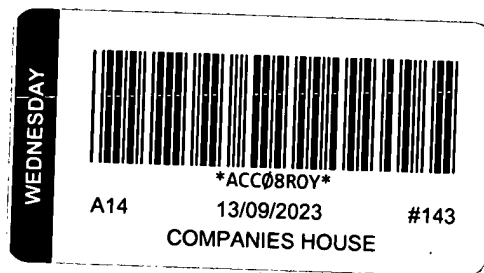


INEOS Silicas Limited

Annual report and financial statements

Registered number 00048745

31 December 2022



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Directors' report for the year ended 31 December 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Principal activities and business review

The Company is no longer trading and exists solely to maintain and account for the Company's pension scheme.

Future developments

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

Going concern

The Company financial statements have been prepared on a going concern basis and approved by the Board of Directors in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom ("Adopted IFRSs") effective 31 December 2022 and with the Companies Act as applicable to companies using Adopted IFRSs.

The directors have considered the Company's projected future cash flows and working capital requirements. As at 31 December 2022, the Company had net assets of £15.0 million (2021: £29.2 million). The profit for the year was £0.40 million (2021: \$1 million loss). The directors have received confirmation that the parent, INEOS Holdings Limited, will continue to support the Company for at least the 12 months from signing of these financial statements. After making enquiries, the directors have a reasonable expectation that the parents going concern assessment confirms that there is sufficient forecast committed liquidity headroom for the parent to provide this support and the Company will therefore have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of the Group, which includes the Company, are discussed in the Group's annual report which does not form part of this report.

Results

The result for the year ended 31 December 2022 was a profit for the financial year of £405,000 (2021 loss: £1,020,000), which in 2021 was largely due to amounts waived from loans due to group undertakings.

Dividends

No dividends were declared or paid in respect of the year (2021: none).

Financial risk management

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..

Directors' report for the year ended 31 December 2022 (continued)

Directors

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

G Leask
J Dolan
D Smeeton
J Ginns

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors

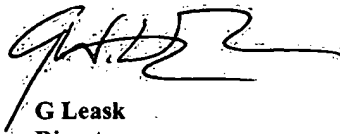
Deloitte LLP are deemed to be reappointed in accordance with an elective resolution made under section 487 of the Companies Act 2006.

Directors' report for the year ended 31 December 2022 (continued)

Small company provision

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Approved and signed on behalf of the Board



G Leask

Director

INEOS Silicas Limited

Hawkslease, Chapel Lane, Lyndhurst, SO43 7FG, United Kingdom

29 June 2023

Independent auditor's report to the members of INEOS Silicas Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of INEOS Silicas Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

Independent auditor's report to the members of INEOS Silicas Limited (continued)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent auditor's report to the members of INEOS Silicas Limited (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of INEOS Silicas Limited (continued)

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.



Suzanne Gallagher FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, UK
29 June 2023

Profit and Loss Account
for the year ended 31 December 2022

	<i>Note</i>	2022 £000	2021 £000
Administrative expenses		47	(474)
Interest receivable and similar income	5	489	362
Amounts waived from loans due to group undertakings	6	-	452
Profit before taxation		536	340
Tax on profit	7	(131)	(1,360)
Profit / (loss) for the financial year		405	(1,020)

All activities of the Company relate to continuing operations.

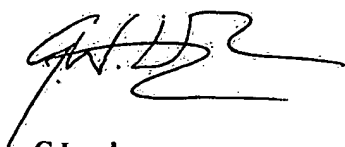
Statement of Comprehensive Income
for the year ended 31 December 2022

	<i>Note</i>	2022 £000	2021 £000
Profit / (loss) for the financial year		405	(1,020)
Other comprehensive (expense) / income			
<i>Items that will not be reclassified to profit or loss:</i>			
Deferred tax arising on actuarial gains in the pension scheme	11	4,863	(682)
Actuarial gain recognised in the pension scheme	12	(19,452)	2,729
Other comprehensive (expense) / income for the year, net of income tax		(14,589)	2,047
Total comprehensive (expense) / income for the year		(14,184)	1,027

