit before taxation		62.8	1,508.9
Tax on profit	<i>8</i>	(42.9)	19.6
		<hr/>	<hr/>
Profit for the financial year		19.9	1,528.5
		<hr/>	<hr/>

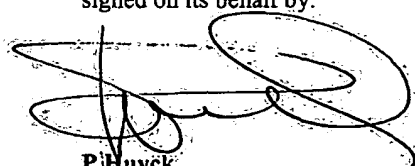
All activities of the company relate to continuing operations.

The company has no recognised other comprehensive income and therefore no separate statement of comprehensive income has been presented.

Balance Sheet
At 31 December 2021

	<i>Note</i>	2021 €m	2021 €m	2020 €m	2020 €m
Fixed assets					
Intangible assets	9		5.1		5.2
Investments	10		7,299.8		7,299.8
			<hr/>		<hr/>
			7,304.9		7,305.0
Current assets					
Debtors (including €42.1 million (2020: €56.5 million) due after more than one year)	11	277.8		215.0	
Cash at bank and in hand		1.1		0.9	
			<hr/>		<hr/>
		278.9		215.9	
Creditors: amounts falling due within one year	12	(454.4)		(411.3)	
			<hr/>		<hr/>
Net current liabilities			(175.5)		(195.5)
Total assets less current liabilities			7,129.4		7,109.5
			<hr/>		<hr/>
Net assets			7,129.4		7,109.5
			<hr/> <hr/>		<hr/> <hr/>
Capital and reserves					
Called up share capital	13	1,499.3		1,499.3	
Share premium account		615.5		615.5	
Profit and loss account		5,014.6		4,994.7	
			<hr/>		<hr/>
Total shareholders' funds			7,129.4		7,109.5
			<hr/> <hr/>		<hr/> <hr/>

These financial statements on pages 12 to 27 were approved by the board of directors on 29 September 2022 and were signed on its behalf by:



P. Huyck
Director

Company registered number: 03545207

Statement of Changes in Equity
for the year ended 31 December 2021

	Called up share capital €m	Share premium account €m	Profit and loss account €m	Total shareholders' funds €m
Balance at 1 January 2020	1,499.3	615.5	4,954.8	7,069.6
Total comprehensive income for the financial year	-	-	1,528.5	1,528.5
Dividend distribution	-	-	(1,488.6)	(1,488.6)
Balance at 31 December 2020	1,499.3	615.5	4,994.7	7,109.5

	Called up share capital €m	Share premium account €m	Profit and loss account €m	Total shareholders' funds €m
Balance at 1 January 2021	1,499.3	615.5	4,994.7	7,109.5
Total comprehensive income for the financial year	-	-	19.9	19.9
Dividend distribution	-	-	-	-
Balance at 31 December 2021	1,499.3	615.5	5,014.6	7,129.4

Notes

(forming part of the financial statements)

1 Accounting policies

INEOS Oxide Limited (the “Company”) is a private company, limited by shares, incorporated, registered and domiciled in England, UK.

The registered address of the company is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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 UK (“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.

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

- Business combinations that took place prior to 1 January 2013 have not been restated;
- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Presentation of comparative information in respect of certain assets; and
- Certain disclosures in respect of financial instruments.

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

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation 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 on the going concern basis, to all periods presented in these financial statements and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

Impact of new standards and interpretations

There are no amendments to accounting standards that are effective for the year ended 31 December 2021 which have had a material impact on the company.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 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.

1.3 Going concern

The directors have considered the Company's projected future cash flows and working capital requirements. As at 31 December 2021, the company had net assets of €7.13 billion (2020: €7.11 billion). The company held cash of €1.10 million (2020: €0.90 million) and amounts owed to group undertakings of €454.40 million (2020: €411.30 million). The profit for the year was €19.90 million (2020: €1.53 billion). The directors have received confirmation that the parent, INEOS Holdings Limited, will continue to support the company for at least the 12 months from signing of these financial statements.

After making enquiries, the directors have a reasonable expectation that the parents going concern assessment confirms that there is sufficient forecast committed liquidity headroom for the parent to provide this support and the company will therefore have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing its financial statements.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition, the company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Equity shares are stated at amortised cost less impairment.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes *(continued)*
(forming part of the financial statements)

1 Accounting policies *(continued)*

1.5 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.6 Intangible assets, goodwill and negative goodwill

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite (eg license fees). Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Intellectual property 15 years

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. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

1.7 Impairment excluding stocks and deferred tax assets (continued)

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.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

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.

Notes *(continued)*
(forming part of the financial statements)

1 Accounting policies *(continued)*

1.10 Interest receivable and Interest payable

Interest payable includes interest payable, finance charges on shares classified as liabilities and leases recognised in profit or loss using the effective interest method and the unwinding of the discount on provisions.. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains or losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.11 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. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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.

