

Registration number: 02316280

INEOS Acetyls (Korea) Limited

Annual Report and Financial Statements

For the year ended 31 December 2021



INEOS Acetyls (Korea) Limited

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INEOS Acetyls (Korea) Limited

Company information

Directors G J Anderson
D N Brooks

Registered number 02316280

Registered office Hawkslease
Chapel Lane
Lyndhurst
Hampshire
SO43 7FG
United Kingdom

Auditors Deloitte LLP
Statutory Auditor
Newcastle
United Kingdom

INEOS Acetyls (Korea) Limited

Strategic Report

for the year ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Results

The profit for the year after taxation was £56,416k (2020:£9,920k) which, when added to the retained profit brought forward at 1 January 2021 of £ 9,920k (2020: £68,268k) and after deducting total paid interim dividends to ordinary shareholders of £54,887k (2020: £68,268k), gives a total retained profit carried forward at 31 December 2021 of £11,449k (2020: retained profit of £9,920k).

Principal activity and review of the business

The Company was incorporated on 11 November 1988 and has invested in a Korean entity: LOTTE INEOS Chemical Co., Ltd (51%), a joint venture to manufacture and sell acetic and derivative products.

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of the Company and the joint-venture LOTTE INEOS Chemical Co., Ltd, are discussed in the INEOS Quattro Holdings Limited Group's annual report 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, investors and the environment.

The Company's governance and processes are operated to ensure that all relevant matters are considered by the Board in its principal decision-making, as a means of contributing to the delivery of the Company's long-term success. In the performance of its duty to promote the success of the Company and fairness in decision making the Board have regard (amongst other matters) for:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the Company.

As the subsidiary of INEOS Industries Limited all stakeholder considerations are managed at a group level. Further detail of policies in relation to the section 172(1) duties can be found in the Annual report and financial statements of INEOS Industries Limited which may be obtained from the Company secretary at the registered office: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

INEOS Acetyls (Korea) Limited

Strategic Report

for the year ended 31 December 2021 (continued)

Principal risks and uncertainties

As a Holding Company, the principal risks and uncertainties of the Company are limited. Due to the nature of its investment, the Company is exposed to typical risks associated with chemical manufacture. Chemical manufacture operations mean that the business is exposed to risks from changing market demand, adverse changes to raw material prices and increase in competition. These risks are expected from chemicals manufacturer and are continually monitored through reference to the financial performance of the joint-venture LOTTE INEOS Chemical Co., Ltd. Operating within the Chemical Industry, the businesses are highly regulated, with Environment, health and Safety laws and regulations governing our operations and providing our licence to operate. The Company places compliance with these laws and regulations as the number one priority.

COVID-19 impact

The Company and the joint-venture LOTTE INEOS Chemical Co., Ltd continues 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 joint-venture's plants.

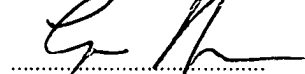
The chemical industry is deemed as essential, critical infrastructure by governments across the world. Throughout the pandemic the plants in which the Company has joint control have continued to operate fully and supply chains have operated without significant disruption. Protecting employees and ensuring that they remain healthy has been the first priority of the Company and its joint-venture. 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 Company and its joint-venture's products and services and the impact on margins for the next 12 months from the date of signing this report.

Financial risk management

The Company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to foreign currency exchange rates and interest rates. Further details on these financial risks are included within the INEOS Quattro Holdings Limited Annual Report for the year ended 31 December 2021 and not included within this report..

Authorised for issue on behalf of the Board



G J Anderson
Director

21 July 2022

Hawkslease
Chapel Lane
Lyndhurst
Hampshire
SO43 7FG
United Kingdom

INEOS Acetyls (Korea) Limited

Directors' Report

for the year ended 31 December 2021

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

Directors

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

G J Anderson

D N Brooks

Principal activity and review of the business

Principal activity and a review of the business of the company is included in the strategic report on page 2.

Directors' indemnity

The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third-party indemnity provisions for the benefit of the Company's directors remain in force at the date of this report.

