

INEOS Canada Limited

Annual report and financial statements

Registered number 10515425

31 December 2018



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Strategic report

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

Business overview

The company was incorporated on 7 December 2016.

The principal activity of the company is to act as a holding company.

Business review

During the year ended 31 December 2018 the company made a profit before taxation of €62.3 million (period ended 31 December 2017 €63.7 million).

Objectives and strategy

The directors do not expect any change in the company's activities during the next financial year as the company will continue to act as a holding company.

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 and uncertainties affecting the company are considered to relate to local and national competition factors which would cause a decline in the market. Further discussion of these risks and uncertainties in the context of the group as a whole, is provided in the annual report of parent company Ineos Group Holdings S.A., which does not form part of this report.

Key Performance Indicators

The directors of Ineos Group Holdings S.A. manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using performance indicators of the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Ineos Canada Limited. The development, performance and position of the group, including this company, is discussed in the group's annual report which does not form part of this report.

Approved and signed by order of the Board



Y Ali
Company Secretary
01 March 2019

Directors' report

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

Directors

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

J Ginns
G Leask
D Smeeton

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in 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 Group Holdings S.A.

Future developments

The directors do not expect any change in the company's activities during the next financial year.

Dividends

Interim dividends of €471.4 million were paid during the year (2017: Enil). No final dividends have been proposed (2017:nil).

Statement of directors' responsibilities

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

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

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

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

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

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.

Directors' report (continued)

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 by order of the Board



Y Ali
Company Secretary
INEOS Canada Limited
Hawkslease, Chapel Lane, Lyndhurst, SO43 7FG
01 March 2019

Independent auditors' report to the members of INEOS Canada Limited

Report on the audit of the financial statements

Opinion

In our opinion, INEOS Canada Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended; have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Profit and Loss Account, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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 Canada Limited (continued)

Reporting on other information (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 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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. This description forms part of our auditors' report.

Independent auditors' report to the members of INEOS Canada Limited (continued)

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



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

Profit and Loss Account
for the year ended 31 December 2018

	<i>Note</i>	Year ended 31 December 2018 €'m	Period ended 31 December 2017 €'m
Finance income	4	<u>62.3</u>	63.7
Profit before taxation		62.3	63.7
Tax on profit	5	<u>(11.8)</u>	(12.3)
Profit for the financial year/period		<u>50.5</u>	<u>51.4</u>

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 2018

	<i>Note</i>	2018 €'m	2017 €'m
Debtors (including €988.7m (2017 : €1,552.4m) falling due after more than one year)	6	988.7	1,552.4
Creditors: amounts falling due within one year	7	(24.2)	(12.3)
Net assets		964.5	1,540.1
Capital and reserves			
Called up share capital	8	-	-
Share premium account		-	1,488.7
Profit and loss account		964.5	51.4
Total shareholders' funds		964.5	1,540.1

The financial statements on pages 9 to 17 were approved by the Board of Directors on 01 March 2019 and signed on its behalf by:


G Leask
Director

Company registered number: 10515425

Statement of Changes in Equity
for the year ended 31 December 2018

	Called up share capital €'m	Share premium account €'m	Profit and loss account €'m	Total shareholders' funds €'m
Issue of shares	-	1,488.7	-	1,488.7
Profit for the financial period	-	-	51.4	51.4
Balance at 31 December 2017	-	1,488.7	51.4	1,540.1
Profit for the financial year	-	-	50.5	50.5
Capital reduction (note 8)	-	(1,488.7)	1,488.7	-
Purchase of own shares (note 8)	-	-	(154.7)	(154.7)
Dividends (note 9)	-	-	(471.4)	(471.4)
Balance at 31 December 2018	-	-	964.5	964.5

Notes

(forming part of the financial statements)

1 Accounting policies

INEOS Canada Limited (the "Company") is a private company, limited by shares, incorporated, registered and domiciled in England, United Kingdom.

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.

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

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of INEOS Group Holdings S.A. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

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

1 Accounting policies (continued)

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.