1.12 Turnover

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The entity recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

1.13 Accounting estimates and judgements

The Company prepares its financial statements in accordance with FRS101, which requires management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods. There is no area within the financial statements that involve a significant degree of judgement or estimation.

Notes (continued)
(forming part of the financial statements)

2 Reporting currency

The financial statements are expressed in Euros as the company primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in Euros.

The exchange rate as at 31 December 2021 was €1.17994/£1 (2020: €1.10644/£1).

3 Turnover

Turnover relates to the margin transfer on supply contracts and commission from INEOS Europe AG on sales in the UK and Ireland.

In the opinion of the directors the disclosure of segmental information would be seriously prejudicial to the interests of the group and has not therefore been provided.

4 Operating profit

Operating profit is stated after charging the following:

	2021	2020
	€'m	€'m
Amortisation of intangible assets (note 9)	0.1	0.1

Amortisation of intangible assets is presented in the profit and loss account within administrative expenses.

Fees receivable by the Company's auditors in respect to the audit of the financial statements of the Company and their associates were €20,000 (2020: €20,000). This cost has been borne by INEOS Holdings Limited.

Notes *(continued)*
(forming part of the financial statements)

5 Employees

The average monthly number of employees for the year by function:

	2021	2020
	Number	Number
Sales agents	2.5	3

Staff costs for the above employees (including nil executive directors) were:

	2021	2020
	€'m	€'m
Wages and salaries	0.3	0.5
Social security costs	0.1	0.1
Other pension cost	0.1	0.1
	0.5	0.7

6 Directors' remuneration

No directors received any fees or remuneration in respect of their services as a director of the Company during the financial year (2020: €nil).

7 Net interest receivable and similar income

	2021	2020
	€'m	€'m
Net interest receivable from subsidiary undertakings	3.4	2.0
Exchange differences	(0.0)	(0.6)
	3.4	1.4

Notes *(continued)*
(forming part of the financial statements)

8 Tax on profit

Recognised in the profit and loss account

	2021	2020
	€m	€m
<i>UK corporation tax</i>		
Current tax on expense for the year	12.0	4.0
Adjustments in respect of prior years	30.9	(23.6)
	42.9	(19.6)
Tax on profit	42.9	(19.6)

Reconciliation of effective tax rate

	2021	2020
	€m	€m
Profit before taxation	62.8	1,508.9
Profit before taxation multiplied by the standard rate of tax in the UK of 19% (2020: 19%)	12.0	286.7
Income not taxable	-	(282.7)
Adjustments in respect of prior years	30.9	(23.6)
	42.9	(19.6)
Total tax on profit	42.9	(19.6)

On 3 March 2021 the UK government announced an intention to increase the UK corporation tax rate to 25% with effect from 1 April 2023. However, in the September 2022 Mini Budget it was announced that the increase to 25% would now not occur and the Corporation Tax Rate would instead be held at 19%. This rate had not been substantively enacted at the balance sheet date.

Notes *(continued)*
(forming part of the financial statements)

9 Intangible assets

	Intellectual property €'m
<hr/>	
Cost	
At 1 January 2021	6.4
Additions	-
At 31 December 2021	6.4
<hr/>	
Accumulated amortisation	
At 1 January 2021	1.2
Charge for the year	0.1
At 31 December 2021	1.3
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Net book amount	
At 31 December 2021	5.1
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At 31 December 2020	5.2
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Notes (continued)
(forming part of the financial statements)

10 Investments

	€'m
Cost	
At 1 January 2021	8,273.5
Additions	-
At 31 December 2021	8,273.5
Accumulated impairment	
At 1 January 2021	973.7
Additions	-
At 31 December 2021	973.7
Net book amount	
At 31 December 2021	7,299.8
At 31 December 2020	7,299.8

The directors consider the value of the investments to be supported by their underlying net assets.

The following information relates to the principal direct subsidiary undertakings of the company.

Subsidiary undertaking	Country of registration or incorporation	Principal activity	Class/percentage of shares held 2021	Class/percentage of shares held 2020
Held by INEOS Oxide Limited				
INEOS NV (A)	Belgium	Chemicals	Ordinary 100%	Ordinary 100%
INEOS Belgium NV (A)	Belgium	Chemicals	Ordinary 100%	Ordinary 100%
INEOS C2T (A)	Belgium	Chemicals	Ordinary 100%	Ordinary 100%
INEOS Italia Srl (B)	Italy	Chemicals	Ordinary 100%	Ordinary 100%
INEOS UK Finance Company Limited (C)	England	Finance	Ordinary 100%	Ordinary 100%
INEOS US Finance Company Limited (C)	England	Finance	Ordinary 100%	Ordinary 100%
INEOS Overseas Company I Limited (C)	England	Holding company	Ordinary 100%	Ordinary 100%
INEOS Overseas Company II Limited (C)	England	Holding company	Ordinary 100%	Ordinary 100%
INEOS Finance Company 3 Limited (C)	England	Finance	Ordinary 100%	Ordinary 100%
INEOS Oxide Services NV (A)	Belgium	Services	Ordinary 100%	Ordinary 100%
INEOS Manufacturing Hull Limited (C)	England	Chemicals	Ordinary 100%	Ordinary 100%
INEOS Oxide Utilities (A)	Belgium	Utilities	Ordinary 100%	Ordinary 100%