Dividends

During the year, the Company has declared and paid dividends in relation to the year-ended 31 December 2021 of £54,887k (2020: £68,268k). The directors do not propose the payment of a final dividend in relation to the year-ended 31 December 2021.

Financial instruments

In accordance with section 414C of the Companies Act 2006 the directors have included information regarding financial instruments as required by Schedule 7 (Part 1.6) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the strategic report under Financial risk management.

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 £56,749k (2020: £55,220k). The profit for the year was £56,416k (2020: £9,920k). The directors have considered expectations of the position and performance of the Company over this period, taking account of its short-term and longer-range plans. Taking into account the Company's current position and its principal risks on page 3, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over at least the next 12 months from the date of signing this report.

Future developments

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

Streamlined Energy & Carbon Reporting

The Company is not providing any disclosures because it consumes less than 40,000KWh of energy. In addition the Company is non-trading, does not have any employees and has no premises. Disclosures under the Streamlined Energy and Carbon Reporting requirements for the company are contained in the Streamlined Energy and Carbon Reporting in the Strategic Report of the consolidated financial statements of INEOS Industries Limited, an intermediate parent undertaking. The consolidated financial statements of INEOS Industries Limited are available to the public and may be obtained from the Company Secretary.

INEOS Acetyls (Korea) Limited

Directors' Report

for the year ended 31 December 2021 (continued)

Independent auditor

In accordance with Section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Deloitte LLP as auditor of the Company.

Directors' statement as to the disclosure of information to the auditor.

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that:


- To the best of each director's knowledge and belief, there is no information relevant to the preparation of the auditor's report of which the company's auditor is unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

Subsequent Events

On 31 May 2022, the Company has declared an interim dividend in relation to the financial period from 1 January 2022 to 31 May 2022 of \$47.436k (£36.010k equivalent).

Authorised for issue on behalf of the Board


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G J Anderson
Director

21 July 2022

Hawkslease
Chapel Lane
Lyndhurst
Hampshire
SO43 7FG
United Kingdom

Statement of Director's 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 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" The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standards 101 *Reduced Disclosure Framework* 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of INEOS Acetyls (Korea) Limited

Opinion

In our opinion the financial statements of Ineos Acetyls Korea Limited:

- give a true and fair view of the state of the company's affairs as at December 31, 2021 and of its profit for the period 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; and
- the related notes 1 to 16.

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 Acetyls (Korea) 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.

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.

Independent Auditor's Report to the Members of INEOS Acetyls (Korea) Limited (continued)

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

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. The key laws and regulations we considered in this context included the UK Companies Act and taxation; 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.

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, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated 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 and reviewing correspondence with HMRC and other tax authorities.

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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 and directors' report.

Independent Auditor's Report to the Members of INEOS Acetyls (Korea) Limited (continued)

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.



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Michael Jeffrey, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Newcastle, England

21 July 2022

INEOS Acetyls (Korea) Limited

Profit and Loss Account for the year ended 31 December 2021

	<i>Note</i>	<i>2021</i> <i>£ 000</i>	<i>2020</i> <i>£ 000</i>
Dividend income	3	59,722	13,548
Administrative expenses		<u>(1,674)</u>	<u>(3,062)</u>
Operating profit	4	58,048	10,486
Interest receivable	6	<u>1,279</u>	<u>111</u>
Profit before taxation		59,327	10,597
Tax on profit	7	<u>(2,911)</u>	<u>(677)</u>
Profit for the financial year		<u><u>56,416</u></u>	<u><u>9,920</u></u>

The above results were derived from continuing operations.

The Company has no other recognised gains or losses for the year other than the results included in the profit and loss account above, and therefore no separate statement of other comprehensive income has been prepared.

The notes on pages 14 to 26 form an integral part of these financial statements.

