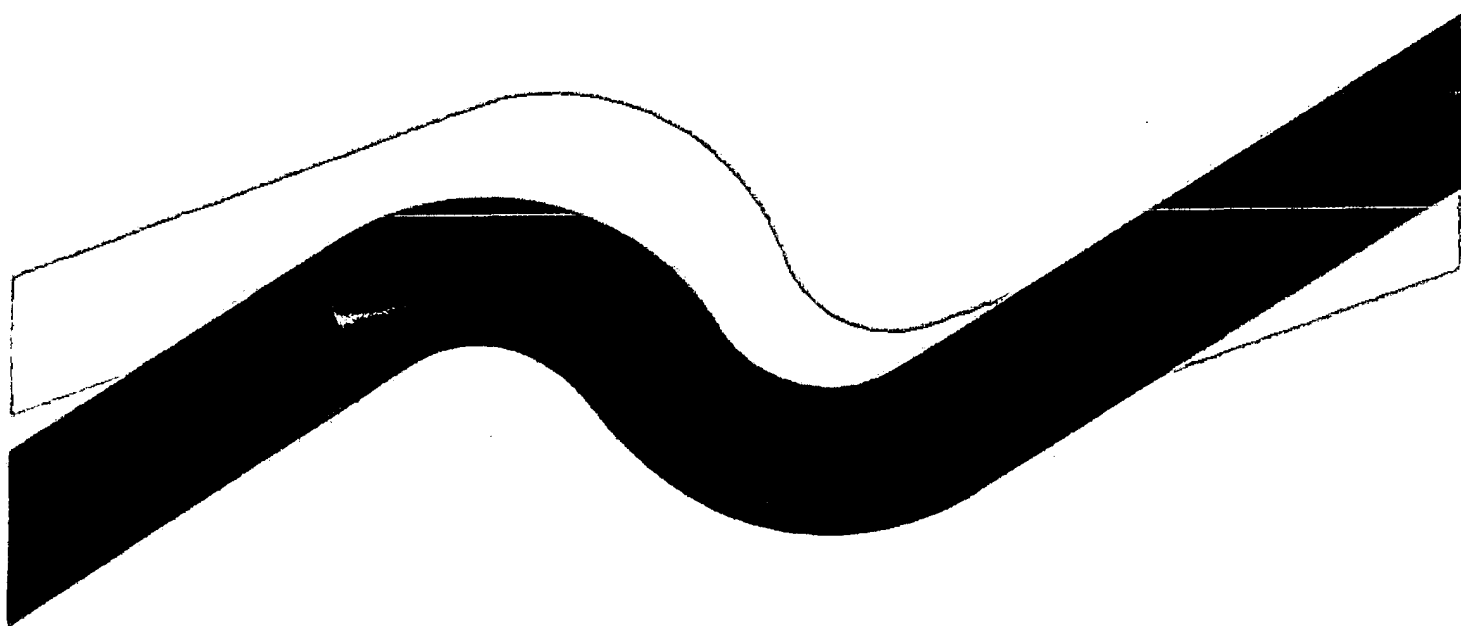




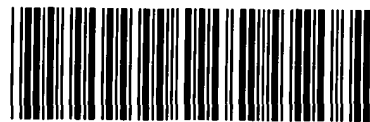
SABIC Innovative Plastics ABS UK Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2019



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SABIC Innovative Plastics ABS UK Limited

Registered No: 00975684

Director
S J Jones

Secretary
J Middleton

Auditor
Ernst & Young LLP
City Gate
St James' Boulevard
Newcastle-upon-Tyne
NE1 4JD

Registered Office
Wilton Centre
Redcar
Cleveland
TS10 4RF
United Kingdom

Strategic report

The director presents his Strategic Report for the year ended 31 December 2019.

The Company has chosen in accordance with Section 414C(ii) of the Companies Act 2006 to set out in this report the following which the directors believe to be of strategic importance:

- Principal activities
- Review of the business and future developments
- Principal risks and uncertainties

Principal activities

The principal activity of the Company is the manufacture of Verton, a long fibre, injection moulding compound characterised by outstanding mechanical performance that is used for replacing metals in automotive and other business segments.

The Company operates as a toll manufacturer for parent undertaking SABIC Innovative Plastics B.V and in accordance with the toll manufacturing agreement, operating costs are compensated by way of a mark-up as agreed between the parties to the toll manufacturing agreement. As a consequence the Company does not purchase raw materials, hold inventory or sell finished products.

Review of the business and future developments

The results for the Company show a profit after tax of £146,000 (2018: £67,000) for the year and sales of £3,130,000 (2018 – £3,059,000). Profit before tax for the year was £81,000 (2018: £77,000).

The external commercial environment is increasingly competitive. However, the Thornaby team, where the Company manufacturers, continues to identify cost out opportunities where possible and also focuses on increased productivity through small, targeted, investments in the production lines.