Notes (continued)
(forming part of the financial statements)

10 Investments (continued)

The registered office addresses of the investments disclosed in this note are:

Reference Registered office address

- (A) Nieuwe Weg 1 2070 Zwijndrecht, Belgium
- (B) Via Giovani Pascoli 9 20097 San Donato Milanese, Italy
- (C) Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom

11 Debtors

	2021	2020
	€'m	€'m
Amounts falling due within one year		
Trade debtors	0.1	0.1
Amounts owed by group undertakings	224.3	146.2
Other debtors	11.3	12.2
	235.7	158.5
Amounts falling due after more than one year		
Amounts owed by group undertakings	42.1	56.5

Amounts owed by group undertakings due within one year are unsecured, attract interest at commercial rates, have no fixed date of repayment and are repayable on demand.

Amounts owed by group undertakings due after more than one year are unsecured, attract interest at commercial rates, and are repayable in 2-5 years.

Notes (continued)
(forming part of the financial statements)

12 Creditors: amounts falling due within one year

	2021	2020
	€'m	€'m
Amounts owed to group undertakings	454.4	411.3

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment and are repayable upon demand.

13 Called up share capital

	2021	2020
	€'m	€'m
Authorised		
1,003,197,842 (2020 : 1,003,197,842) ordinary shares of £1 each	1,499.3	1,499.3
Issued and fully paid		
1,003,197,842 (2020 : 1,003,197,842) ordinary shares of £1 each	1,499.3	1,499.3

As the reporting currency of the company is the Euro, share capital has been converted to Euros at the effective rate of exchange ruling at the date of issuance.

14 Contingent liabilities

The Company is party to a Senior Secured Term Loans agreement dated 27 April 2012 (as amended). The total outstanding indebtedness under the Senior Secured Term Loans agreement at 31 December 2021 was €4,851.1 million (2020: €3,682.3 million). The Company is a guarantor under the Senior Secured Term Loans agreement. These obligations are secured by fixed and floating charges over the assets of the Company.

The Company is party to the Senior Secured Notes due 2025 Indenture dated 03 November 2017 and the Senior Secured Notes due May 2026 Indenture dated 24 April 2019 and the Senior Secured Notes due March 2026 Indenture dated 29 October 2020. The total outstanding indebtedness under the Senior Secured Notes at 31 December 2021 was €1,645.0 million (2020: €1,645.0 million). The Company is a guarantor under the Senior Secured Notes Indentures. These obligations are secured by fixed and floating charges over the assets of the Company.

The Company is party to a Schuldschein Loan agreement dated 22 March 2019. The total outstanding indebtedness under the Schuldschein Loan agreement at 31 December 2021 was €141.0 million (2020: €141.0 million). The Company is a guarantor under the Schuldschein Loan agreement. These obligations are secured by fixed and floating charges over the assets of the Company.

Notes *(continued)*
(forming part of the financial statements)

15 Pension schemes

A defined contribution scheme operates for employees based in the United Kingdom. Company contributions paid into the scheme in the year were €22,163 (2020: €30,715) and €nil was payable at the year end (2020: €nil).

16 Income from shares in group undertakings

On 13 September 2021 a dividend of € 0.2 million was received from INEOS Italia Srl. In 2020 a dividend of €1,488.6 million was received from a subsidiary (INEOS Finance Company 3 Limited) and a dividend of € 0.2 million was received from INEOS Italia Srl.

17 Ultimate parent undertaking and controlling party

The immediate parent undertaking is INEOS Holdings Limited, a company incorporated in England and Wales.

INEOS Group Holdings S.A. is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. Copies of the financial statements of INEOS Group Holdings S.A. can be obtained from the Company Secretary at registered office, 62 Avenue de la Liberté L-1930, Luxembourg, Grand-Duchy of Luxembourg.

The directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in the ultimate parent undertakings INEOS Limited, a company registered in the Isle of Man.

18 Related Parties

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow subsidiaries under common ownership. During the year the Company has not entered into any transaction outside of the exemption.