Impact of New standards and interpretations

IFRS 9 is a new accounting standard that is effective for the year ended 31 December 2018 and has an impact on the company (note 1.3). There are no other amendments to accounting standards that are effective for the year ended 31 December 2018 which have had a material impact on the company. IFRS 15 became effective in the year however, given the entity does not have any revenue, it is not relevant and as such does not apply IFRS 15.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Foreign currency

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

1.3 Non-derivative financial instruments

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

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition, the company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Trade and other creditors

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

Interest-bearing borrowings

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

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

1 Accounting policies (continued)

1.4 Intra-group financial instruments

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

1.5 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

The company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. Refer to Note 1.3 above.

1.6 Taxation

Tax on the profit or loss for the period 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 period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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

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

2 Auditors' remuneration

Fees receivable by the Company's auditors and their associates in respect of services to the Company and their associates, are disclosed on a consolidated basis in the consolidated financial statements of INEOS Group Holdings S.A..

3 Directors' remuneration

The Company had no employees during the year (period ended 31 December 2017: nil). No Directors received any fees or remuneration in respect of their services as a Director of the Company during the financial year (period ended 31 December 2017: nil).

4 Finance income

	Year ended 31 December 2018	Period ended 31 December 2017
	€'m	€'m
Interest receivable from group undertakings	<u>62.3</u>	<u>63.7</u>

5 Tax on profit

Recognised in the profit and loss account

	Year ended 31 December 2018	Period ended 31 December 2017
	€'m	€'m
<i>UK corporation tax</i>		
Current tax	<u>11.8</u>	<u>12.3</u>

Reconciliation of effective tax rate

	Year ended 31 December 2018	Period ended 31 December 2017
	€'m	€'m
Profit before taxation	<u>62.3</u>	<u>63.7</u>
Profit before taxation multiplied by the standard rate of tax in the UK of 19.00% (period ended 31 December 2017: 19.25%)	<u>11.8</u>	<u>12.3</u>
Total tax expense	<u>11.8</u>	<u>12.3</u>

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

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

6 Debtors

	2018 €'m	2017 €'m
Amounts due after more than one year		
Amounts owed by group undertakings	988.7	1,552.4
	<u>988.7</u>	<u>1,552.4</u>

Amounts owed by group undertakings due within one year are unsecured, attract interest at commercial rates, have no fixed date of repayment and are repayable on demand.

Amounts owed by group undertakings due after more than one year are unsecured, attract interest at commercial rates and are repayable between 2 and 5 years.

7 Creditors: amounts falling due within one year

	2018 €'m	2017 €'m
Amounts owed to group undertakings	24.2	12.3

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8 Called up share capital

	Ordinary shares	
Share capital	2018	2017
On issue	897	1,001

On 1 December 2018, the company passed a special resolution to reduce its share premium from €1,488,699,564 to €nil.

On 3 December 2018, the company repurchased 104 of its own ordinary shares from INEOS US I Inc. for a total consideration of €154,670,189.

	2018 €'m	2017 €'m
Allotted, called up and fully paid		
Ordinary shares of €1 each	-	-

9 Dividends

	2018 €'m	2017 €'m
Dividends paid	471.4	-

On 1 December 2018 the company paid an interim dividend of €80,381.11 per share (2017: \$nil).

On 5 December 2018 the company paid an interim dividend of €424,947.74 per share (2017: \$nil).

On 31 December 2018 the company paid an interim dividend of €10,879.49 per share (2017: \$nil).

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

10 Controlling parties

The directors regard INEOS Oxide Limited, a company incorporated in the United Kingdom to be the immediate parent undertaking of the company.

The ultimate parent company at 31 December 2018 was INEOS Limited, a company incorporated in the Isle of Man.

INEOS Group Holdings S.A is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. Copies of the financial statements of INEOS Group Holdings S.A can be obtained from the Company Secretary, 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

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.

11 Accounting estimates and judgements

The Company prepares its financial statements in accordance with FRS101, which requires 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. There is no area within the financial statements that involve a significant degree of judgement or estimation.