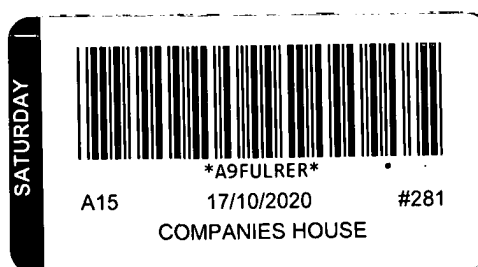


**INEOS TECHNOLOGIES (VINYLS) LIMITED**

**Annual report and financial statements**

**Registered number 07085219**

**31 December 2019**



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## Strategic report for the year ended 31 December 2019

The directors present their strategic report of INEOS Technologies (Vinyls) Limited (the “Company”) for the year ended 31 December 2019.

### Principal activities

The Company markets and sells licenses for PVC and VCM technology and also provides specialist Research and Development (R&D) expertise.

### Review of the business

2019 was a year of transition for the Company; witnessing a change in strategy in which the Company’s main aims were to continue to support existing contracts whilst focusing on new businesses opportunities on those companies within the wider INEOS group. Inevitably, as a result of this transitional phase both revenue and Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) have fallen in comparison to previous trading periods. Revenue for the year was €1.7m (2018: €5.0m) and EBITDA was €0.1m (2018: €0.3m).

In addition to the new strategy the Company retains a sharpened focus on health and safety performance and fixed costs, enabling the Company to manage through this period of transition in order to take advantage of future opportunities as they arise.

No dividend payment was made during the year (2018: €nil).

### Principal risks and uncertainties

The management of the business and execution of the Company’s strategy are subject to a number of risks. The key business risks affecting the company are set out below:

- Economic conditions - licensing of VCM & PVC technology requires heavy capital investment. The ability for customers to secure financing is a key factor that will influence future volumes.
- Industries are cyclical – changing market demands and prices may negatively affect the Company’s ability to attract new licensees.
- Competition – significant competition in the Company’s industries, whether through efforts of new and current competitors or through consolidation of existing customers, may adversely affect its competitive position, revenue and overall position. The Company is focused on reducing the fixed and variable cost base across the operation. The Company also positions itself compared to competitors, not only on the basis of price, but on the basis of product innovation and quality.
- COVID-19 coronavirus – the effect the virus will have on the global economy and the chemicals industry is difficult to assess at this point in time, although the Company is constantly evaluating the situation and monitoring effects on operations.

### Future developments

Following the Company’s current transition phase the directors expect the Company to return to profitability, focusing on projects internal to the wider INEOS Group. In the meantime, the Company will continue to focus on those areas which can be controlled including performance on health and safety and continued reductions to the fixed cost base. Additionally the Company seeks to keep a keen focus on controlling working capital.

### COVID-19 coronavirus

COVID-19 is an illness that has spread globally to the extent that it is classified as a Public Health Emergency of International Concern by the World Health Organisation. There is an elevated concern globally about the impact that COVID-19 crisis will have on the global economy and the chemicals industry.

The wider contribution to society that the wider INEOS group, headed up by INEOS Limited can make has been recognised by national governmental bodies and INEOS’s production sites are categorised as critical manufacturing infrastructure and so, in the interests of public safety, it is essential that INEOS’s facilities continue to operate.

As of the date of signing these financial statements, all of INEOS’s activities are continuing to operate. Protecting employees and ensuring that they stay healthy has been the first priority. All plants have sufficient resources and have implemented measures to ensure that this remains the case throughout the pandemic.

Although the directors cannot predict the extent and duration of COVID-19 crisis, the directors have undertaken a rigorous assessment of the potential impact of COVID-19 on demand for its products and the impact on margins for over 12 months from the date of signing these financial statements.