Balance Sheet
As at 31 December 2022

	<i>Note</i>	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Investments	8		-		
Post-employment benefits	12		6,779		25,749
			<u>6,779</u>		<u>25,749</u>
Current assets					
Debtors	9	9,941		9,948	
Cash at bank and in hand		4		4	
Creditors: amounts falling due within one year	10	(3)		(54)	
Net current assets			9,942		9,898
Total assets less current liabilities			<u>16,721</u>		<u>35,647</u>
Provisions for liabilities					
Deferred taxation	11		(1,695)		(6,437)
Net assets			<u>15,026</u>		<u>29,210</u>
Capital and reserves					
Called up share capital	13		19,005		19,005
Share premium account			3,395		3,395
Profit and loss account			(7,374)		6,810
Total shareholders' funds			<u>15,026</u>		<u>29,210</u>

These financial statements on pages 9 to 23 were approved by the board of directors on 29 June 2023 and were signed on its behalf by:



G Leask
Director
Company registered number: 00048745

Statement of Changes in Equity
for the year ended 31 December 2022

	Called up Share capital £000	Share Premium Account £000	Profit and loss account £000	Total shareholders' funds £000
Balance at 1 January 2021	19,005	3,395	5,783	28,183
Loss for the financial year	-	-	(1,020)	(1,020)
Other comprehensive income	-	-	2,047	2,047
Total comprehensive income for the year	-	-	1,027	1,027
Balance at 31 December 2021	19,005	3,395	6,810	29,210
	Called up Share capital £000	Share Premium Account £000	Profit and loss account £000	Total shareholders' funds £000
Balance at 1 January 2022	19,005	3,395	6,810	29,210
Profit for the financial year	-	-	405	405
Other comprehensive expense	-	-	(14,589)	(14,589)
Total comprehensive expense for the year	-	-	(14,184)	(14,184)
Balance at 31 December 2022	19,005	3,395	(7,374)	15,026

Notes (forming part of the financial statements)

1 Accounting policies

INEOS Silicas Limited (the “Company”) is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG. The functional currency of the company is Great British Pounds.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of INEOS Group Holdings S.A.. The group accounts of INEOS Group Holdings S.A. are available to the public and can be obtained as set out in note 15.

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 UK (“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:

- Business combinations – Business combinations that took place prior to 1 January 2013 have not been restated.
- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- 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
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*

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

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

1 Accounting policies (continued)

Impact of new standards and interpretations

There are no amendments to accounting standards that are effective for the year ended 31 December 2022 which have had a material impact on the company.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Company financial statements have been prepared on a going concern basis and approved by the Board of Directors in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom ("Adopted IFRSs") effective 31 December 2022 and with the Companies Act as applicable to companies using Adopted IFRSs.

The directors have considered the Company's projected future cash flows and working capital requirements. As at 31 December 2022, the Company had net assets of £15.0 million (2021: £29.2 million), and the ability to meet working capital requirements through its internal financing facilities. The profit for the year was £0.40 million (2021: \$1 million loss). The directors have received confirmation that the parent, INEOS Holdings Limited, will continue to support the Company for at least the 12 months from signing of these financial statements. After making enquiries, the directors have a reasonable expectation that the parents going concern assessment confirms that there is sufficient forecast committed liquidity headroom for the parent to provide this support and the Company will therefore have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

1.3 Foreign currency

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

1.4 Non-derivative financial instruments

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

Trade and other debtors

Trade and other debtors are recognised initially at fair value. 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.

Investments

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

Interest-bearing borrowings

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

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

1 Accounting policies (continued)

1.5 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.6 Interest

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

1.7 Taxation

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

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

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

1.8 Impairment excluding inventories and deferred tax assets

The carrying amounts of the Company's assets are assessed at the end of the reporting period to determine whether there is any indication of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

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

1 Accounting policies (continued)

1.9 Post-employment benefits

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset). The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from the defined benefit plan comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

2 Auditors' remuneration

Fees receivable by the Company's auditors and their associates in respect of services to the Company and its associates for the audit of the financial statements, are disclosed on a consolidated basis in the consolidated financial statements of INEOS Group Holdings S.A.. The audit fee for the current year is £4,257 (2021: £2,666). There are no non audit fees in the current or prior year.

3 Staff numbers and costs

The Company had no employees during the year (2021: nil).

4 Directors' remuneration

No directors received any fees or remuneration in respect of their services as a director of the Company during the financial year (2021: none).

5 Interest receivable and similar income

	2022 £000	2021 £000
Net interest on net defined benefit plan assets	489	362

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

6 Amounts waived from loans due to group undertakings

The Company received a waiver from a fellow group undertaking in respect of a loan payable. This resulted in a profit of nil in the year (2021 : £452,000).

