

**INEOS 120 Energy Limited**

**Annual report and financial statements**

**Registered number 6559929**

**31 December 2017**

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## Strategic report

The directors present their strategic report on the Company for the year ended 31 December 2017.

### *Review of business and future developments*

During 2017 this company has been converted to be a holding company only. It is not envisaged to carry out any business activities in the future.

### *Results and dividends*

The profit before taxation was £39,463 (2016: profit of £5,877,676). The profit includes exceptional income of £56,720 resulting from the write off of an intercompany balance between INEOS 120 Energy Limited and INEOS Upstream Limited following the conversion of INEOS 120 Energy Limited to be a holding company only. The directors do not propose the payment of a dividend (2016: £ nil).

### *Strategy*

This entity is being used as the holding company for INEOS 120 Exploration Limited and INEOS 120 Power Limited (dormant) and will not be actively involved in business activities.

### *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 Industries Limited which includes the Company, are discussed in INEOS Industries Limited'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 Industries Limited which include those of the Company are discussed in the group's annual report which does not form part of this report.

Approved and signed on behalf of the board



Beverley Attewell  
Director  
8 June 2018

## **Directors' report**

The directors present their report and audited financial statements of the Company for the year ended 31 December 2017.

### ***Principal activities***

The principal activity of INEOS 120 Energy Limited is a holding company for INEOS 120 Exploration Limited and INEOS 120 Power Limited (dormant).

### ***Directors***

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

G Haywood – resigned 31 March 2017

T Pickering

B Attewell

A Bowden

L Calder – appointed 23 January 2017

### ***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 Industries Limited.

### ***Results and dividends***

Results and dividends are discussed in the strategic report.

### ***Future developments***

Future developments are discussed in the strategic report.

### ***Health & safety***

The Company has complied with all HSSE laws, regulations and permits. This entity is being used as a holding company and will not be actively involved in operational activities.

## Directors' report (continued)

### *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;
- make judgements and accounting estimates that are reasonable and prudent;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

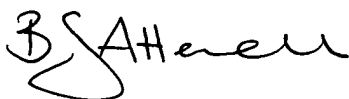
### *Disclosure of information to auditors*

The directors confirm that as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and that they have taken all steps necessary as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### *Independent auditors*

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

Approved and signed on behalf of the board



Beverley Attewell  
Director  
8 June 2018

Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

Registered number 6559929

## **Independent auditors' report to the members of INEOS 120 Energy Limited**

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

#### **Opinion**

In our opinion, INEOS 120 Energy Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 2017; 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**

We have nothing to report in respect of the following matters in relation to which 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.

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.

#### **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.

## **Independent auditors' report to the members of INEOS 120 Energy Limited (continued)**

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 2017 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 page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditors' responsibilities for the audit of the financial statements***

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

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.

**Independent auditors' report to the members of INEOS 120 Energy Limited (continued)**

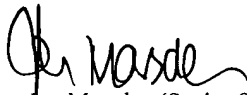
**Other required reporting**

**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  
8 June 2018



**Profit and Loss Account**  
*for year ended 31 December 2017*

	<i>Note</i>	<b>2017</b>	2016
		<b>£000</b>	£000
Administrative expenses		<b>(18)</b>	(29)
Exceptional administrative income	5	<b>57</b>	5,907
		<hr/>	<hr/>
<b>Profit before taxation</b>		<b>39</b>	5,878
Tax on profit	6	-	-
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>39</b>	5,878
		<hr/> <hr/>	<hr/> <hr/>

All activities of the Company relate to continuing operations.

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

**Balance Sheet**  
*At 31 December 2017*

	<i>Note</i>	<b>2017</b>	2016
		<b>£000</b>	£000
<b>Fixed assets</b>			
Investments	7	-	-
<b>Current assets</b>			
Cash at bank and in hand		-	1
		<hr/>	<hr/>
		-	1
<b>Creditors: amounts falling due within one year</b>	8	-	(40)
		<hr/>	<hr/>
<b>Net current liabilities</b>		-	(39)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		-	(39)
		<hr/>	<hr/>
<b>Net assets/(liabilities)</b>		-	(39)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	10	17	17
Share Premium account		189	189
Profit and loss account		(206)	(245)
		<hr/>	<hr/>
<b>Total equity</b>		-	(39)
		<hr/>	<hr/>

These financial statements on pages 7 to 14 were approved by the board of directors on 8 June 2018 and were signed on its behalf by:



*Beverley Attewell*  
*Director*

Company registered number: 6559929

**Statement of Changes in Equity**  
*for year ended 31 December 2017*

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2016	17	189	(6,123)	(5,917)
Profit for the financial year	-	-	5,878	5,878
<b>Balance at 31 December 2016</b>	<u>17</u>	<u>189</u>	<u>(245)</u>	<u>(39)</u>