On the basis of the assessment described above, together with a positive balance sheet and access to liquidity, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

## Strategic report for the year ended 31 December 2019 (continued)

### Key performance indicators ("KPIs")

In conjunction with the management of costs and working capital to improve profit the Company uses a number of key performance indicators ("KPIs") to monitor performance against budget:

- EBITDA for the year was €0.1 million (2018: €0.3 million) being impacted by the Company's new strategy which has led to a focus on internal INEOS Group opportunities as discussed above.
- Working capital as a percentage of revenue. In 2019, working capital as a percentage of revenue was 49% (2018: 35%) the increase being in line with the fall in revenue on account of the Company's new internally focused strategy.
- Safety, Health and Environment (SHE) controls. There were no adverse SHE reports in either the current or preceding year.

Approved on behalf of the board



M J Maher  
Director  
6 October 2020

## Directors' report for the year ended 31 December 2019

The directors present their report together with the financial statements and auditor's report of INEOS Technologies (Vinyls) Limited ("the Company") for the year ended 31 December 2019.

### Results for the year and dividends

The results of the Company are set out in the income statement on page 8 which shows a loss before taxation for the year of €324,000 (2018: profit of €131,000). The Directors do not recommend the payment of a dividend (2018: €nil).

### Going concern

As at 31 December 2019 the Company has net assets of €3.0 million (2018: €4.1 million). The entity is financed through its own operations, however if needed the directors have received confirmation that INEOS Holdings Limited will support the Company for at least one year after these financial statements are signed. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

### Future developments

An indication of the likely future developments of the business is included in the Strategic Report on page 1.

### Post balance sheet events

#### COVID-19 coronavirus

The Company is closely monitoring the evolution of the COVID-19 coronavirus and is following the World Health Organisation travel advice. With regards to business impact, the effect the virus will have on the global economy and the chemicals industry is difficult to assess at this point in time, although the Company is constantly evaluating the situation and monitoring any potential effects on operations. See page 1 for further details.

#### 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 does not anticipate this to have any significant impact on its current activities.

### Financial risk management

The Company's operations expose it to a variety of finance risks that include the effects of currency fluctuation risk, liquidity risk, credit risk and interest rate risk. The Company is able to minimise these risks through its distribution and licensing agreement with INEOS Europe AG.

### Donations

The Company made no political contributions (2018: €nil).

### Directors

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

C E Tane (resigned 1 January 2020)  
M J Maher  
J D Taylorson  
A Moorcroft  
L M G Castin  
F Rourke  
G Tuft (appointed 1 January 2020)

### Directors' indemnities

As permitted by the Articles of Association, the Company, via a policy maintained by its parent undertaking has maintained cover for its directors and officers under a directors' and officers' liability insurance policy as permitted by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

### Research and development

Research and development activity is carried out by the Company as part of the strategic development programme.

### Employees

It is the Company's practice to give full and fair consideration to applications for employment received from disabled persons, subject to the Company's requirements and to the qualifications, ability and aptitude of the individual in each case. In the event of staff becoming disabled, every effort is made to ensure their continued employment with the Company and to provide specialised training where appropriate.

The Company facilitates a number of schemes designed to encourage employees to deliver key business targets. This includes a discretionary Business Bonus Scheme, which is designed to focus attention on key areas of performance such as Safety, Health and the Environment (SHE), plant reliability and fixed costs. The discretionary Business Bonus Scheme incentivises employees

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

### Employees (continued)

to meet key targets each year through the potential to receive a bonus payout. Each individual also has a set of personal review targets that are used as the basis of rewarding individual performance through pay increases or one-off special bonuses.

The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. Employees are provided with information about the Company through regular briefing bulletins.

### Health and safety

The Company continually strives to meet, and where possible, exceed strict health, safety and environmental performance targets. It is committed to continuous improvement in all aspects of its operations. Through its Safety, Health, Environment Quality ("SHEQ") Policy, the Company aims to be amongst the chemical industry leaders in health, safety, environmental protection and customer satisfaction, ensuring that products meet society's increasing environmental requirements. Specifically the Company works to two guiding principles. The first being to protect the health and safety of the communities in which it operates and the users of its products. Secondly, the Company seeks to minimise the effects on the environment from its operations; storage; transport; use and disposal of its products. The Company manages Safety, Health and the Environment ("SHE") as an integral part of its activities through a formal management system. This includes defining SHE standards and targets and monitoring of performance against them. The wider group of which the Company is part requires all members of staff (and others who work on its behalf) to adhere to the standard in the SHE Management System and to exercise personal responsibility to prevent harm to themselves, others and the environment. Comprehensive SHE information and training is provided to all employees, with SHE objectives set for every individual each year through the performance appraisal process. SHE targets also feature in the Group's discretionary Business Bonus Scheme.