INEOS Acetyls (Korea) Limited

Balance Sheet

as at 31 December 2021

Registration number: 02316280

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Investments	9	20,493	20,493
Current assets			
Debtors	10	35,226	34,798
Cash at bank and in hand		1,054	-
		<u>36,280</u>	<u>34,798</u>
Creditors: amounts falling due within one year	11	<u>(24)</u>	<u>(71)</u>
Net current assets		<u>36,256</u>	<u>34,727</u>
Total assets less current liabilities		<u>56,749</u>	<u>55,220</u>
Net assets		<u>56,749</u>	<u>55,220</u>
Capital and reserves			
Called up share capital	12	45,300	45,300
Profit and loss account	13	<u>11,449</u>	<u>9,920</u>
Total shareholders' funds		<u>56,749</u>	<u>55,220</u>

The financial statements on pages 11 to 26 were approved and authorised for issue by the Board on 21 July 2022 and signed on its behalf by:



G J Anderson
Director

21 July 2022

The notes on pages 14 to 26 form an integral part of these financial statements.

INEOS Acetyls (Korea) Limited

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

	<i>Called up share capital £ 000</i>	<i>Profit and loss account £ 000</i>	<i>Total shareholders' funds £ 000</i>
Balance at 1 January 2020	45,300	68,268	113,568
Profit for the financial year	-	9,920	9,920
Dividends paid	-	(68,268)	(68,268)
Balance at 31 December 2020	<u>45,300</u>	<u>9,920</u>	<u>55,220</u>
At 1 January 2021	45,300	9,920	55,220
Profit for the financial year	-	56,416	56,416
Dividends paid	-	(54,887)	(54,887)
At 31 December 2021	<u>45,300</u>	<u>11,449</u>	<u>56,749</u>

The notes on pages 14 to 26 form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2021

1 General accounting policies

The Company is a private company limited by shares incorporated, domiciled and registered in England and Wales in the United Kingdom. The registered number is 02316280 and the registered address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

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

These financial statements are prepared on a going concern basis, under the historical cost convention.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("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. The functional currency and the presentation currency is the Pound Sterling (£) and all values are rounded to the nearest thousand pounds (£000s) except when otherwise indicated.

The smallest group that consolidates the Company's financial statements is INEOS Quattro Holdings Limited. The consolidated financial statements of INEOS Quattro Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company Secretary at: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

The financial statements contain information about INEOS Acetyls Korea Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, INEOS Quattro Holdings Limited, a company incorporated in United Kingdom.

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

- (a) Cash Flow Statement and related notes;
- (b) Disclosures in respect of transactions with wholly owned subsidiaries;
- (c) Disclosures in respect of capital management;
- (d) The effects of new but not yet effective IFRSs; and
- (e) Disclosures in respect of the compensation of Key Management Personnel.

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

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

1 General accounting policies (continued)

- (a) Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets; and
- (b) 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, throughout the period presented in these financial statements and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

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 £56,749k (2020: £55,220k). The profit for the year was £56,416k (2020: £9,920k). The directors have considered expectations of the position and performance of the Company over this period, taking account of its short-term and longer-range plans. Taking into account the Company's current position and its principal risks on page 3, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over at least the next 12 months from the date of signing this report.

2 Significant accounting policies, judgements, estimates and assumptions

Significant accounting policies: use of judgements, estimates and assumptions

The Company prepares its financial statements in accordance with Financial Reporting Standard 101 ("FRS 101"), 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 are revised and in any future periods affected.

The following areas are considered to involve a significant degree of judgement or estimation.

Critical judgements in applying the company's accounting policies

The directors do not consider there to be any critical judgements, apart from those involving estimations, which are presented separately below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Significant accounting policies, judgements, estimates and assumptions (continued)

Carrying value of investments

Determination as to whether, and how much, an investment is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, production profiles, reserves and resources, and future commodity prices, including the outlook for global or regional market supply-and-demand conditions for crude oil, natural gas and refined products.

Management judgement is required to determine whether an indicator of potential impairment exists in relation to the Company's investments. No such indicators have been identified during the current year and therefore no impairment test has needed to be performed. Accordingly, the recoverable amount of the investment has not needed to be estimated, nor any assumptions made, and no sensitivity analysis has been required. Details of the carrying value of the investments are provided in note 9.

Significant accounting policies

Measurement convention

The financial statements are prepared on the historical cost basis.

