

# **Basell UK Holdings Limited**

Annual report and financial statements

Registered number 03053549

31 December 2022



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## Strategic report

The Directors present their Strategic report for the year ended 31 December 2022.

### Principal activities

The Company is an investment holding company, holding an investment in Basell Polyolefins UK Limited, a manufacturing company. The Company is part of the LyondellBasell Group (the Group).

### Review of the business

The profit for the financial year was £14,970,000 (2021: £19,208,000 profit) as set out on page 8. The decrease from the previous year is primarily due to lower dividend income during the year.

The Statement of financial position on page 9 shows the Company's financial position at the end of the current and preceding financial year. The net assets have decreased from £57,065,000 to £56,916,000 as a result of the deficit recovery payments related to the defined benefit pension scheme.

### Key performance indicators (KPIs)

#### *Financial KPIs*

The main financial KPI monitored by the Company is profit for the financial year. The Company, being a holding company, relies on dividend income which decreased as compared with the previous year.

#### *Non-financial KPIs*

The key non-financial KPI for the Company is considered to be 'health and safety'. The Company is aware of its social, ethical and legal responsibility for the health and safety of its subsidiaries' employees and all those who visit or work on sites. The Company and its subsidiaries did not have any recordable injuries in recent years.

### Principal risks and uncertainties

#### *Business risk*

The liquidity of the Company and exposure to currency fluctuations are managed at the Group level.

Economic downturns, disruptions in financial markets, and cyclical demand-supply balance in the chemical industries can adversely affect the Company's subsidiaries' business which can affect their ability to pay dividends. Owing to the nature of the Company and support from the Group, including access to the current account with Group treasury, the Directors do not believe there is a material business risk to the Company.

The Company holds an investment in a subsidiary company. Although the Directors are satisfied that the recoverable amount of the Company's investment is not less than its book value, there is a remote risk that in future years the book value may become impaired.

#### *Outlook*

Although the war in Ukraine is contributing to inflationary impacts, there is no significant impact on the Group's UK business. No major customers and suppliers are based in that region.

### Events after the end of the reporting year

There have been no significant events since the reporting date which should be considered for a proper understanding of these financial statements.

### Future developments

The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year. The Company has no other significant future developments to report.

## Strategic report (continued)

On behalf of the board



**H J Kalidas**  
*Director*

Carrington Site  
Urmston  
Manchester  
M31 4AJ

22 September 2023

## Directors' report

The Directors present their Directors' report and the audited financial statements for the year ended 31 December 2022.

### Information disclosed in the Strategic report

The following information has been disclosed in the Strategic report:

- Principal activities
- Business review
- Principal risks and uncertainties
- Events after the end of the reporting year
- Future developments

### Directors

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

B J J Buckers (appointed 1 September 2017)  
H J Kalidas (appointed 21 January 2021)

### Dividends

An interim dividend of £15,000,000 was paid during the year (2021: £18,000,000). The Directors do not recommend the payment of a final dividend (2021: £nil).

### Political and charitable contributions

The Company made no political or charitable donations during the year (2021: £nil).

### Financial risk management

The liquidity of the Company, the credit risk and exposure to currency fluctuations are all managed at Group level. Further information is provided in note 1 to the financial statements.

### Qualifying third party indemnity provision

No qualifying third party indemnity provision was in place for the benefit of one or more Directors during the financial year and at the date of approval of the financial statements.

### Going concern

The inter-relationships with other Group companies make the Company dependent on the Group to enable it to continue as a going concern.

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic report. The Company participates in the Group's centralised treasury arrangements and therefore shares banking arrangements with its parent and fellow subsidiaries. The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to fulfil its financial obligations. In addition, they have received a letter from the Company's ultimate parent assuring financial support to enable the Company to continue to operate as a going concern and settle its liabilities as they fall due. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

## Directors' report (continued)

### Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for 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 also 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.

### Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director 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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the board



**H J Kalidas**  
*Director*

Carrington Site  
Urmston  
Manchester  
M31 4AJ

22 September 2023

## **Independent auditors' report to the members of Basell UK Holdings Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Basell UK Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2022; the income statement, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

## **Independent auditors' report to the members of Basell UK Holdings Limited (continued)**

### **Report on the audit of the financial statements (continued)**

#### **Reporting on other information (continued)**

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### *Strategic report and Directors' report*

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 year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

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

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

##### *Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent financial reporting and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.



## **Independent auditors' report to the members of Basell UK Holdings Limited (continued)**

### **Report on the audit of the financial statements (continued)**

#### **Responsibilities for the financial statements and the audit (continued)**

##### *Auditors' responsibilities for the audit of the financial statements (continued)*

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

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

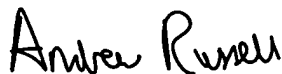
### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Andrew Russell (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

25 September 2023

## Income statement

for the year ended 31 December 2022

	Note	2022 £000	2021 £000
Administrative expenses		(34)	(41)
<b>Operating loss</b>	2	(34)	(41)
Income from investment in subsidiary	9	15,000	19,269
Finance income	6	20	-
Finance costs	6	(16)	(20)
<b>Profit before taxation</b>		14,970	19,208
Tax on profit	7	-	-
<b>Profit for the financial year</b>		14,970	19,208

The results above have been derived from continuing operations.

The notes on pages 11 to 22 are an integral part of these financial statements.

## Statement of comprehensive income

for the year ended 31 December 2022

	Note	2022 £000	2021 £000
<b>Profit for the financial year</b>		14,970	19,208
<i>Other comprehensive (expense)/income: Items that will not be reclassified to profit or loss</i>			
Remeasurement of post-employment benefit obligations	11	(147)	540
<b>Total other comprehensive (expense)/income for the financial year</b>		(147)	540
<b>Total comprehensive income for the financial year</b>		14,823	19,748


## Statement of financial position

as at 31 December 2022

	Note	31 December 2022 £000	31 December 2021 £000
<b>Fixed assets</b>			
Investments	9	56,200	56,172
		<u>56,200</u>	<u>56,172</u>
<b>Current assets</b>			
Amounts owed by Group undertakings	10	1,649	1,832
		<u>1,649</u>	<u>1,832</u>
<b>Net current assets</b>		<u>1,649</u>	<u>1,832</u>
<b>Provisions for liabilities</b>			
Pensions and similar obligations	11	(933)	(939)
		<u>(933)</u>	<u>(939)</u>
<b>Net assets</b>		<u>56,916</u>	<u>57,065</u>
<b>Equity</b>			
Called up share capital	12	16,828	16,828
Share premium account		4,820	4,820
Capital reserves		266	238
Retained earnings		35,002	35,179
<b>Total equity</b>		<u>56,916</u>	<u>57,065</u>

The notes on pages 11 to 22 are an integral part of these financial statements.

These financial statements on pages 8 to 22 were approved by the board of Directors on 22 September 2023 and were signed on its behalf by:



**H J Kalidas**

Director

Basell UK Holdings Limited

Registered number 03053549

**Statement of changes in equity**  
*for the year ended 31 December 2022*

	Note	Retained earnings £000	Called up share capital £000	Share premium account £000	Capital reserves £000	Total equity £000
<b>Balance at 1 January 2021</b>		33,431	16,828	4,820	211	55,290
Profit for the financial year		19,208	-	-	-	19,208
Other comprehensive income for the financial year		540	-	-	-	540
Total comprehensive income for the financial year		19,748	-	-	-	19,748
Payment of dividend	13	(18,000)	-	-	-	(18,000)
Capital contribution from parent company		-	-	-	27	27
<b>Balance at 31 December 2021</b>		<u>35,179</u>	<u>16,828</u>	<u>4,820</u>	<u>238</u>	<u>57,065</u>
<b>Balance at 1 January 2022</b>		35,179	16,828	4,820	238	57,065
Profit for the financial year		14,970	-	-	-	14,970
Other comprehensive expense for the financial year		(147)	-	-	-	(147)
Total comprehensive income for the financial year		14,823	-	-	-	14,823
Payment of dividend	13	(15,000)	-	-	-	(15,000)
Capital contribution from parent company		-	-	-	28	28
<b>Balance at 31 December 2022</b>		<u>35,002</u>	<u>16,828</u>	<u>4,820</u>	<u>266</u>	<u>56,916</u>

The notes on pages 11 to 22 are an integral part of these financial statements.

