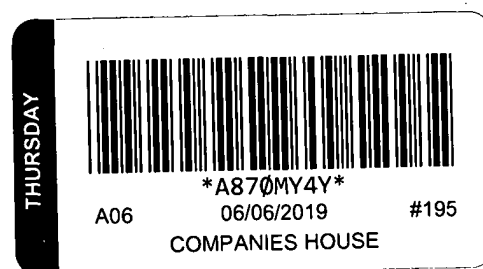


**Grangemouth Holdings Limited**  
Annual report and financial statements  
Registered number 05572972  
31 December 2018



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## Strategic report for the year ended 31 December 2018

The directors present their strategic report on the Company for the year ended 31 December 2018.

### Review of business and future developments

On 17 July 2018, the Company was added to a revolving loan and letter of credit facility (the "Reserves Based Lending (or "RBL") Facility") that its parent INEOS FPS Limited is party to. The facility amount was increased at this time. The RBL Facility is secured on customary terms and bears interest at a margin above LIBOR. From this date, the Company is a guarantor to the RBL Facility.

The Company's financial and operational performance during 2018 has been as expected with no significant changes in either financial or operational performance.

The UK has voted to leave the EU and during the course of 2018/19 the UK government has been negotiating the terms of a deal for BREXIT, however, since the Company only operates in the UK, BREXIT is not expected to have any impact.

### Results and dividends

The profit for the financial year before taxation was £3 (2017: profit of £3). The directors do not propose the payment of a dividend (2017: £nil).

### Strategy

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

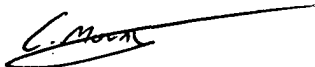
### Key performance indicators (KPIs)

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.

On behalf of the Board



C G Mound  
Director  
31 May 2019

## **Directors' report for the year ended 31 December 2018**

The directors present their report and audited financial statements of the Company for the year ended 31 December 2018.

### **Principal activities**

The Company is engaged in the purchase and leaseback of certain Grangemouth assets. The Company acquired certain land and assets from a third party then subsequently entered into an agreement to lease the assets to Grangemouth Properties Limited, a subsidiary, for an initial premium equal to the amount paid for the assets together with annual peppercorn rent for a term of 100 years.

### **Results and dividends**

Results and dividends are discussed in the strategic report.

### **Future developments**

Future developments are discussed in the strategic report.

### **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 S Hepburn (resigned 24 May 2019)

G D Milne

C G Mound (appointed 24 May 2019)

## **Directors' report for the year ended 31 December 2018 (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**

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

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

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

## **Directors' report for the year ended 31 December 2018 (continued)**

### **Statement of directors' responsibilities (continued)**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of Disclosure of information to auditors**

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.

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

### **Independent Auditors**

During the year PricewaterhouseCoopers LLP were re-appointed as auditors of the Company.

On behalf of the Board



C G Mound  
**Director**  
31 May 2019  
Registration number 05572972

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

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Grangemouth Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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, comprising 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 Balance Sheet as at 31 December 2018; the Profit and Loss Account, 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**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the 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 the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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

### **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.

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2018 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 set out on pages 3 and 4, 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.



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

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

#### *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.

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.

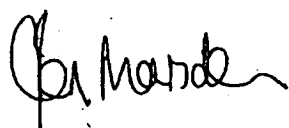
### **Other required reporting**

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

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

- we have not received 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.



**Ian Marsden (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
31 May 2019

**Profit and Loss Account**  
*for the year ended 31 December 2018*

	Note	2018 £	2017 £
Turnover	2	3	3
Gross profit		3	3
Operating profit	3	3	3
Profit before taxation		3	3
Tax on profit	6	-	-
Profit for the financial year		3	3

All activities of the Company relate to continuing operations.

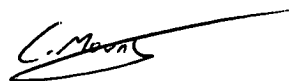
The Company has no recognised other comprehensive income and therefore no separate statement of comprehensive income has been presented.

