Grangemouth Properties Limited

Annual report and financial statements

Registered number 05572956

31 December 2019

Contents

Strategic report for the year ended 31 December 2019

The directors present their strategic report on the Company for the year ended 31 December 2019.

Review of business and future developments

Grangemouth Properties Limited's ("the Company") financial and operational performance during 2019 has been as expected with no significant changes in either financial or operational performance.

The Company has no operations which would be impacted by COVID-19, therefore no further consideration will be given to the potential impact on the business.

The withdrawal agreement under which the United Kingdom will leave the European Union was ratified on 31 January 2020. This has started a transition period until the end of December 2020. The Company only operates in the United Kingdom so does not expect a significant financial impact on its business from Brexit.

On 15 June 2020, the entire ordinary share capital of INEOS FPS Limited, the parent company of Grangemouth Holdings Limited, being the parent company of Grangemouth Properties Limited, was transferred from INEOS UK E&P Holdings Limited to INEOS Industries Holdings Limited.

On 16 June 2020, the Company exited the revolving loan and letter of credit financing facility and the Deed of Charge over its assets was cancelled.

On 18 June 2020, INEOS FPS Limited, the parent company of Grangemouth Holdings Limited, being the parent company of Grangemouth Properties Limited, entered into a £155,000,000 loan facility with external lenders. The Company is a guarantor under this facility.

Results and dividends

The loss for the financial year before taxation was £126 (*2018: profit of £217*). The directors do not propose the payment of a dividend (*2018: £nil*).

Strategy

The objective of the Company is to continue to hold the property leases until the end of their term.

Key performance indicators (KPIs)

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 INEOS UK E&P Holdings Limited which includes the Company, are discussed in the group's annual report which does not form part of this report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of INEOS UK E&P Holdings Limited which include those of the Company are discussed in the group's annual report which does not form part of this report.

Approved by the Board of Directors and signed on behalf of the Board of Directors.

C G Mound
Director
28 June 2020
Registered number 05572956

Directors' report for the year ended 31 December 2019

The directors present their report and audited financial statements of the Company for the year ended 31 December 2019.

Principal activities

The Company is engaged in the purchase and leaseback of certain Grangemouth assets. The Company entered into an agreement to lease certain assets from its parent company, Grangemouth Holdings Limited, for an initial premium equal to the amount paid for the assets together with annual peppercorn rent for a term of 100 years. The sublease arrangement is under the same terms.

Results and dividends

Results and dividends are discussed in the Strategic report.

Future developments

Future developments are discussed in the Strategic report.

Post balance sheet events

Post balance sheet events are discussed in the Strategic report.

Going Concern

The Company meets its day-to-day working capital requirements through its intercompany current account facility. The Company's forecasts and projections, taking into account any reasonable changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Financial risk management

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

Directors

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

A R Gardner

G D Milne

C G Mound (appointed 24 May 2019)

G S Hepburn (resigned 24 May 2019)

Directors' report for the year ended 31 December 2019 *(continued)*

Health & safety

Our facilities and operations are subject to a wide range of health, safety, security and environmental ("HSSE") laws and regulations in all of the jurisdictions in which we operate. These requirements govern, among other things, the manufacture, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, wastewater discharges, air emissions, noise emissions, human health and safety, process safety and risk management and the clean-up of contaminated sites. Many of our operations require permits and controls to monitor or prevent pollution. We have incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future HSSE laws, regulations and permits or the more stringent enforcement of such requirements.

Our operations are currently in material compliance with all HSSE laws, regulations and permits. We actively address compliance issues in connection with our operations and properties and we believe that we have systems in place to ensure that environmental costs and liabilities will not have a material adverse impact on us.

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

Directors' report for the year ended 31 December 2019 *(continued)*

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 auditor is 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 auditor is aware of that information.

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

Independent Auditor

During the year Deloitte LLP were appointed as auditor and have expressed their willingness to continue in office as auditor pursuant to Section 485-488 of the Companies Act 2006. Appropriate arrangements have been put in place for them to be deemed reappointed in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board of Directors.

C G Mound
Director
28 June 2020
Registered number 05572956

Independent auditor's report to the members of Grangemouth Properties Limited

Report on the financial statements

Our opinion

In our opinion the financial statements of Grangemouth Properties Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the related notes 1 to 17.