### Corporate social responsibility

The Company operates in full accordance with all prevailing laws and regulations in each jurisdiction of operation. In addition, it complies fully with any legally established trade sanctions, embargoes or prohibitions that apply from time to time in the markets in which it operates. The wider Group's Executive Committees and business management teams have access to a comprehensive range of legal advice to ensure that they are kept abreast and remain compliant with such issues.

The INEOS Limited Group's Social Accountability Statement is available to all internal and external audiences. Employees are made aware of the Group's Social Accountability principles via information published in employee handbooks. This Statement covers the Group's position on matters such as child and forced labour, discrimination, employee rights and cultural diversity, amongst others.

The INEOS Limited Group is a member of a number of industry trade associations and is instrumental in the funding and ongoing development of specific initiatives designed to reflect the Group's commitment to a sustainable product life cycle. By way of example, the Group is the single largest sponsor of the European PVC industry's voluntary commitment, VinylPlus, which seeks to address the sustainability challenges of PVC throughout the value chain. Such work is promoted widely across the Group's stakeholders including customers, suppliers and product specifiers.

### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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; 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 2019 (continued)

### Directors' responsibilities statement (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. 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.

### 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 s418 of the Companies Act 2006.

### Independent auditors

During the year Deloitte LLP were appointed as auditors and have expressed their willingness to continue in office as auditor pursuant to Section 487 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.

### Registered address

INEOS Technologies (Vinyls) Limited  
Runcom Site HQ  
South Parade  
PO Box 9  
Runcom  
Cheshire  
England and Wales,  
United Kingdom  
WA7 4JE

Approved on behalf of the board



M J Maher  
Director  
6 October 2020

## Independent auditor's report to the members of INEOS Technologies (Vinyls) Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of INEOS Technologies (Vinyls) 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 income statement;
- the statement of comprehensive (expense)/income;
- the balance sheet;
- the statement of changes in equity; and
- 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.

#### 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.



## **Independent auditor's report to the members of INEOS Technologies (Vinyls) Limited (continued)**

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

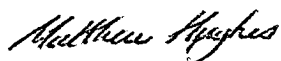
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Matthew Hughes BSC(Hons) ACA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds  
6 October 2020

## Income statement for the year ended 31 December 2019

	Note	2019 €000	2018 €000
Revenue	2	1,668	4,995
Cost of sales		(988)	(3,680)
<b>Gross profit</b>		<b>680</b>	<b>1,315</b>
Distribution costs		(787)	(703)
Administrative expenses		(256)	(529)
<b>Operating (loss)/profit</b>	3	<b>(363)</b>	<b>83</b>
Net interest receivable and similar income	6	39	48
<b>(Loss)/profit before taxation</b>		<b>(324)</b>	<b>131</b>
Tax	7	(99)	217
<b>(Loss)/profit for the financial year</b>		<b>(423)</b>	<b>348</b>

All activities of the company relate to continuing operations.

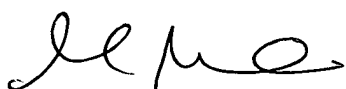
## Statement of comprehensive (expense)/income for the year ended 31 December 2019

	Note	2019 €000	2018 €000
<b>(Loss)/profit for the financial year</b>		<b>(423)</b>	<b>348</b>
<b>Other comprehensive income/(expense)</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of defined benefit liability	13	282	(31)
Movement in deferred tax relating to pension liability	10	(48)	5
<b>Other comprehensive income/(expense) for the year</b>		<b>234</b>	<b>(26)</b>
<b>Total comprehensive (expense)/income for the year</b>		<b>(189)</b>	<b>322</b>