## Balance Sheet

as at 31 December 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Investments	7	3,371	3,371
		<u>3,371</u>	<u>3,371</u>
<b>Current assets</b>			
Debtors (including £37 (2017: £37) due after more than one year)	8	77	74
		<u>77</u>	<u>74</u>
<b>Creditors: amounts falling due within one year</b>	9	-	-
		<u>-</u>	<u>-</u>
<b>Net current assets</b>		<u>77</u>	<u>74</u>
<b>Total assets less current liabilities</b>		<u>3,448</u>	<u>3,445</u>
<b>Creditors: amounts falling due after more than one year</b>	10	(37)	(37)
		<u>(37)</u>	<u>(37)</u>
<b>Net assets</b>		<u>3,411</u>	<u>3,408</u>
<b>Capital and reserves</b>			
Called up share capital	11	3,371	3,371
Profit and loss account		40	37
		<u>3,411</u>	<u>3,408</u>
<b>Total equity</b>		<u>3,411</u>	<u>3,408</u>

These financial statements on pages 8 to 20 were approved by the board of directors on 31 May 2019 and were signed on its behalf by:



**C G Mound**

Director

Company registered number: 05572972

## Statement of Changes in Equity

for the year ended 31 December 2018

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
Balance at 1 January 2017	3,371	34	3,405
<b>Total comprehensive income for the year, comprising:</b>			
Profit for the financial year	-	3	3
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2017</b>	<b>3,371</b>	<b>37</b>	<b>3,408</b>

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
Balance at 1 January 2018	3,371	37	3,408
<b>Total comprehensive income for the year, comprising:</b>			
Profit for the financial year	-	3	3
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2018</b>	<b>3,371</b>	<b>40</b>	<b>3,411</b>

## Notes to the financial statements for the year ended 31 December 2018

(forming part of the financial statements)

### 1 Accounting policies

Grangemouth Holdings Limited (the "Company") is a private limited company limited by shares incorporated and domiciled in the United Kingdom. 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; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

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

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 14.

## Notes to the financial statements for the year ended 31 December 2018 (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, financial instruments classified as fair value through the profit or loss or as available-for-sale. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

#### 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.

##### *Investments in debt and equity securities*

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

##### *Interest-bearing borrowings*

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

## Notes to the financial statements for the year ended 31 December 2018 (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 finance leases to other INEOS group companies net of value added tax, customs duties and sales taxes. Revenue is recognised over-time.

#### 1.8 Expenses

##### *Interest receivable and Interest payable*

Interest payable includes interest payable, finance charges on shares classified as liabilities and finance 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.

#### 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.

## Notes to the financial statements for the year ended 31 December 2018 (forming part of the financial statements) (continued)

### 1 Accounting policies (continued)

#### 1.10 Changes in accounting policies

From 1 January 2018 the Company has applied IFRS 9 and IFRS 15 for the first time along with a number of other new standards, although none have had a material effect on the Company's financial statements.

##### *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement.

The Company has adopted IFRS 15 using the retrospective method with the effect of initially applying the standard recognised at the date of the earliest comparative period (i.e. 1 January 2017). The Company has elected for the following practical expedients available under the retrospective transition method:

1. The Company does not restate completed contracts that begin and end within the same annual reporting period or restate contracts that are completed contracts at the beginning of the earliest comparative period presented.
2. The Company uses the transaction price at the date on which the contract was completed, rather than estimating the variable consideration amounts in each comparative reporting period.
3. The Company does not separately evaluate the effects of contract modifications before the beginning of the earliest reporting period presented using the contract modifications requirements in the new standard. Instead, the Company has reflected the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented in:
  - (i) identifying the satisfied and unsatisfied performance obligations;
  - (ii) determining the transaction price; and
  - (iii) allocating the transaction price to the satisfied and unsatisfied performance obligations.
4. The Company does not disclose for reporting periods presented before the date of initial application (i.e. 1 January 2018):
  - (i) the amount of the transaction price allocated to the remaining performance obligations; nor an explanation of when the entity expects to recognise that amount as revenue.

##### *IFRS 9 Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company adopted consequential amendments to IAS 1 Presentation of Financial Statements, which requires impairment of financial assets to be presented in a separate line item in the income statement and OCI.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018, but have not been generally applied to comparative information.

- (i) *Classification and measurement of financial assets and financial liabilities*



## Notes to the financial statements for the year ended 31 December 2018 (forming part of the financial statements) (continued)

### 1 Accounting policies (continued)

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

##### *IFRS 9 Financial Instruments*

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and debtors and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

All financial assets previously classified as loans and debtors under IAS 39 have been reclassified to amortised cost under IFRS 9.