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Grangemouth Properties Limited *(continued)*

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report to the members of Grangemouth Properties Limited *(continued)*

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

G. Hollis

Graham Hollis (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom
28 June 2020

Profit and Loss Account
for the year ended 31 December 2019

	Note	**2019** **£**	2018 £
Turnover	2	**3**	3
Gross profit		**3**	3
Operating profit	3	**3**	3
Interest receivable and similar income	5	**-**	217
Interest payable and similar expenses	6	**(129)**	(3)
(Loss)/profit before taxation		**(126)**	217
Tax on (loss)/profit	7	**-**	-
(Loss)/profit for the financial year		**(126)**	217

All activities of the Company relate to continuing operations.

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

Balance Sheet
as at 31 December 2019

	Note	2019 £	2018 £
Current assets			
Debtors (including £36 (*2018: £37*) due after more than one year)	8	**4,485**	4,608
		4,485	4,608
Creditors: amounts falling due within one year	9	**(42)**	(39)
Net current assets		**4,443**	4,569
Total assets less current liabilities		**4,443**	4,569
Creditors: amounts falling due after more than one year	10	**(36)**	(36)
Net assets		**4,407**	4,533
Capital and reserves			
Called up share capital	13	**3,371**	3,371
Profit and loss account		**215**	341
Translation reserve		**821**	821
Total equity		**4,407**	4,533

These financial statements on pages 8 to 25 were approved by the board of directors on 28 June 2020 and were signed on its behalf by:

C G Mound
Director
Registered number 05572956

Statement of Changes in Equity

for the year ended 31 December 2019

	Called up share capital £	Profit and loss account £	Translation reserves £	Total equity £
Balance at 1 January 2018	3,371	124	821	4,316
Total comprehensive income for the year, comprising:				
Profit for the financial year	-	217	-	217
Balance at 31 December 2018	**3,371**	**341**	**821**	**4,533**

	Called up share capital £	Profit and loss account £	Translation reserves £	Total equity £
Balance at 1 January 2019	**3,371**	**341**	**821**	**4,533**
Total comprehensive income for the year, comprising:				
Loss for the financial year	-	**(126)**	-	**(126)**
Balance at 31 December 2019	**3,371**	**215**	**821**	**4,407**

Notes to the financial statements for the year ended 31 December 2019

(forming part of the financial statements)

1 Accounting policies

Grangemouth Properties Limited (the "Company") is a private limited company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The registered office address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, England, SO43 7FG.

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

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

INEOS UK E&P Holdings Limited is the parent undertaking that includes the Company in its consolidated financial statements. INEOS UK E&P Holdings Limited is a company incorporated in the UK. The consolidated financial statements of INEOS UK E&P Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Brodies House, 31-33 Union Grove, Aberdeen, AB10 6SD.

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;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of INEOS UK E&P Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*;
- Certain disclosures required by IFRS 15 *Revenue from Contracts with Customers*; and
- Certain disclosures required by IFRS 16 *Leases* in respect of leases for which the Company is a lessee.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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 16.

Notes to the financial statements for the year ended 31 December 2019
(forming part of the financial statements) *(continued)*

1 Accounting policies *(continued)*

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as fair value through the profit or loss.

1.2 Going concern

The Company meets its day-to-day working capital requirements through its intercompany current account facility. The Company's forecasts and projections, taking into account any reasonable changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Foreign currency

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

1.4 Non-derivative financial instruments

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

Trade and other debtors

Trade and other debtors are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition or issue. Subsequent to initial recognition they are tested for classification as per IFRS 9. If the trade debtors satisfy the criteria for cash flow characteristics test and business model test as per IFRS 9, then they are recognised at amortised cost. If they do not qualify for being recognised at amortised cost they are recognised at fair value through profit or loss.

Trade and other creditors

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

Interest-bearing borrowings

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

Notes to the financial statements for the year ended 31 December 2019

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

1 Accounting policies *(continued)*

1.5 Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on subsequent remeasurement to fair value is recognised immediately in profit or loss.

1.6 Intra-group financial instruments

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

1.7 Turnover

Turnover represents the income arising from leases to other INEOS group companies net of value added tax, customs duties and sales taxes. Revenue is recognised over time.

1.8 Interest receivable and Interest payable

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

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

Notes to the financial statements for the year ended 31 December 2019

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

1 Accounting policies *(continued)*

1.9 Taxation

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

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.10 Changes in accounting policies

From 1 January 2019, the Company has applied IFRS 16 for the first time along with a number of other new standards, although only IFRS16 has had a material effect on the Company's financial statements. Other standards adopted are discussed in Note 1.11.