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2017	17	189	(245)	(39)
Profit for the financial year	-	-	39	39
<b>Balance at 31 December 2017</b>	<u>17</u>	<u>189</u>	<u>(206)</u>	<u>-</u>

## Notes (forming part of the financial statements)

### 1 Accounting policies

INEOS 120 Energy Limited (the “Company”) is a private company, limited by shares, incorporated, registered and domiciled in England, UK. The registered office address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

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

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the 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 Industries Limited is the parent undertaking that includes the Company in its consolidated financial statements. The consolidated financial statements of INEOS Industries Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

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;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- 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 Industries 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 IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently on the going concern basis, to all periods presented in these financial statements and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

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 12.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The Company has no day-to-day working capital requirements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### 1.3 Exceptional items

The presentation of the company’s results separately identifies the effect of one off events within profits and losses. The results excluding these one off events are used by management and presented in order to provide a clear and consistent presentation of underlying results.

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

### 1 Accounting policies (continued)

#### 1.4 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.

### 2 Operating profit

The audit fee for the year ended 31 December 2017 and the year ended 31 December 2016 has been borne by INEOS Upstream Limited.

### 3 Staff numbers and costs

There were no employees with contracts of employment in the name of the company during the year (2016: none).

### 4 Directors' remuneration

None of the Directors received any fees or remuneration for services as a director of the company during the financial year (2016: none).

### 5 Exceptional Administrative income

	Year ended 2017	Year ended 2016
	£000	£000
Write off of intercompany balance payable	57	5,445
Write off of management services creditor payable	-	462
	<u>57</u>	<u>5,907</u>

The intercompany balance with INEOS Upstream Limited has been written off following the conversion of INEOS 120 Energy Limited to a holding company only.

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

### 6 Tax on profit

#### Recognised in the profit and loss account

	Year ended 2017		Year ended 2016	
	£000	£000	£000	£000
<i>UK corporation tax</i>				
Current tax on profit for the financial year	-		-	
Tax on profit		-		-

#### Reconciliation of effective tax rate

	Year ended 2017	Year ended 2016
	£000	£000
Total tax expense	-	-
Profit before taxation	39	5,878
Profit before taxation multiplied by the average rate of tax in the UK of 19.25% (2016: 20%)	8	1,176
Income not deductible for tax purposes	(11)	(1,089)
Deferred tax utilised	3	(87)
<b>Total tax expense</b>	<b>-</b>	<b>-</b>

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

### 7 Investments

	Shares in Group undertakings £000
<i>Cost and net book value</i>	
At 31 December 2016 and 31 December 2017	-

The Company has the following investments in subsidiaries:

	Country of Incorporation	Class of shares held	Ownership	
			2017	2016
INEOS 120 Exploration Limited* (A)	England	Ordinary	100%	100%
INEOS 120 Power Limited* (A)	Scotland	Ordinary	100%	100%

\*Shares held directly by the Company

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

Reference	Registered office address
(A)	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom

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

	2017	2016
	£000	£000
Trade creditors	-	9
Amounts owed to group undertakings	-	31
Other creditors	-	-
	-	40

Amounts owed to group undertakings are unsecured, have no fixed repayment and are repayable on demand or with a notice period of less than a year.

### 9 Deferred tax assets and liabilities

The directors consider that the Company should not recognise any deferred tax asset as there is insufficient certainty over the future utilisation of its deferred tax assets. The Company has an unrecognised net deferred tax asset of £861,716 (2016: £859,008) at 31 December 2017.

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

### 10 Called up share capital

	2017 £000	2016 £000
<i>Allotted, called up and fully paid</i>		
73,336,470 A ordinary shares of £0.00001 each	1	1
14,662,980,090 B ordinary shares of £0.000001 each	15	15
776,276,752 C ordinary shares £0.000001 each	1	1
77,765,038 ordinary shares £0.00001 each	-	-
16,024,981 deferred ordinary shares of £0.00001 each	-	-
3,882,519 non –voting ordinary shares of £0.00001 each	-	-
	<u>17</u>	<u>17</u>

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.

### 11 Controlling parties

The immediate parent undertaking at 31 December 2017 was INEOS Upstream Limited. The ultimate parent company at 31 December 2017 was INEOS Limited, a company incorporated in Isle of Man. INEOS Industries Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements. Copies of the financial statements can be obtained from the Company Secretary INEOS Industries Limited, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, UK, 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.

### 12 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 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 notes 6 and 9.