Foreign currency

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange ruling at the date of the transaction. Where this is not practical and exchange rates do not fluctuate materially the average rate has been used. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot exchange on the balance sheet date. Any resulting exchange differences are included in the profit and loss account, unless hedge accounting is applied. Non-monetary assets and liabilities, other than those measured at fair value, are not retranslated subsequent to initial recognition.

Investments

Fixed asset investments in joint ventures are held at cost. The Company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Significant accounting policies, judgements, estimates and assumptions (continued)

Interests in joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Financial assets

Financial assets are recognised initially at fair value, normally being the transaction price. In the case of financial assets not at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification, as set out below. The Company derecognises financial assets when the contractual rights to the cash flows expire or the rights to receive cash flows have been transferred to a third party along with either substantially all of the risks and rewards or control of the asset. This includes the derecognition of receivables for which discounting arrangements are entered into.

The Company classifies its financial assets as measured at amortised cost or fair value through profit or loss. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. In the current and prior year, all financial assets were measured at amortised cost.

Financial assets measured at amortised cost

Financial assets are classified as measured at amortised cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortised cost. This category of financial assets includes other receivables.

Impairment of financial assets measured at amortised cost

The Company assesses on a forward-looking basis the expected credit losses associated with financial assets classified as measured at amortised cost at each balance sheet date. Expected credit losses are measured based on the maximum contractual period over which the Company is exposed to credit risk. As lifetime expected credit losses are recognised for trade receivables and the tenor of substantially all other in-scope financial assets is less than 12 months there is no significant difference between the measurement of 12-month and lifetime expected credit losses for the Company. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. The expected credit loss is estimated as the difference between the asset's carrying amount and the present value of the future cash flows the Company expects to receive, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is adjusted, with the amount of the impairment gain or loss recognised in the profit and loss account.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Significant accounting policies, judgements, estimates and assumptions (continued)

Financial assets (continued)

Impairment of financial assets measured at amortised cost (continued)

A financial asset or group of financial assets classified as measured at amortised cost is considered to be credit-impaired if there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset (or group of financial assets) have occurred. Financial assets are written off where the Company has no reasonable expectation of recovering amounts due.

Financial liabilities

The measurement of financial liabilities is as follows:

Financial liabilities measured at amortised cost

Financial liabilities are initially recognised at fair value, net of directly attributable transaction costs. For interest-bearing loans and borrowings this is typically equivalent to the fair value of the proceeds received net of issue costs associated with the borrowing.

After initial recognition, these financial liabilities are subsequently measured at amortised cost. This category of financial liabilities includes trade and other payables and finance debt.

Offsetting of financial assets and liabilities

Financial assets and liabilities are presented gross in the balance sheet unless both of the following criteria are met: the company currently has a legally enforceable right to set off the recognised amounts; and the company intends to either settle on a net basis or realise the asset and settle the liability simultaneously. If both of the criteria are met, the amounts are set off and presented net. A right of set off is the company's legal right to settle an amount payable to a creditor by applying against it an amount receivable from the same counterparty. The relevant legal jurisdiction and laws applicable to the relationships between the parties are considered when assessing whether a current legally enforceable right to set off exists.

Taxation

Income tax expense represents the sum of current tax and deferred tax.

Income tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is recognised in other comprehensive income or directly in equity.

Current tax is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it is determined in accordance with the rules established by the applicable taxation authorities. It therefore excludes items of income or expense that are taxable or deductible in other periods as well as items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Significant accounting policies, judgements, estimates and assumptions (continued)

Taxation (continued)

Deferred tax is provided, using the balance sheet method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred tax liability arises on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised. An exception is where the deferred tax asset relates to the deductible temporary difference arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable or increased to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

Where tax treatments are uncertain, if it is considered probable that a taxation authority will accept the Company's proposed tax treatment, income taxes are recognised consistent with the Company's income tax filings. If it is not considered probable, the uncertainty is reflected within the carrying amount of the applicable tax asset or liability using either the most likely amount or an expected value, depending on which method better predicts the resolution of the uncertainty.

Judgement is required when determining whether a particular tax is an income tax or another type of tax (for example a production tax). Accounting for deferred tax is applied to income taxes as described above, but is not applied to other types of taxes; rather such taxes are recognised in the profit and loss account in accordance with the applicable accounting policy such as Provisions and contingent liabilities.