IFRS 16 Leases

IFRS 16 replaces previous leasing guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right-of-use to the underlying asset and a lease liability representing its obligation to make lease payments. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

For leases in which the Company is a lessor no significant impact has arisen. Lessor accounting in IFRS 16 *Leases* remains similar to the previous standard *IAS 17 Lease*, with lessors continuing to classify leases as finance or operating.

The Company has applied IFRS 16 on 1 January 2019 using the 'modified retrospective approach' without restatement of comparative information. The details of the changes in accounting policies are disclosed below.

i) Adjustments recognised on adoption to IFRS 16 in which the Company is a lessee

The Company has recognised new right-of-use assets and lease liabilities for lease contracts previously classified as operating leases, which include machinery and transport infrastructure. The nature of expenses related to those leases has changed because the Company recognises a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. In addition, the Company no longer recognises provisions for operating leases that it assess to be onerous. Instead, the Company now includes the payments due under the lease in its lease liability and recognises any required impairment of the corresponding right-of-use asset.

At commencement or on modification of a contract that contains a lease and non-lease component, the Company allocates the consideration in the contract to each component on the basis of its relative stand-alone price.

Notes to the financial statements for the year ended 31 December 2019

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

1 Accounting policies *(continued)*

***1.10 Changes in accounting policies** (continued)*

***IFRS 16 Leases** (continued)*

On transition lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right of use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

As at 1 January 2019, the Company has recognised no additional lease liabilities.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Lease liabilities - increase of £37. From 1 January 2019 all lease liabilities have been categorised within "Creditors" on the balance sheet.

The net impact on retained earnings on 1 January 2019 was £nil.

(ii) Practical expedients applied

The Company had a number of arrangements that were not in the legal form of a lease, for which it concluded that the arrangement contained a lease under IFRIC 4. On transition to IFRS 16, the Company did not apply the practical expedient to grandfather the definition of a lease on transition. Therefore, the new definition of a lease under IFRS 16 has been applied to all of the contracts in place on transition.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the Company has elected to apply the following practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the accounting for leases with a lease term of 12 months or less as short-term leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term;
- the accounting for leases for which the underlying asset is of low value when it is new as low value leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Lease policies applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into on or after 1 January 2019.

Notes to the financial statements for the year ended 31 December 2019

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

1 Accounting policies *(continued)*

1.10 Changes in accounting policies *(continued)*

IFRS 16 Leases *(continued)*

Lease policies applicable from 1 January 2019 *(continued)*

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are expensed in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to all leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Company also applies the lease of low-value assets recognition exemption to leases of assets that are valued below £10,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Policies applicable prior to 1 January 2019

Operating lease payments

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Notes to the financial statements for the year ended 31 December 2019

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

1 Accounting policies *(continued)*

1.11 New amendments for 2019

The Company has applied the following amendments to accounting standards for the first time in 2019 with effect from 1 January 2019:

- IFRIC 23 Uncertainty over Income Tax Treatments for annual periods beginning on or after 1 January 2019 - IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9) for annual periods beginning on or after 1 January 2019 - The IASB has changed IFRS 9's requirements in two areas of financial instruments accounting - financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9; and companies that have modified or exchanged fixed rate financial liabilities face a significant change in the accounting for non-substantial modifications that do not result in de-recognition.
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) for annual periods beginning on or after 1 January 2019 – The amendment addresses equity-accounted loss absorption by long-term interests, involves the dual application of IAS 28 and IFRS 9 Financial Instruments.
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) for annual periods beginning on or after 1 January 2019 - This amendment clarifies that - on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

Notes to the financial statements for the year ended 31 December 2019

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

2 Turnover

	2019	2018
	£	£
Rental income	**3**	3
Total turnover	**3**	3

Turnover represents the rental income relating to leases with other INEOS group companies. All turnover relates to activities in the UK.

The timing of revenue recognition for the Company's sales transactions under the lease arrangements is over time.

No contract assets and liabilities have been recognised in the Balance Sheet of the Company. The right of payment of the services sold by the Company is unconditional, except for the passage of time. Therefore, all rights of payment have been booked as trade debtor.

No assets related to costs to obtain or fulfil a contract have been recognised.