## Balance sheet as at 31 December 2019

	Note	2019 €000	2018 €000
<b>Non-current assets</b>			
Property, plant and equipment	8	1,063	1,064
Deferred tax	10	31	117
		<b>1,094</b>	<b>1,181</b>
<b>Current assets</b>			
Trade and other receivables: amounts falling due within one year	9	6,449	7,018
Cash at bank and in hand		276	1,622
		<b>6,725</b>	<b>8,640</b>
<b>Trade and other payables: amounts falling due within one year</b>	11	<b>(3,721)</b>	<b>(4,961)</b>
<b>Net current assets</b>		<b>3,004</b>	<b>3,679</b>
<b>Total assets less current liabilities</b>		<b>4,098</b>	<b>4,860</b>
Employee benefits	13	(236)	(809)
<b>Net assets</b>		<b>3,862</b>	<b>4,051</b>
<b>Capital and reserves</b>			
Share capital	14	-	-
Retained earnings		3,862	4,051
<b>Total equity</b>		<b>3,862</b>	<b>4,051</b>

The financial statements on pages 8 to 23 were approved by the Board of Directors on 6 October 2020 and are signed on its behalf by:



M J Maher  
Director

INEOS Technologies (Vinyls) Limited

Registered number: 07085219

**Statement of changes in equity**  
*for the year ended 31 December 2019*

	Share capital	Retained earnings	Total equity
	€000	€000	€000
Balance at 1 January 2018	-	3,729	3,729
Profit for the financial year	-	348	348
Other comprehensive expense	-	(26)	(26)
Total comprehensive income for the year	-	322	322
<b>Balance at 31 December 2018</b>	<b>-</b>	<b>4,051</b>	<b>4,051</b>
Loss for the financial year	-	(423)	(423)
Other comprehensive income	-	234	234
Total comprehensive expense for the year	-	(189)	(189)
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>3,862</b>	<b>3,862</b>

## Notes to the financial statements

### 1 Accounting policies

INEOS Technologies (Vinyls) Limited (the "Company") is a private company limited by shares and incorporated and domiciled in the United Kingdom. The Company is registered in England and Wales. The Company's registered address is Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, England and Wales, United Kingdom WA7 4JE.

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

The functional and presentational currency of these financial statements is Euros. All amounts in the financial statements have been rounded to the nearest thousand.

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 Group Holdings SA, is the head of the smallest and largest group to consolidate the Company's results and includes the Company's results in its consolidated financial statements. The consolidated financial statements of INEOS Group Holdings SA are prepared in accordance with International Financial Reporting Standards, are available to the public and may be obtained from the Company Secretary, 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

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

- Cash flow statement and related notes;
- Comparative period reconciliations for share capital, property, plant and equipment;
- Disclosures of related party transactions between two or more wholly owned members of the same group;
- 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 Group Holdings SA include the equivalent disclosures, the Company has also taken the exemptions available under FRS 101 in respect of the following disclosure:

- 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. The Company's critical accounting estimates and judgements are disclosed in note 17.

#### Changes in accounting policies

From 1 January 2019 the Company has applied IFRS 16 Leases for the first time, note 1.6 provides the detail behind this change.

##### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis, modified to include certain items at fair value as explained in the accounting policies below. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

##### 1.2 Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of INEOS Holdings Limited. The directors have received confirmation that INEOS Holdings Limited intend to support the Company for at least one year after these financial statements are signed.

##### 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 income statement.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### 1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

##### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other payables*

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

#### 1.5 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- Plant and machinery 5 to 20 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Assets under construction are not depreciated, but are transferred to an appropriate asset category when they are available for use.

#### 1.6 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 to use 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.

The Company has applied IFRS 16 on 1 January 2019, using the 'modified retrospective approach' which allowed the measurement of the right of use asset to equal the lease liability. Therefore, the comparative information for 2018 is not restated. The details of the changes in accounting policies are disclosed below.

##### *i) Adjustments recognised on adoption of 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 plant and machinery and laboratory space. 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 assesses 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.