INEOS Acetyls (Korea) Limited

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Significant accounting policies, judgements, estimates and assumptions (continued)

Interest income

Interest income is recognised as the interest accrues.

Dividend income

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Dividends payable

Final dividends are recorded in the financial statements in the year in which they are approved by the company's shareholders. Interim dividends are recorded in the year in which they are approved and paid.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Updates to significant accounting policies

The financial statements have been prepared using accounting policies that are consistent with those of the previous financial year. The Company has adopted the following amendments to accounting standards for the first time in 2021, with effect from 1 January 2021, although there has been no material effect on the Company's financial statements:

- Amendments to IFRS 16- COVID-19- Related Rent Concessions - beyond 30 June 2021 (effective date 1 April 2021). The amendment introduces an optional practical expedient that simplifies how a lease accounts for direct rent concessions that are a direct consequence of COVID-19.
- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform - Phase 2 has been adopted and has been applied retrospectively. The amendments introduce a practical expedient relating to modifications of financial instruments and lease contracts and specific hedge accounting requirements which is triggered by a replacement of a benchmark interest rate in a contract with new alternative benchmark rate.

3 Dividend income

	2021	2020
	£ 000	£ 000
Dividend income	<u>59,722</u>	<u>13,548</u>

INEOS Acetyls (Korea) Limited

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

4 Operating profit

This is stated after charging:

	2021 £ 000	2020 £ 000
Net foreign exchange losses	<u>1,641</u>	<u>578</u>

5 Auditors' remuneration

	2021 £ 000	2020 £ 000
Fees for the audit of the financial statements of the company	<u>13</u>	<u>11</u>

6 Interest receivable

	2021 £ 000	2020 £ 000
Bank interest receivable	-	1
Interest income from amounts owed by group undertakings	<u>1,279</u>	<u>110</u>
	<u>1,279</u>	<u>111</u>

7 Taxation

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010.

The taxation charge in the profit and loss account is made up as follows:

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax on profits for the year	(75)	-
Overseas tax on income for the year	<u>2,986</u>	<u>677</u>
Total current income tax	<u>2,911</u>	<u>677</u>

INEOS Acetyls (Korea) Limited

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

7 Taxation (continued)

(a) Reconciliation of the effective tax rate

The tax assessed on the profit for the year is lower than the standard rate of corporation tax in the UK of 19% for the year ended 31 December 2021 (2020: 19%). The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before taxation	59,327	10,597
Profit before taxation multiplied by the standard rate of tax in the UK of 19% (2020:19%)	11,272	2,014
Tax exempt revenues	(11,347)	-
Non-deductible expense	-	281
Overseas tax	2,986	677
Free group relief	-	280
Dividends not subject to UK tax	-	(2,575)
Total tax charge	2,911	677

The reconciling items shown above are those that arise for UK corporation tax purposes, rather than overseas tax purposes.

Change in corporation tax rate

On 11 March 2021, the Finance Bill 2021 was announced in the United Kingdom, which increased the rate of corporation tax to 25% on profits over £250,000 from April 2023.

Provision for deferred tax

Deferred tax has not been recognised on excess management expenses of £273,692 (2020: £273,962) with no fixed expiry date on the basis that they are not expected to give rise to any future tax benefit.

The UK deferred tax asset/(liability) as at 31 December 2021 was calculated at 25% (2020: 19%). An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly, the impact on deferred tax has not been calculated as the unrecognised deferred tax asset relates to tax attributes that are not expected to have a future tax benefit.

8 Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for qualifying services as a director of the Company during the financial year (2020: £nil). Directors are not entitled to any compensation in case of loss of office.

INEOS Acetyls (Korea) Limited

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

8 Directors and employees (continued)

(b) Employee costs

The Company had no employees during the year (2020: none).

9 Investments

Subsidiaries

£ 000

Cost or valuation

At 1 January 2021 20,493

At 31 December 2021 20,493

Provision

At 1 January 2021 20,493

At 31 December 2021 20,493

Carrying amount

At 31 December 2021 20,493

At 31 December 2020 20,493

The investment in joint venture is stated at cost less provision for impairment.