3 Operating profit

Auditor's remuneration:

	2019	2018
	£	£
Audit of these financial statements	**1,889**	1,852

The total in 2019 includes fees paid to Deloitte LLP for the audit of the financial statements of the Company. Auditor's remuneration for services provided during the year ended 31 December 2018 relates to amounts paid to PricewaterhouseCoopers LLP.

The cost of the audit is borne by another group company and disclosed within their financial statements.

4 Directors and employees

The Company had no employees during the year (*2018: nil*). No Directors received any fees or remuneration in respect of their services as a Director of the Company during the financial year (*2018: nil*).

Notes to the financial statements for the year ended 31 December 2019
(forming part of the financial statements) *(continued)*

5 Interest receivable and similar income

	2019	2018
	£	£
Net foreign exchange gain	-	217
Total interest receivable and similar income	**-**	217

6 Interest payable and similar expenses

	2019	2018
	£	£
Interest expense on financial liabilities measured at amortised cost	**3**	3
Net foreign exchange loss	**126**	-
Total interest payable and similar expenses	**129**	3

Interest payable and similar expenses include interest payable to group undertakings of £3 *(2018: £3)*.

Notes to the financial statements for the year ended 31 December 2019

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

7 Tax on profit/(loss)

Recognised in the profit and loss account

	2019	2018
	£	£
UK corporation tax		
Current tax on (loss)/profit for the year	-	-
Total current tax	-	-
Tax on (loss)/profit	-	-

Reconciliation of effective tax rate

	2019	2018
	£	£
Tax on (loss)/profit	-	-
(Loss)/profit before taxation	**(126)**	217
(Loss)/profit before taxation multiplied by the standard rate of tax in the UK of 19% *(2018: 19.00%)*	**(24)**	41
Group relief not paid for	**24**	(41)
Total tax expense	-	-

The UK Corporation Tax rate was reduced from 20% to 19% with effect from 1 April 2017. The rate will reduce further to 17% from 1 April 2020. In the 2020 budget it was announced that the corporation tax main rate would remain at 19% for the financial year beginning 1 April 2020 rather than reducing it to 17% from 1 April 2020. The charge to corporation tax and the main rate will also be set at 19% for the financial year beginning 1 April 2021.

Notes to the financial statements for the year ended 31 December 2019

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

8 Debtors

	2019	2018
	£	£
Amounts owed by group undertakings	**4,433**	4,560
Other debtors	**24**	24
Trade debtors (Note 14)	**28**	24
	4,485	4,608
Due within one year	**4,449**	4,571
Due after more than one year	**36**	37

The amounts not yet due after impairment losses as of the end of the reporting period are deemed to be collectible on the basis of established credit management processes such as regular analyses of the credit worthiness of our customers and external credit checks where appropriate for new customers. At 31 December 2018 and 2019 there were no significant trade, related party or other debtor balances not past due that were subsequently impaired.

Credit risk of trade debtors

	2019	2018
	£000	£000
Low	28	24
Medium	-	-
High	-	-
Impairment allowance	-	-
	28	24

During the year, the Company has not experienced a significant deterioration in the quality of receivable balances due to the current economic conditions.

There were no allowances made against amounts due from other receivables during the year *(2018: £nil).*

There were no allowances made against amounts due from related parties during the year *(2018: £nil).*

Security
The Company has entered into a Deed of Charge over its assets in relation to a revolving loan and letter of credit financing facility granted to the parent. If any entity defaults under this facility, the bank has the right to receive the cash flows from the receivables transferred. Without default, the entities will collect the receivables and allocate new receivables as collateral. On 16 June 2020, the Company exited this facility and the Deed of Charge was cancelled.

9 Creditors: amounts falling due within one year

	2019	2018
	£	£
Amounts owed to group undertakings	**42**	39

Notes to the financial statements for the year ended 31 December 2019

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

10 Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Amounts owed to group undertakings	**36**	36

11 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2019	2018
	£	£
Creditors falling due after more than one year		
Amounts owed to group undertakings (obligation under finance lease)	**-**	36
	-	36
Creditors falling within one year		
Amounts owed to group undertakings (obligation under finance lease)	**-**	1
	-	1

12 Lease obligations

	2019
	£
Analysed as:	
Current lease liabilities	**1**
Non-current lease liabilities	**36**
	37

	2019
	£
Maturity analysis- contractual undiscounted cash flows:	
Less than one year	**3**
Between one and five years	**12**
More than five years	**243**
Total undiscounted lease liabilities at 31 December	**258**