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.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### 1.6 IFRS 16 leases (continued)

##### (i) Adjustments recognised on adoption of IFRS 16 in which the Company is a lessee (continued)

As at 1 January 2019, the Company has recognised additional lease liabilities of €377,000. The table below provides a reconciliation between operating lease commitments disclosed as at 31 December 2018 and the lease liability recognised as at 1 January 2019:

	€000
<b>Operating lease commitments as at 31 December 2018</b>	<b>377</b>
<b>Lease liabilities recognised as at 1 January 2019</b>	<b>377</b>
<i>Of which are:</i>	
Current lease liabilities	197
Non-current lease liabilities	180
	<b>377</b>

The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.1%.

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

- Plant & Machinery – increase of €377,000.
- Right of use lease liabilities – increase of €377,000. From 1 January 2019 lease liabilities have been categorised within Right of use lease liabilities within Trade and other payables on the balance sheet.

The net impact on retained earnings at 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.

#### 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.

#### Company as a lessee

##### 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, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

## 1 Accounting policies (continued)

### 1.6 IFRS 16 leases (continued)

#### Company as a lessee (continued)

##### *Right-of-use assets (continued)*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

##### *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, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease payments include fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date), amounts expected to be paid under residual value guarantees less any lease incentives receivable. 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 lease liability is measured at amortised cost using the effective interest method. 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 a change in the assessment of whether the Company is reasonably certain to exercise an option to purchase the underlying asset, a change in future lease payments arising from a change in an index or rate, or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee.

When the lease liability is remeasured in this way and there has been no change in the scope of the lease, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

##### *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 (Group policy) 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 income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

### 1.7 Impairment excluding deferred tax assets

#### *Financial assets (including trade and other receivables)*

A financial asset not carried at fair value through the income statement is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

#### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.



## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### 1.8 Employee benefits

##### Pension costs

The Company participates in a pension scheme providing benefits based on final pensionable pay and the assets of this scheme are held separately from those of the Company. The pension scheme is a multi-employer pension scheme for employees of the Company, INEOS Compounds UK Limited and INOVYN ChlorVinyls Limited. INOVYN ChlorVinyls Limited is the principal employer.

The current service cost of pension provision and any costs of benefits relating to past service are charged against operating profit for the year. A charge equal to the increase in present value of the pension scheme liabilities and a credit equal to the long-term expected return on pension scheme assets at the start of the year are included in 'interest receivable/(payable) and similar income/(expense)' in the income statement. Actuarial gains and losses are recognised in the statement of comprehensive income.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus, to the extent that it is considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax, if appropriate.

The pension liabilities and assets of the Company, INEOS Compounds UK Limited and INOVYN ChlorVinyls Limited form one pension plan. In general, a full actuarial valuation of this plan is conducted every three years and as a result in the interim years the IAS 19 pension scheme results need to be split on an approximate basis between the Company, INEOS Compounds UK Limited and INOVYN ChlorVinyls Limited.

The method used to allocate the IAS 19 liabilities, assets and service cost between entities is as follows:

- The 31 December 2019 liabilities have been based on the Section 75 debt liabilities for each entity versus these liabilities for the plan as a whole at 5 April 2019 (the date of the last signed full valuation).
- Approximate allowance has been made for the changes due to special events (that the local actuary is aware of) since 5 April 2019.
- The split of the assets was based on the liability split at 31 December 2019.
- The expected 2020 service costs were based on the ratio of the Company's active payroll versus the total active payroll for the fund, as a whole.
- The approach outlined above is in line with that applied at the end of 2018.

In summary the 31 December 2019 disclosures for the Company are based on roll-forward calculations based on the latest full valuations, allowing for the approximate impact of the special events and updating for changes in assumptions as at 31 December 2019. Although no further membership changes have been allowed for in the calculations, for the purposes of estimating the liabilities for these disclosures, updated total payroll and membership numbers were provided.

The Directors believe that this approach represents a reasonable basis of accounting for the scheme.

The most recent signed valuation for the Company was 5 April 2019. The data from the full actuarial valuation, adjusted for material membership movements since this date, have been used in these financial statements.

The Company also participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

##### Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term and long-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### 1.9 Revenue

Revenue represents the sales value of goods and services to customers during the year. It excludes VAT and similar based taxes.