##### *(ii) Impairment of financial assets*

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances are now measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile; however due to the quality of the Company's trade debtors and its low history of bad debts the application of IFRS 9 has not resulted in a material change to the allowance for impairment in respect of trade debtors.

##### *New amendments for 2018*

The Company has applied the following amendments to accounting standards for the first time in 2018 with effect from 1 January 2018:

- IFRIC 22 Foreign Currency Transactions and Advance Consideration mandatory for year commencing on or after 1 January 2018.

IFRIC 22 clarifies the transaction date used to determine the exchange rate for foreign currency transactions involving an advance payment or receipt.

Other amendments to be applied by companies in 2018 that are not applicable for the Company are the amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions; amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts; and the amendments to IAS 40 – Transfers of Investment Property.

## Notes to the financial statements for the year ended 31 December 2018

(forming part of the financial statements) (continued)

### 2 Turnover

	2018 £	2017 £
Rental income	3	3
<b>Total turnover</b>	<b>3</b>	<b>3</b>

Turnover represents the rental income relating to finance 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. Its impact, if any, was deemed immaterial. The performed analysis has concluded that 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. Its impact, if any, was deemed immaterial.

### 3 Operating profit

#### Auditors' remuneration:

	2018 £	2017 £
Audit of these financial statements	1,852	1,807

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

### 4 Staff numbers and costs

The Company had no employees during the year (2017: none).

### 5 Directors remuneration

None of the directors received any fees or remuneration for services as a director of the Company during the financial year (2017: £nil).

## Notes to the financial statements for the year ended 31 December 2018

(forming part of the financial statements) (continued)

### 6 Tax on profit

#### Recognised in the profit and loss account

	2018 £	2017 £
<i>UK corporation tax</i>		
Current tax on profit for the year	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>
Tax on profit	-	-
	<hr/>	<hr/>

#### Reconciliation of effective tax rate

	2018 £	2017 £
Tax on profit	-	-
	<hr/>	<hr/>
Profit before taxation	3	3
Profit multiplied by the standard rate of tax in the UK of 19.00% (2017: 19.25%)	1	1
Group relief not paid for	(1)	(1)
	<hr/>	<hr/>
Total tax expense	-	-
	<hr/>	<hr/>

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. Any deferred tax expected to reverse after 1 April 2020 has been remeasured using the rates substantively enacted at 31 December 2018.

## Notes to the financial statements for the year ended 31 December 2018 (forming part of the financial statements) (continued)

### 7 Investments

	Shares in Group Undertakings 2018 £	Shares in Group Undertakings 2017 £
At 31 December	3,371	3,371

The Company holds shareholdings in the following companies:

Name	Address of the registered office	Class of shares held	Ownership	
			2018	2017
Grangemouth Properties Limited	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	Ordinary	100%	100%

### 8 Debtors

	2018 £	2017 £
Amounts owed by group undertakings	77	74
	77	74
Due within one year	40	37
Due after more than one year	37	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 2017 and 2018 there were no significant trade, related party or other debtor balances not past due that were subsequently impaired.

### 9 Creditors: amounts falling due within one year

	2018 £	2017 £
Accruals and deferred income	-	-

## Notes to the financial statements for the year ended 31 December 2018

(forming part of the financial statements) (continued)

### 10 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Accruals and deferred income:	37	37
	<u>37</u>	<u>37</u>

### 11 Called up share capital

	Ordinary shares 2018	
On issue at 1 January and 31 December 2018 fully paid		5,000
		<u>5,000</u>
	2018	2017
	£	£
<i>Allotted, called up and fully paid</i>		
5,000 (2017: 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 2018

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

### 12 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.

### 13 Controlling parties

The immediate parent undertaking is INEOS FPS Limited.

The ultimate parent company at 31 December 2018 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, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

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, 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.

### 14 Accounting estimates and judgements

#### Taxation

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

The Company has, from time to time, contingent tax liabilities arising from trading and corporate transactions. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

Details of amounts recognised with regard to taxation are disclosed in Note 6.

#### 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 2018, 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.