The investment in the joint venture is unlisted.

The joint venture of the Company at 31 December 2021 and the percentage of equity capital held are set out below.

The principal country of operation is generally indicated by the Company's country of incorporation or by its name.

All voting rights are equal to percentage of share capital owned unless otherwise noted below.

Company name	Class of share held	%	Registered address	Principal activity
LOTTE INEOS Chemical Co., Ltd	Ordinary shares	51	63-15, Sanggae-ro, Cheongnyang-eup, Ulju-gun, Ulsan, 44987, Republic of Korea	Chemicals

INEOS Acetyls (Korea) Limited

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

9 Investments (continued)

Summarised balance sheet and income statement

Set out below is the summarised financial information of Company's material joint ventures as at 31 December 2021 and 31 December 2020:

	<i>LOTTE INEOS Chemical Co., Ltd</i>	
	<i>2021</i>	<i>2020</i>
	<i>£ 000</i>	<i>£ 000</i>
Current assets	201,504	72,575
Non-current assets	376,225	443,133
Current liabilities	(114,354)	(27,385)
Non-current liabilities	<u>(25,608)</u>	<u>(118,036)</u>

The Company received dividends, net of withholding tax, of £56,736k from LOTTE INEOS Chemical Co., Ltd. in 2021 (2020: £12,871k).

10 Debtors

Amounts falling due within one year:

	<i>2021</i>	<i>2020</i>
	<i>£ 000</i>	<i>£ 000</i>
Trade debtors	2	-
Corporation tax receivable	<u>75</u>	<u>-</u>
	<u>77</u>	<u>-</u>

Amounts falling due after one year:

	<i>2021</i>	<i>2020</i>
	<i>£ 000</i>	<i>£ 000</i>
Amounts owed from group undertakings	<u>35,149</u>	<u>34,798</u>

Amounts owed from group undertakings are unsecured, attract interest at commercial rate and are repayable on 31 December 2025.

INEOS Acetyls (Korea) Limited

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

11 Creditors: amounts falling due within one year

	2021 £ 000	2020 £ 000
Trade creditors	14	60
Accruals and deferred income	10	11
	<u>24</u>	<u>71</u>

Materially all of the Company's trade payables have payment terms in the range of 30 to 60 days and give rise to operating cash flows.

12 Called up share capital

	2021 £ 000	2020 £ 000
Authorised, issued and fully paid: 45,300,000 ordinary shares of £1 each for a total nominal value of £45,300,000	<u>45,300</u>	<u>45,300</u>

13 Reserves

Called up share capital

The balance on the called up share capital account represents the aggregate nominal value of all ordinary shares in issue.

Profit and loss account

The balance held on this reserve is the retained profits of the Company.

In 2021, the Company paid interim ordinary dividends of £54,887k (2020: £68,268k). The dividend per share was £1.21 (2020: £1.51).

INEOS Acetyls (Korea) Limited

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

14 Related party transactions

The Company has taken advantage of the exemption contained within paragraphs 8(k) and (j) of FRS 101, and has not disclosed transactions entered into with wholly owned group companies or key management personnel.

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

	2021 £ 000	2020 £ 000
Dividend income:		
LOTTE INEOS Chemical Co., Ltd	<u>59,722</u>	<u>13,548</u>

15 Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is INEOS Acetyls Investments Limited, a Company registered in England and Wales.

The ultimate parent undertaking of the Company is INEOS Limited, a company incorporated in the Isle of Man. The directors regard Mr J A Ratcliffe as the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

The smallest group that consolidates the Company's financial statements as at 31 December 2021 was INEOS Quattro Holdings Limited. The largest group that consolidated the Company's financial statements as at 31 December 2021 was INEOS Industries Limited. The consolidated financial statements of INEOS Quattro Holdings Limited and INEOS Industries Limited are available to the public and may be obtained from the Company secretary at their registered office: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

16 Subsequent event

On 31 May 2022, the Company has declared an interim dividend in relation to the financial period from 1 January 2022 to 31 May 2022 of \$47,436k (£36,010k equivalent).