Revenue is recognised when the risks and rewards of ownership are transferred to the customer or the service has been provided, and it can be reliably measured.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### 1.10 Expenses

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### 1.11 Research and development

Expenditure on research and development is written off to the income statement in the year incurred.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

##### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### *Current tax and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### 1.13 Post balance sheet events

##### *COVID-19 coronavirus*

The Company is closely monitoring the evolution of the COVID-19 coronavirus and is following the World Health Organisation travel advice. With regards to business impact, the effect the virus will have on the global economy and the chemicals industry is difficult to assess at this point in time, although the Company is constantly evaluating the situation and monitoring any potential effects on operations. See page 1 for further details.

##### *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 does not anticipate this to have any significant impact on its current activities.

## Notes to the financial statements (continued)

### 2 Revenue

The directors consider there to be only one operating segment in the business. In both 2018 and 2019 the Company's revenue originated from the UK and was destined for outside of the UK and the rest of Europe.

### 3 Operating (loss)/profit

The following charges are included with operating (loss)/profit:

	2019 €000	2018 €000
Depreciation (Note 8):		
Owned assets	253	223
Right of use assets	215	-
Research & development costs	1,345	1,489
Operating lease rentals	-	139

Auditors' remuneration for the statutory audit of the Company for the year of €21,809 was payable to Deloitte LLP (2018: €21,381 payable to PricewaterhouseCoopers LLP).

No non-audit services have been provided to the Company in the year (2018: €nil)

### 4 Staff numbers and costs

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2019	2018
Sales and technical service	4	7
Administration	-	1
Research & development	13	12
	17	20

The overall costs of these persons charged in arriving at operating profit in the year were as follows:

	2019 €000	2018 €000
Wages and salaries	1,060	1,143
Social security costs	125	132
Contributions to defined contribution plans (note 13)	155	196
Expenses related to defined benefit plans (note 13)	48	64
	1,388	1,535

### 5 Directors' remuneration

The directors did not receive any emoluments for their services to the company (2018: €nil), these were borne by other Group companies.

### 6 Net interest receivable and similar income

	2019 €000	2018 €000
<b>Interest payable</b>		
Net interest on net defined benefit pension plan liability (note 13)	(20)	(25)
Interest payable on right of use finance leases	(11)	-
	(31)	(25)
<b>Interest receivable</b>		
Foreign exchange gains related to bank revaluation	70	73
	70	73
<b>Net interest receivable and similar income</b>	39	48

## Notes to the financial statements (continued)

### 7 Tax

#### Recognised in the income statement

	2019 €000	2018 €000
<b>Current tax:</b>		
UK corporation tax on profits in the year	(103)	(18)
Adjustments in respect of prior year	164	(322)
<b>Total current tax</b>	<b>61</b>	<b>(340)</b>
<b>Deferred tax:</b>		
Origination & reversal of timing differences	43	43
Effect of rate change	(4)	(5)
Adjustments in respect of prior year	(1)	85
<b>Total deferred tax</b>	<b>38</b>	<b>123</b>
<b>Tax charge/(credit)</b>	<b>99</b>	<b>(217)</b>

#### Reconciliation of effective tax rate

	2019 €000	2018 €000
(Loss)/profit before taxation	(324)	131
(Loss)/profit before taxation at the UK tax rate of 19% (2018: 19%)	(62)	25
Expenses not deductible for tax purposes	1	-
Effect of rate change	(4)	(5)
Adjustments in respect of prior year	164	(237)
<b>Total tax charge/(credit)</b>	<b>99</b>	<b>(217)</b>

#### Factors which may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate 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 (continued)