## Notes to the financial statements

for the year ended 31 December 2022

### General information

Basell UK Holdings Limited (the Company) is a private limited company, limited by shares, incorporated and domiciled in the United Kingdom. The Company is registered in England. The address of its registered office is Carrington Site, Urmston, Manchester, M31 4AJ. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 1 to 2.

### 1 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### Basis of preparation

On 1 January 2022 the Company elected to adopt FRS 101 Reduced Disclosure Framework as the basis of preparation. The Company meets the definition of a qualifying entity under FRS (Financial Reporting Standard) 100 issued by the Financial Reporting Council. The Directors have reviewed the differences between UK-adopted International Accounting Standards (IFRSs) and FRS 101 Reduced Disclosure Framework (FRS 101) and concluded there were no material differences for the 2021 financial year. The 2021 financial year has therefore not been restated.

The financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework as issued by the Financial Reporting Council and in accordance with applicable accounting standards and the Companies Act 2006 as applicable to companies using FRS 101. These financial statements have also been prepared on the going concern basis, and under the historical cost convention.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The area involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, is employee benefits as disclosed in Note 11.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to;

- financial instruments as required by IFRS 7 *Financial Instruments: Disclosures*;
- financial instrument valuation techniques and input used for fair value measurement as required by paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*;
- the following paragraphs of IAS 1 *Presentation of Financial Statements*:
  - 10(d) (the requirement to present a statement of cash flows);
  - 16 (the requirement to make an explicit and unreserved statement of compliance with IFRSs);
  - 111 (the requirement for disclosure of cash flow information); and
  - 134 to 136 (the requirement to disclose the entity's objectives, policies and processes for managing capital).
- the requirements of IAS 7 *Statement of Cash Flows* to present a statement of cash flows for the year;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to disclose details of a new IFRS which has been issued but is not yet effective and has not been applied by the entity;

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 1 Accounting policies (continued)

#### Basis of preparation (continued)

- the requirements of paragraph 17 and 18A of IAS 24 *Related Party Disclosures*; and
- The requirements of IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group.

Where relevant, equivalent disclosures have been given in the Group financial statements of LyondellBasell Industries N.V. The Group financial statements of LyondellBasell Industries N.V. are available to the public and can be obtained as set out in note 17.

#### *New standards, amendments to standards or interpretations*

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the Company's financial statements.

#### Going concern

The inter-relationships with other Group companies make the Company dependent on the Group to enable it to continue as a going concern.

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic report. The Company participates in the Group's centralised treasury arrangements and therefore shares banking arrangements with its parent and fellow subsidiaries. The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to fulfil its financial obligations. In addition, they have received a letter from the Company's ultimate parent assuring financial support to enable the Company to continue to operate as a going concern and settle its liabilities as they fall due. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Group financial statements

These financial statements present information about the Company as an individual undertaking and not about its Group. The results of the companies in the Group are included in the audited consolidated financial statements of the parent undertaking (see note 17). The Company is therefore exempt from the requirement to prepare Group financial statements under s401 of the Companies Act 2006.

#### Impairment

The Directors consider the carrying value of investments in subsidiary undertakings for impairment annually. Any reduction in value arising from the impairment of the investments is charged to the Income statement for the year. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount (the higher of fair value less costs to sell and value in use).

#### Current income tax

Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the UK. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected.

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 1 Accounting policies (continued)

#### Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

#### Foreign currency translation

##### *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Sterling (£), which is the Company's functional and presentation currency.