7 Tax on profit

Recognised in the profit and loss account

	2022 £000	2022 £000	2021 £000	2021 £000
<i>UK corporation tax</i>				
Current tax on income for the year	10		(87)	
Total current tax		10		(87)
<i>Deferred tax</i>				
Origination and reversal of temporary differences	121		65	
Impact of rate change	-		1,382	
Total deferred tax		121		1,447
Tax charge		131		1,360

Reconciliation of standard tax rate

	2022 £000	2021 £000
Total tax charge	131	1,360
Profit before taxation	536	340
Profit before taxation multiplied by the standard rate of tax in the UK of 19% (2021: 19%)	102	65
Non-taxable income	-	(87)
Increase in tax rate on deferred tax balances	29	1,382
Under provided in prior years	-	-
Total tax charge	131	1,360

On 3 March 2021 the UK government announced an intention to increase the UK corporation tax rate to 25% with effect from 1 April 2023. If enacted this will impact the value of our UK deferred tax balances, and the tax charged on UK profits generated in 2023 and subsequently. We have yet to determine the impact of these proposed changes.

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

8 Investments

	<u>Subsidiaries</u> <u>£'000</u>
Cost and carrying value	
At 1 January 2022 and 31 December 2022	<u>-</u>

The Company has the following investments in subsidiaries and associates:

Subsidiaries	Country of incorporation	Class of share	Ownership	
			2021	2020
INEOS Healthcare Holdings Limited (a)	England	Ordinary	20%	20%
INEOS Healthcare Limited (a)	England	Ordinary	20%	20%
INEOS Silicas Trustees Limited (a)	England	Ordinary	100%	100%

The principal activity of each investment in this note are:

INEOS Healthcare Holdings Limited – Activities of head office

INEOS Healthcare Limited - Other research and experimental development on natural sciences and engineering

INEOS Silicas Trustees Limited - Pension funding

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

Reference Registered office address

(a) Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

9 Debtors

	2022 £000	2021 £000
Amounts owed by group undertakings	9,941	9,948
	<u>9,941</u>	<u>9,948</u>

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

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

10 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Other creditors	3	54
	<u>3</u>	<u>54</u>

11 Deferred taxation

The amounts provided for deferred taxation are set out below.

	2022 £000	2021 £000
Deferred tax liability on pension scheme asset	1,695	6,437
	<u>1,695</u>	<u>6,437</u>

Analysis of movement in the year

	£000
At 1 January 2022	6,437
Charge to the profit and loss account	121
Charge to the statement of comprehensive income	<u>(4,863)</u>
At 31 December 2022	<u>1,695</u>

12 Post-employment 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.

	2022 £000	2021 £000
Total defined benefit asset	93,459	161,496
Total defined benefit liability	(86,680)	(135,747)
	<u>6,779</u>	<u>25,749</u>
Net asset for defined benefit obligations (see following table)	6,779	25,749
Total post-employment benefits	<u>6,779</u>	<u>25,749</u>

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

12 Post-employment benefits (continued)

Movements in net defined benefit asset

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset/(liability)	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Balance at 1 January	(135,747)	(139,225)	161,496	161,901	25,749	22,676
Included in profit or loss						
Current service cost	(8)	(21)	-	-	(8)	(21)
Interest (cost)/income	(2,533)	(2,191)	3,021	2,553	488	362
	<u>(138,288)</u>	<u>(141,437)</u>	<u>164,517</u>	<u>164,454</u>	<u>26,229</u>	<u>23,017</u>
Included in other comprehensive income/(expense)						
Remeasurements gain/(loss):						
Actuarial gain/(loss) arising from						
- Changes in demographic Assumptions	709	410	-	-	709	410
- Change in financial assumptions	54,383	438	-	-	54,383	438
- Experience adjustment	(7,774)	14			(7,774)	14
Return on plan assets excluding interest income	-	-	(66,770)	1,867	(66,770)	1,867
	<u>47,318</u>	<u>862</u>	<u>(66,770)</u>	<u>1,867</u>	<u>(19,452)</u>	<u>2,729</u>
Other						
Contributions paid by the employer	3	-	3	-	6	-
Benefits paid	4,287	4,828	(4,291)	(4,825)	(4)	3
	<u>(86,680)</u>	<u>(135,747)</u>	<u>93,459</u>	<u>161,496</u>	<u>6,779</u>	<u>25,749</u>

Plan assets

	2022 £000	2021 £000
Cash and cash equivalents	1,850	2,681
Bonds – Government & Corporate	54,536	118,593
Other assets	37,073	40,222
	<u>93,459</u>	<u>161,496</u>
Total	<u>93,459</u>	<u>161,496</u>

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

12 Post-employment benefits (continued)

The Company operates a defined benefit pension scheme. The scheme covers ex-employees of INEOS Silicas Limited. The scheme is managed by Trustees, who are directors of INEOS Chemicals Pension Plan which has a trust deed in favour of INEOS Silicas Limited. The scheme is now closed to new entrants and frozen to future accrual.