### 8 Property, plant and equipment

	Plant and Machinery €000	Assets under construction €000	Total €000
<b>Cost</b>			
Balance at 1 January 2018	1,751	57	1,808
Additions	61	5	66
<b>Balance at 31 December 2018</b>	<b>1,812</b>	<b>62</b>	<b>1,874</b>
Impact of adoption of IFRS 16	377	-	377
Transfers	53	(53)	-
Additions	90	-	90
<b>Balance at 31 December 2019</b>	<b>2,332</b>	<b>9</b>	<b>2,341</b>
<b>Accumulated depreciation</b>			
Balance at 1 January 2018	587	-	587
Depreciation charge for the year	223	-	223
<b>Balance at 31 December 2018</b>	<b>810</b>	<b>-</b>	<b>810</b>
Depreciation charge for the year	468	-	468
<b>Balance at 31 December 2019</b>	<b>1,278</b>	<b>-</b>	<b>1,278</b>
<b>Net book value</b>			
<b>At 31 December 2019</b>	<b>1,054</b>	<b>9</b>	<b>1,063</b>
At 31 December 2018	1,002	62	1,064

#### Non-IFRS 16 leased plant and machinery

At 31 December 2019 the net carrying amount of non-IFRS 16 leased plant and equipment was €nil (2018: €nil).

#### Property, plant and equipment under construction

No borrowing costs were capitalised during the year (2018: €nil).

Included within the above are right of use assets as follows: -

	Plant and Machinery €000	Total €000
<b>Cost</b>		
Impact of adoption of IFRS 16	377	377
<b>Balance at 31 December 2019</b>	<b>377</b>	<b>377</b>
<b>Accumulated depreciation</b>		
Depreciation charge for the year	215	215
<b>Balance at 31 December 2019</b>	<b>215</b>	<b>215</b>
<b>Net book value</b>		
<b>At 31 December 2019</b>	<b>162</b>	<b>162</b>

### 9 Trade and other receivables: amounts falling due within one year

	2019 €000	2018 €000
Trade receivables	11	1,427
Amounts owed by group undertakings	6,340	4,665
Other receivables	98	926
	<b>6,449</b>	<b>7,018</b>

Amounts owed by group undertakings are unsecured, attract interest at a monthly rate issued by Group, have no fixed date of repayment and are repayable on demand.

## Notes to the financial statements (continued)

### 10 Deferred tax

	Pension asset / (liability) €000	Accelerated capital allowances €000	Total €000
At 1 January 2018	174	61	235
Charged to the income statement	(41)	(82)	(123)
Credited to the statement of comprehensive income	5	-	5
<b>At 31 December 2018</b>	<b>138</b>	<b>(21)</b>	<b>117</b>
Charged to the income statement	(50)	12	(38)
Charged to the statement of comprehensive income	(48)	-	(48)
<b>At 31 December 2019</b>	<b>40</b>	<b>(9)</b>	<b>31</b>

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable on an assessment of expected future profits modelled against the gross tax losses available.

### 11 Trade and other payables: amounts falling due within one year

	2019 €000	2018 €000
Trade payables	-	116
Amounts owed to group undertakings	3,287	4,170
Right of use lease liabilities	180	-
Other payables	34	43
Accruals and deferred income	220	632
	<b>3,721</b>	<b>4,961</b>

No payables relate to convertible debt (2018: £nil).

Amounts owed to group undertakings are unsecured, generate interest payable at a monthly rate issued by Group, have no fixed date of repayment and are repayable on demand.

### 12 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 €000	2018 €000
Right of use liabilities – amounts falling due within one year	180	-

#### Right of use lease liabilities

Right of use lease liabilities are payable as follows:

	Minimum lease payments		Interest		Principal	
	2019 €000	2018 €000	2019 €000	2018 €000	2019 €000	2018 €000
Less than one year	183	-	(3)	-	180	-

## Notes to the financial statements (continued)

### 13 Employee benefits

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the years shown.