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

#### Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses.

#### Pensions and similar obligations

The Company accounts for pensions under IAS19 R *Employee benefits*.

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The operating and financing costs of such plans are recognised separately in the Income statement; service costs are spread systematically over the lives of employees and financing costs are recognised in the periods in which they arise.

The liability recognised in the Statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the Statement of comprehensive income. Past-service costs are recognised immediately in income. Where defined benefit schemes have a surplus, the surplus is recognised if future economic benefits are available to the entity in the form of a reduction in the future contributions or the right to a refund.

Following the transition to IAS19 R all actuarial gains and losses at 1 January 2012 were recognised.

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 1 Accounting policies (continued)

#### Critical accounting estimates and judgements

The preparation of the financial statements in conformity with FRS 101 requires the use of estimates and assumptions to determine the value of assets and liabilities, and contingent assets and liabilities at the reporting date, as well as income and expenses reported during the year.

The Company regularly revises its estimates in light of currently available information because of uncertainties inherent in the estimation process. Final outcomes could differ from those estimates.

The key estimates used in preparing the Company's financial statements predominately relate to the measurement of pension costs and liabilities.

Defined benefit pension costs and liabilities are included in the financial statements on the basis given by the actuary as described in note 11. At 31 December 2022 the recognised liability for defined benefit obligations was £933,000 (2021: £939,000).

As at 31 December 2022, the Company has not applied any estimates or assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

#### Financial instruments

##### Financial assets

##### *Financial assets at amortised cost*

The Company classifies its financial assets at amortised cost only if both the following criteria are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost comprise 'amounts owed by Group undertakings'. On initial recognition, amounts owed by Group undertakings are recorded at fair value plus transaction costs. At each reporting date, they are measured at amortised cost using the effective interest method.

These assets are subject to the impairment provisions of IFRS 9 which require the Company to use an expected credit loss model. Accordingly, the Company measures the loss allowance at an amount equal to the lifetime expected credit losses (ECL) if the credit risk has increased significantly since initial recognition. If there is no significant increase since initial recognition, the Company measures the loss allowance at an amount equal to 12 months' ECL.

#### Share capital

Ordinary shares are classified as equity.

#### Income from investment in subsidiary income

Dividend income is recognised when the right to receive payment is established.



## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 2 Operating loss

	2022 £000	2021 £000
<i>Operating loss is stated after charging:</i>		
Pension-related administrative expense	(21)	(27)
Defined benefit pension expense	(13)	(14)
	<u>          </u>	<u>          </u>

### 3 Directors' remuneration

The emoluments of two (2021: three) Directors are paid by fellow Group undertakings that make no recharge to the Company. They are Directors of a number of fellow Group undertakings and it is not possible to make an apportionment of their emoluments in respect of the Company. Two (2021: three) Directors received no emoluments in respect of their services to the Company.

### 4 Auditors' remuneration

The auditors' remuneration in respect of the statutory audit for the years ended 31 December 2022 and 31 December 2021 was borne by Basell Polyolefins UK Limited.

The auditors' remuneration related to Basell UK Holdings Limited was as follows:

	2022 £000	2021 £000
Fees for statutory audit for the financial year	<u>18</u>	<u>16</u>

The auditors did not provide any non-audit services in the current or prior year.

### 5 Employee remuneration

During the year the Company employed no (2021: no) employees.

### 6 Finance income and costs

Finance income	2022 £000	2021 £000
Interest receivable on loans to Group undertakings	<u>20</u>	<u>-</u>
	<u>20</u>	<u>-</u>
Finance costs	2022 £000	2021 £000
Net interest costs of defined benefit scheme	<u>16</u>	<u>20</u>
	<u>16</u>	<u>20</u>

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 7 Tax on profit

#### Recognised in the Income statement

	2022 £000	2021 £000
Current tax	-	-
Deferred tax	-	-
Total tax charge	-	-

#### Reconciliation of effective tax rate

The actual tax charge for the year is lower (2021: lower) than the tax charge using the standard rate of corporation tax in the UK, 19.00% (2021: 19.00%). The differences are explained below:

	2022 £000	2021 £000
<i>Tax reconciliation</i>		
Profit before taxation	14,970	19,208
Current tax at 19.00% (2021: 19.00%)	2,844	3,649
<i>Effects of:</i>		
Tax exempt dividend income	(2,850)	(3,661)
Amounts not recognised	(29)	(28)
Group relief	35	40
Total tax charge (see above)	-	-

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This was substantively enacted on 24 May 2021.