SABIC has a long-term, strategic interest in the people, communities, customers, products, plants and technology of the Thornaby site. SABIC is well positioned to grow the plastics business, while adding high-performance plastics at the request of the principal under the toll manufacturing agreement to the product range SABIC currently offers to customers.

Maximising the site's flexibility/capability, product diversity and strong relationship with the commercial teams is key to future growth.

Principal risks and uncertainties

The management of the business and the 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 competition from UK and overseas plastic manufacturers. These risks are monitored throughout the year and are used to develop a profitable strategy for the business as it reacts to market volatility and movements.

Strategic report

Principal risks and uncertainties (continued)

Other areas of risk and uncertainty are:

Environment, Health, Safety and Security (EHS&S)

The Company places considerable emphasis upon EHS&S compliance and not only seeks to ensure ongoing compliance with relevant legislation but also strives to ensure that environmental best practice is incorporated into its key processes. Thornaby is considered a low risk site with no instances of non-compliance. However, EHS&S compliance is the highest site priority with structures and procedures in place to ensure conformance with all relevant legislation.

Pension funding risk

The Company participates in the SABIC UK Petrochemicals Ltd defined benefit pension scheme. The Trustees have agreed a schedule of contributions, which aims to eliminate the deficit calculated as at the last formal valuation date of December 2018. The latest actuarial valuation for accounting purposes was as at 31 December 2019.

The Company is subject to funding risks, principally the performance of the Scheme's investments and the mortality risk. The company accounts for contributions to the scheme as incurred. Any increase in contribution rates are the result of recommendations following revaluations. Such risks could result in increased contributions required by the Company to the pension schemes.

Litigation

The Company is subject to litigation from time to time. The outcome of legal action is always uncertain and there is always the risk that it may prove more costly and time consuming than expected. There is a risk that litigation could be instigated in the future, which could materially impact the Company.

Financial risk management policy

The Company's principal financial instruments comprise intergroup treasury arrangements with Group undertakings. Other financial assets and liabilities, such as trade creditors and group balances, arise directly from the Company's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below. Given that a number of the risks below derive from transactions with fellow group undertakings, the Company does not undertake any hedging activity locally. Significant financial risks from a group perspective are addressed on a case-by-case basis at group level.

Interest rate risk

All short term financing is intragroup. The Company has no external debt.

Price risk

Any exposure to price fluctuations is passed on to the tolling principal by way of the tolling agreement.

Credit risk

The Company is not exposed to credit risk as its only customer is the tolling principal.

Strategic report

Principal risks and uncertainties (continued)

Liquidity risk

The Company has access to liquidity by virtue of its participation in the centralized zero-balancing cash pooling system led by an affiliate company. Short-term cash and borrowing facilities are provided as required from elsewhere within the SABIC Group of Companies. Consistent with the strategy of Saudi Basic Industries Corporation ("SABIC"), the ultimate holding Company, SABIC Capital I.B.V. ("SABIC Capital"), a Company registered in the Netherlands, provides internal financing within the SABIC European Companies. The financial obligations of SABIC Capital have been guaranteed by SABIC, the ultimate parent Company registered in Riyadh, Saudi Arabia.

Foreign currency risk

The Company's principal transactions in foreign currency are with SABIC group companies and arise directly from the Company's operating activities. The main risk arises from movements in the Euro exchange rate towards GBP. The Company does not consider the risk to be of such significance to warrant any hedging activity.

Brexit risk

While the outcome of the Brexit process is uncertain at this point in time, it is likely that in addition to the risks described above there may be additional risks surrounding the import of certain goods. The Company has sought to minimise its exposure to any risk through increasing stock holdings of key raw materials and through localising key suppliers where possible to minimise any disruption to production. The management team are also liaising with major suppliers in order to mitigate as much as possible risks posed by Brexit. Given the nature of the Company's operations, management do not currently envisage any logistical impacts arising from Brexit in its relationships with customers and revenues, though any movements in exchange rates could have an impact on the Company's results.

On behalf of the Board



S J Jones
Director

Date: 1st July 2020

Director's report

The director presents his report and financial statements for the year ended 31 December 2019.

Dividends

The director does not recommend a dividend (2018 – Enil).

Director

The director who served the company during the year is as follows:

S J Jones

Directors' indemnities

The Company has made qualifying third party indemnity provisions, including directors and officers insurance, for the benefit of its directors which were made during the period and remain in force at the date of this report.

Post balance sheet events: COVID-19 risk

The global economy in 2020 is expected to be significantly impacted by the pandemic outbreak of the Corona virus (COVID-19), which started in China and is spreading over Europe and the United States quickly. The economic impact of COVID-19 is therefore expected to be severe and is likely to turn the global economy in 2020 into a recession depending on how long it will take governments to contain the spread of COVID-19 and their ability to support the local economy to recover from it.

The long-term impact of this crisis is uncertain and therefore no explicit statement can be made at this stage however the directors can confirm that this is a non-adjusting event with no impact on recognition and measurement at the balance sheet date. In addition there has been no significant adjustment to accounting records after year end. There has been some reduction in the volume which the directors believe will reverse as the pandemic unwinds. Availability of liquidity remains unchanged.