	2019 €000	2018 €000
Total defined benefit asset	11,700	11,976
Total defined benefit liability	(11,936)	(12,785)
<b>Net defined benefit liability</b>	<b>(236)</b>	<b>(809)</b>

#### Movements in net defined benefit liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2019 €000	2018 €000	2019 €000	2018 €000	2019 €000	2018 €000
Balance at 1 January	12,785	13,386	(11,976)	(12,354)	809	1,032
<b>Included in profit and loss</b>						
Current service cost	48	64	-	-	48	64
Interest cost	376	362	(356)	(337)	20	25
	424	426	(356)	(337)	68	89
<b>Included in other comprehensive expense/(income)</b>						
Remeasurements:						
Change in demographic assumptions	(109)	(102)	-	-	(109)	(102)
Change in financial assumptions	1,185	(487)	-	-	1,185	(487)
Experience adjustment	(1,943)	58	-	-	(1,943)	58
Return on plan assets excluding interest income	-	-	559	574	559	574
Effective movement of exchange rate	659	(188)	(633)	176	26	(12)
	(208)	(719)	(74)	750	(282)	31
<b>Other</b>						
Contributions paid by the employer	-	-	(359)	(343)	(359)	(343)
Benefits paid	(1,065)	(308)	1,065	308	-	-
<b>Balance at 31 December</b>	<b>11,936</b>	<b>12,785</b>	<b>(11,700)</b>	<b>(11,976)</b>	<b>236</b>	<b>809</b>

#### Plan assets

	2019 €000	2018 €000
Cash and cash equivalents	194	391
Equity instruments	2,409	2,590
Debt instruments e.g. Government bonds	7,017	6,605
Real estate	164	120
Investment funds	1,916	2,270
<b>Total</b>	<b>11,700</b>	<b>11,976</b>

## Notes to the financial statements (continued)

### 13 Employee benefits (continued)

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA-rated. All other plan assets are not quoted in an active market.

#### Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2019	2018
Discount rate at 31 December	2.1%	2.9%
Future salary increases	N/A	N/A
Rate of price inflation (RPI)	2.9%	3.2%
Future pension increases	2.8%	3.0%

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

- Current pensioner aged 65: male 21.5 years (2018: 21.7 years), female 23.7 years (2018: 24.0 years).
- Future retiree upon reaching 65: male 22.6 years (2018: 22.9 years), female 25.1 years (2018: 25.4 years).

#### Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting year would have increased as a result of a change in the respective assumptions.

	2019 €000	2018 €000
Discount rate – 1%	2,490	2,596
1 year increase in mortality rates	480	529
Inflation (RPI, CPI) – 0.5%	814	845

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 December 2019 and are applied to adjust the defined benefit obligation at the end of the reporting year for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

#### Funding

The Company expects to pay €375,000 in contributions to its defined benefit plans in 2020. The weighted average duration of the defined benefit obligation at the end of the financial year is 19 years.

#### Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was €154,520 (2018: €195,727).

### 14 Share capital

	2019 €	2018 €
<b>Allotted and fully paid</b>		
100 (2018: 100) Ordinary shares of £1 each	110	110

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.



## Notes to the financial statements (continued)

### 15 Controlling parties

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

The largest group in which the results of the Company are consolidated is that headed by INEOS Group Holdings SA, incorporated in Luxembourg. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from Company Secretary, 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

The registered address of INEOS Group Holdings SA is 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

### 16 Post balance sheet events

#### *COVID-19 coronavirus*

The Company is closely monitoring the evolution of the COVID-19 pandemic and is following the World Health Organisation travel advice. With regards to business impact, the effect the virus will have on the global economy and the chemicals industry is difficult to assess at this point in time, although the Company is constantly evaluating the situation and monitoring any potential effects on operations. Whilst there is significant uncertainty due to the COVID-19 crisis, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis as given the nature of the Company the impact is expected to be limited.

#### *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 does not anticipate this to have any significant impact on its current activities.

### 17 Critical accounting judgements and key sources of estimation certainty

The Company prepares its financial statements in accordance with the FRS101, 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 change and in any future periods. The following areas are considered to involve a significant degree of judgement or estimation:

#### **Critical judgements in applying the Group'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.

#### **Pension assumptions**

The Company is party to a defined benefit pension plan. The plan is now closed to new entrants and frozen to future accrual. Under IAS 19 Revised Employee Benefits, management is required to estimate the present value of the future defined benefit obligation of each defined benefit scheme. The costs and year end obligations under the defined benefit scheme are determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- Inflation rate projections;
- Discount rate for scheme liabilities.

Details of pension assumptions are described in detail in note 13 to the financial statements.