### 8 Deferred tax

Deferred tax assets (unrecognised) are attributable to the following:

	Assets	
	2022 £000	2021 £000
Employee benefits	233	235
Unrelieved capital losses	2,449	2,449
Deferred tax assets	2,682	2,684

The Directors have assessed the likelihood of the deferred tax balances reversing in the near future and, in accordance with IAS12, have not recognised deferred tax assets which are less likely than not to be utilised in the foreseeable future.

The Company has unrelieved capital losses and non-trade loan relationship deficits carried forward of £9,797,000 (2021: £9,797,000).

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 8 Deferred tax (continued)

In the March 2021 Budget it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. This rate was substantively enacted on 24 May 2021. The closing deferred tax balances, where appropriate, have been calculated at 25%.

### 9 Investments

	2022 £000	2021 £000
Investment in subsidiary undertakings - net book value at 01 January	56,172	56,818
Capital contribution from parent company	28	27
Return of capital	-	(673)
Investment in subsidiary undertakings - net book value at 31 December	<u>56,200</u>	<u>56,172</u>

Details of the investments in subsidiary and associate undertakings are as follows:

<i>Name of subsidiary</i>	<i>Class of shares</i>	<i>Percentage held</i>	<i>Country of Incorporation</i>	<i>Principal Activity</i>
Basell Polyolefins UK Limited	Ordinary	100%	England & Wales	Plastics

The registered address of the subsidiary undertaking is Carrington Site, Urmston, Manchester, M31 4AJ.

As at 31 December 2022 the Directors are of the opinion that the recoverable amounts of the Company's investments are not less than their book value.

On 1 January 2021 one of the Company's former subsidiaries, Basell UK Ltd, transferred its business and employees to the UK Branch of another Group company. The net assets of Basell UK Ltd were also sold to this UK Branch on 30 April 2021 at net book value with the intention to strike off this Company. The resulting final current account balance of £1,942,000 in Basell UK Ltd was distributed to its Holding company, being Basell UK Holdings Limited, on 25 June 2021. This distribution was done by way of a return of capital of £673,000 (recognised as a reduction in the cost of investment), with the remaining balance of £1,269,000 as a return on capital (recognised as dividend income). Basell UK Ltd was dissolved by voluntary strike-off on 20 September 2022.

A dividend of £15,000,000 (2021: £18,000,000) was received from Basell Polyolefins UK Limited.

### 10 Amounts owed by Group undertakings

	2022 £000	2021 £000
Amounts owed by Group undertakings	<u>1,649</u>	<u>1,832</u>

Amounts owed by Group undertakings comprise a current account balance of £1,649,000 (2021: £1,832,000) with LYB Finance Company B.V. which acts as a Group treasury. The applicable interest rate for current account receivable balances at 31 December 2022 is 3.01% (2021: 0.00%). Current account balances are unsecured and repayable on demand.

The credit risk on financial assets at amortised costs has not changed since initial recognition. The risk remains low due to the LyondellBasell Group's strong credit rating.

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 11 Pensions and similar obligations

#### Pension plan

The Company operates a Jersey registered pension scheme, the Basell Offshore Pension Scheme (the Scheme). This scheme is closed to future accrual. It provides pension benefits which are linked to members' final pensionable salaries and service at their retirement (or date of leaving, if earlier).