In accordance with FRS101, pension charges in relation to the INEOS Chemicals Pension Plan have been accounted for under IAS 19 "Revised Employee Benefits" in these financial statements. The scheme is of a defined benefit type under which benefits are based on employees' years of service and final remuneration.

Actuarial assumptions

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

	2022	2021
Discount rate at 31 December	5.0%	1.9%
Rate of price inflation	3.2%	3.2%
Rate of pension increases (in-payment)	3.0%	3.7%
Rate of Pension Increases (in-deferment)	2.8%	2.9%

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: 22.0 years (male), 24.4 years (female).
- Future retiree upon reaching 65: 23.2 years (male), 25.8 years (female).

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/(decreased) as a result of a change in the respective assumptions by 1%.

	2022 £000	2021 £000
Discount rate	12,616,000	27,234,000
Inflation (RPI, CPI)	4,419,000	9,033,000

In valuing the liabilities of the pension fund at £86,680,000 (2021: £135,747,000), mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities would be £89,474,000 (2021: 141,577,000) having increased by £2,794,000 (2021: £5,830,000 increased) before deferred tax.

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 does not expect to make any contributions to its closed defined benefit scheme in 2022.

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

13 Called up share capital

	2022 £000	2021 £000
<i>Allotted, called up and fully paid</i>	19,005	19,005

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.

14 Contingencies

The Company is party to a Senior Secured Term Loans agreement dated 27 April 2012 (as amended). The total outstanding indebtedness under the Senior Secured Term Loans agreement at 31 December 2022 was €5,424.7 million (2021: €4,851.1 million). The Company is a guarantor under the Senior Secured Term Loans agreement. These obligations are secured by fixed and floating charges over the assets of the Company.

The Company is party to the Senior Secured Notes due 2025 Indenture dated 3 November 2017, the Senior Secured Notes due May 2026 Indenture dated 24 April 2019 and the Senior Secured Notes due March 2026 Indenture dated 29 October 2020. The total outstanding indebtedness under the Senior Secured Notes at 31 December 2022 was €1,645.0 million (2021: €1,645.0 million). The Company is a guarantor under the Senior Secured Notes Indentures. These obligations are secured by fixed and floating charges over the assets of the Company.

In February 2023, new Senior Secured Term Loans and new Senior Secured Notes due 2028 were issued by the Group. The Senior Secured Term Loans were denominated in euros (€700 million) and US dollars (\$1.2 billion). The new Senior Secured Notes due 2028 were denominated in euros (€400 million) and US dollars (\$425 million). The proceeds of this refinancing were used to fully redeem the euro and US dollar denominated Senior Secured Term Loans maturing on 31 March 2024 as well as increasing the liquidity of the Group. The Company is a guarantor under the new Senior Secured Term Loans and the new Senior Secured Notes due 2028. These obligations are secured by fixed and floating charges over the assets of the Company.

15 Controlling parties

As at 31 December 2022 the immediate parent undertaking was INEOS Silicas Holdings Limited, a company incorporated in England and Wales.

The ultimate parent company at 31 December 2022 was INEOS Limited, a company incorporated in Isle of Man. INEOS Group Holdings S.A., registered office 62 Avenue de la Liberté L-1930, Luxembourg, Grand-Duchy of Luxembourg is the parent undertaking of the only 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, 62 Avenue de la Liberté L-1930, Luxembourg, Grand-Duchy of 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.

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

16 Critical accounting judgements and key sources of estimation uncertainty

The Company prepares its financial statements in accordance with FRS 101, 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 other than the following:

- Post-employment benefits

The Company operates a defined benefit post-employment scheme. Under IAS 19 Revised Employee Benefits, management is required to estimate the present value of the future defined benefit obligation of the defined benefit scheme. The costs and year end obligations under the defined benefit schemes are determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- Future rate of increase in salaries;
- Inflation rate projections; and
- Discount rate for scheme liabilities.
- Expected rates of return on the scheme assets.

Details of post-employment benefits are set out in Note 12.

17 Related Parties

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow subsidiaries under common ownership. During the year the Company has not entered into any transaction outside of the exemption.