Notes to the financial statements for the year ended 31 December 2019
(forming part of the financial statements) *(continued)*

12 Lease obligations *(continued)*

Prior to 1 January 2019

Finance lease liabilities

	2018		
	Principal	Interest	Minimum lease payments
	£	£	£
Within one year	1	2	3
In two to five years	2	10	12
In more than five years	34	211	246
	37	222	259

13 Called up share capital

	Ordinary shares 2019
On issue at 1 January and 31 December 2019 - fully paid	5,000

	2019 £	2018 £
Allotted, called up and fully paid		
5,000 (*2018: 5,000*) ordinary shares of $1 each	**3,371**	3,371

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

As the reporting currency of the Company is Sterling the share capital has been converted to Sterling at the effective rate of exchange ruling at the date of issuance.

Notes to the financial statements for the year ended 31 December 2019

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

14 Related parties

During the year, the Company entered into transactions, in the ordinary course of business, with other related parties. The Company did not enter into any transactions with directors. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow owned subsidiaries under common ownership. Transactions entered into, and trading balances outstanding at 31 December with other related parties, are as follows:

Other related party transactions

	Sales to related party		**Purchases from related party**	
	Year to 31 December 2019 £000	Year to 31 December 2018 £000	**Year to 31 December 2019 £000**	Year to 31 December 2018 £000
Other related parties	**2**	2	-	-

	Receivables outstanding		**Creditors outstanding**	
	2019 £000	2018 £000	**2019 £000**	2018 £000
Other related parties	**28**	24	-	-

15 Controlling parties

The immediate parent undertaking is Grangemouth Holdings Limited.

The ultimate parent company at 31 December 2019 was INEOS Limited, a company incorporated in the Isle of Man.

INEOS UK E&P Holdings Limited, a company incorporated in the UK, is the smallest group of undertakings to consolidate these financial statements. Copies of the financial statements of INEOS UK E&P Holdings Limited can be obtained from the Company Secretary at the registered office: Brodies House, 31-33 Union Grove, Aberdeen, AB10 6SD.

INEOS Industries Limited, a company incorporated in the UK, is the largest group of undertakings to consolidate these financial statements. Copies of the financial statements of INEOS Industries Limited can be obtained from the Company Secretary at the registered office: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

The directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in the ultimate parent undertaking INEOS Limited.

On 15 June 2020, the entire ordinary share capital of INEOS FPS Limited, the parent company of Grangemouth Holdings Limited, being the parent company of Grangemouth Properties Limited, was transferred from INEOS UK E&P Holdings Limited to INEOS Industries Holdings Limited.

Notes to the financial statements for the year ended 31 December 2019

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

16 Accounting estimates and judgements

The Company prepares its financial statements in accordance with Adopted IFRSs, which require 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

Impairment of debtors

The bad debt provision is used to record any impairment losses unless the Company is satisfied that no recovery of the amount owing is probable; at that point the amounts considered irrecoverable are written off against the trade debtors directly. As of 1 January 2019, IFRS 9 replaced the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model in assessing the recoverability of trade debtors. Due to the quality of the Company's trade debtors and its low history of bad debts the application of IFRS 9 did not result in a material change to the allowance for impairment in respect of trade debtors. The impact was calculated considering past experience and management's estimate of future developments. Management expects no considerable change in the future market situation. Consequently, the future credit losses in the ECL model are in the same range as the credit losses experienced in the past years. This is regarded as the future expectation of the inherent credit risk of the not impaired trade and other debtors outstanding. The Company will review the assumptions of the ECL model on a yearly basis.

17 Subsequent events

On 16 June 2020, the Company exited the revolving loan and letter of credit financing facility and the Deed of Charge over its assets was cancelled.

On 18 June 2020, INEOS FPS Limited, the parent company of Grangemouth Holdings Limited, being the parent company of Grangemouth Properties Limited, entered into a £155,000,000 loan facility with external lenders. The Company is a guarantor under this facility

United Kingdom withdrawal from the European Union ("Brexit")

The withdrawal agreement under which the United Kingdom will leave the European Union was ratified on 31 January 2020. This has started a transition period until the end of December 2020. The Company only operates in the United Kingdom so does not expect a significant financial impact on its business from Brexit.

COVID-19 coronavirus

The Company has no operations which would be impacted by COVID-19, therefore no further consideration will be given to the potential impact on the business.