The Scheme is established under trust law and its assets are held as a segregated fund separate from the Company. It is administered by an independent corporate trustee in accordance with the Scheme's trust deed and rules and all applicable legislation. Responsibility for governance of the Scheme lies with the trustee, who is required to act in the best interests of the beneficiaries of the Scheme.

A formal actuarial valuation of the Scheme was prepared by a qualified independent actuary with an effective date of 31 March 2016. This valuation disclosed that the Scheme's assets had a market value of £3.384m and were sufficient to cover 71% of the benefits accrued to members by that date.

The Company bears a number of risks in relation to the Scheme. The principal risks are:

#### *Investment*

The Scheme's benefit obligation is calculated using a discount rate set with reference to corporate bond yields, however, the Scheme invests largely in other assets (e.g. equities and government bonds). If the return on the Scheme's assets under performs the discount rate then this could lead to a deterioration in the Scheme's IAS 19 accounting position and may also require additional contributions to be made by the Company. The trustee and the Company take a balanced approach to investment risk. The Scheme's investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

#### *Inflation*

The Scheme's benefit obligations are linked to inflation. A higher rate of expected long-term inflation will therefore lead to higher liabilities and may, as a result, require additional contributions to be made by the Company. The Scheme invests in index-linked government bonds via pooled investment vehicles which increase in value as inflation expectations increase, meaning that the Scheme is hedged against much of the inflation risk it is exposed to.

#### *Interest rate*

A reduction in corporate bond yields will increase the value of the Scheme's benefit obligations. The Scheme's investment strategy aims to mitigate its interest rate risk through investments in government bonds which increase in value as interest rates fall. This may be less effective for hedging the IAS 19 accounting position if corporate bond and government bond yields diverge materially.

#### *Life expectancy*

The Scheme's benefit obligations are to provide benefits for the life of a member, so increases in life expectancy will lead to higher liabilities

#### Recovery plan

In 2015 the Company commenced an agreed recovery plan to eliminate the past service deficit. This recovery plan was revised with effect from 1 July 2017. During 2022 the Company made additional shortfall correction contributions of £182,500 (2021: £181,000). A further £300,000 of additional contributions will be paid by the Company between 2023 and 2024.

The information disclosed is in respect of the whole of the plan for which the Company is the sponsoring employer.

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 11 Pensions and similar obligations (continued)

#### Statement of financial position

	2022 £000	2021 £000
Present value of funded defined benefit obligations	(4,867)	(6,481)
Fair value of plan assets	3,934	5,542
Net obligations	(933)	(939)
Recognised liability for defined benefit obligations	(933)	(939)

#### Reconciliation of Balance sheet position

	2022 £000	2021 £000
At 1 January	(939)	(1,626)
Expense recognised in the Income statement	(29)	(34)
Employer contributions paid	182	181
Total remeasurements included in OCI	(147)	540
At 31 December	(933)	(939)

#### Movements in present value of defined benefit obligation

	2022 £000	2021 £000
At 1 January	(6,481)	(7,210)
Interest expense	(118)	(92)
Benefits paid	221	481
Remeasurements: effect of changes in demographic assumptions	(62)	13
Remeasurements: effect of changes in financial assumptions	2,053	208
Remeasurements: effect of experience adjustments	(480)	119
At 31 December	(4,867)	(6,481)

#### Movements in fair value of plan assets

	2022 £000	2021 £000
At 1 January	5,542	5,584
Interest income	102	72
Employer contributions	182	181
Benefits paid	(221)	(481)
Administrative expenses paid from plan assets	(13)	(14)
Remeasurements: return on plan assets (excluding interest income)	(1,658)	200
At 31 December	3,934	5,542

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 11 Pensions and similar obligations (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2022 £000	2021 £000
Securities with a quoted market price in an active market:		
Equities	792	1,124
Debt instruments	3,031	4,386
Other - Cash deposits	111	32
<b>Present value of plan assets</b>	<b>3,934</b>	<b>5,542</b>

The plan did not hold any unquoted assets at the year-end (2021: none)

Actual return on plan assets	(1,556)	272
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The expected rates of return on plan assets are determined by reference to the historical returns, without adjustment, of the portfolio as a whole and not on the sum of the returns on individual asset categories.

#### Remeasurement effects recognised in other comprehensive income (OCI)

	2022 £000	2021 £000
Net actuarial loss/(gain) on DBO - demographic assumptions	62	(13)
Net actuarial gain on DBO- financial assumptions	(2,053)	(208)
Net actuarial loss/(gain) on DBO - experience	480	(119)
Actuarial (gain)/loss on DBO arising during the year	(1,511)	(340)
Return on plan assets less/(greater) than discount rate	1,658	(200)
<b>Remeasurement effects recognised in OCI</b>	<b>147</b>	<b>(540)</b>

#### Expense recognised in the Income statement

	2022 £000	2021 £000
Interest expense on defined benefit obligation	118	92
Interest income on plan assets	(102)	(72)
Administrative expenses	13	14
<b>Total expense</b>	<b>29</b>	<b>34</b>

The expense is included in administrative expenses and finance costs in the Income statement.

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 11 Pensions and similar obligations (continued)

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2022 %	2021 %
Discount rate	4.76	1.85
Future salary increases	n/a	n/a
Future pension increases/inflation	3.30	3.30

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

- Current pensioner aged 65: 22.9 years (2021: 22.6 years)
- Future retiree currently aged 50 upon reaching 65: 23.8 years (2021: 23.5 years)

#### History of plans

The history of the plans for the current and prior years is as follows:

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Present value of defined benefit obligations	(4,867)	(6,481)	(7,210)	(6,272)	(5,375)
Fair value of plan assets	3,934	5,542	5,584	5,012	4,408
Scheme deficit	(933)	(939)	(1,626)	(1,260)	(967)

The Company expects to contribute approximately £197,500 to its defined benefit plan in the next financial year. It will not receive any reimbursement from associated Group entities.

#### Sensitivity of key assumptions

The table below gives an approximation of the impact on the IAS19R pension scheme valuation to changes in assumptions and experience. Note that all figures are before allowing for deferred tax.

Item	Approximate impact on IAS19(R) valuation	
	2022	2021
Reduce discount rate by 0.5%	£0.4 million reduction	£0.7 million reduction
Increase price inflation assumption by 0.5%	£0.3 million reduction	£0.7 million reduction
Increase life expectancy by one year	£0.2 million reduction	£0.3 million reduction

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied as when calculating the pension liability recognised within the Statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 12 Called up share capital

	2022 £000	2021 £000
<i>Authorised</i>		
16,828,043 (2021: 16,828,043) Ordinary shares of £1 each	16,828	16,828
<i>Allotted and fully paid</i>		
16,828,043 (2021: 16,828,043) Ordinary shares of £1 each	16,828	16,828

### 13 Dividends

	2022 £000	2021 £000
<b>Equity - ordinary</b>		
Interim paid: £0.891369 (2021: £1.069643) per £1 share	15,000	18,000

There is no proposal for a final dividend (2021: £nil).

### 14 Commitments

There are no capital commitments at the end of the financial year (2021: £nil).

### 15 Events after the end of the reporting year

There have been no significant events since the reporting date which should be considered for a proper understanding of these financial statements.

### 16 Related party transactions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures.

### 17 Controlling party and ultimate parent undertaking

The Company's immediate parent undertaking is LyondellBasell Industries Holdings B.V., whose registered address is Delftseplein 27E, 3013 AA Rotterdam, The Netherlands.

The Company's ultimate parent undertaking and controlling party is LyondellBasell Industries N.V. which is incorporated and headquartered in The Netherlands and which is the parent undertaking of the largest and smallest group in which the results of the Company are consolidated for the year ended 31 December 2022. The consolidated financial statements of LyondellBasell Industries N.V. may be obtained from Delftseplein 27E, 3013 AA Rotterdam, The Netherlands, and 4th Floor, One Vine Street, London, United Kingdom, W1J 0AH.