Going Concern

The director has considered the Company's current and future prospects and its availability of financing. The director considers that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment for a period of at least 12 months from the date of approval of these financial statements. For this reason, the directors continue to adopt the going concern basis of preparation for these financial statements.

Director's report

Disclosure of information to the auditor

So far as the director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of the company's auditor, the director has taken all the steps that he is obliged to take as director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the Board



S J Jones
Director

Date: 1st July 2020

Statement of director's responsibilities

The director is responsible for preparing the Strategic Report, the Director's 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). Under company law the director 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 these financial statements, the director is required to:

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

The director is responsible for keeping proper 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

To the members of SABIC Innovative Plastics ABS UK Limited

Opinion

We have audited the financial statements of SABIC Innovative Plastics ABS UK Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. 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 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.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 19 of the financial statements, which describes the potential financial and operational impact the company is facing as a result of COVID-19, which is impacting liquidity, supply chains, customer demand and personnel available for work and being able to access offices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

Independent auditor's report (continued)

To the members of SABIC Innovative Plastics ABS UK Limited

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 is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and director's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the director's responsibilities statement set out on page 8, the director is 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.

Independent auditor's report (continued)

To the members of SABIC Innovative Plastics ABS UK Limited

In preparing the financial statements, the director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

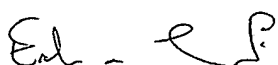
Auditor's responsibilities for the audit of the financial statements

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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Darren Rutherford (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Newcastle-upon-Tyne

Date 1 July 2020

Statement of Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 £000	2018 £000
Turnover	2	3,130	3,059
Cost of sales		(2,235)	(2,166)
Gross profit		895	893
Administrative expenses		(828)	(825)
Operating profit	3	67	68
Interest receivable and similar income	7	15	10
Interest payable and similar charges	6	(1)	(1)
Profit before taxation		81	77
Tax credit/(charge)	8	65	(10)
Profit for the financial year		146	67
Total comprehensive income		146	67

All activities relate to continuing operations.

Statement of Changes in Equity

for the year ended 31 December 2019

	Share capital £000	Capital contribution £000	Profit and loss account £000	Total share- holders' funds £000
At 1 January 2018	11,769	72,000	(80,051)	3,718
Total comprehensive income for the year	-	-	67	67
At 31 December 2018	11,769	72,000	(79,984)	3,785
Total comprehensive income for the year	-	-	146	146
At 31 December 2019	11,769	72,000	(79,838)	3,931

Statement of Financial Position

at 31 December 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Intangible assets	9	-	108
Tangible assets	10	890	889
		<u>890</u>	<u>997</u>
Current assets			
Debtors	11	3,134	2,813
Deferred tax	8(c)	415	358
		<u>3,549</u>	<u>3,171</u>
Creditors: amounts falling due within one year	12	(508)	(383)
Net current assets		<u>3,041</u>	<u>2,788</u>
Total assets less current liabilities		<u>3,931</u>	<u>3,785</u>
Net assets		<u>3,931</u>	<u>3,785</u>
Capital and reserves			
Issue share capital	14	11,769	11,769
Capital contribution	17	72,000	72,000
Profit and loss account	17	(79,838)	(79,984)
Shareholders' funds		<u>3,931</u>	<u>3,785</u>

The financial statements were approved by the Board of Directors and authorised for issue on 1st July 2020 and signed on their behalf by:



S J Jones
Director

Notes to the financial statements

at 31 December 2019

1. Accounting policies

Statement of compliance

SABIC Innovative Plastics ABS UK Limited is a limited liability Company incorporated in Wilton, England. The company is a private company limited by shares. The registered office is located in England, refer to page 1 for the full details. The registered number is 00975684.

The Company's financial statements have been prepared in compliance with FRS 102 for the period ended 31 December 2019.

In these financial statements, the Company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- the requirements of Section 7 Statement of Cash Flows
- the requirements of Section 11 Basic Financial Instruments paragraphs 11.40 to 11.48A
- the requirements of Section 33 Related Party Disclosure paragraph 33.7 and 33.1A

The group in which the results of the Company are consolidated is Saudi Basic Industries Corporation (SABIC). Consolidated financial statements are available at Saudi Basic Industries Corporation, PO Box 5101, Riyadh 11422, Kingdom of Saudi Arabia (KSA).

Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards.

The accounting principles used to prepare the financial statements are based on historical cost, unless stated otherwise.

The financial statements are prepared in GBP sterling, which is the functional currency of the Company and are presented to the nearest thousand.

Judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the period.

However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and estimates have had the most significant effect on the financial statements:

- **Taxation** - Judgement is required when determining the provision for taxes. Tax benefits are not recognised unless it is probable that the benefit will be obtained. Tax provisions are made if it is possible that a liability will arise. The Company reviews each significant tax liability or benefit to assess the appropriate accounting treatment. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future profits.

Notes to the financial statements

at 31 December 2019

1. Accounting policies (continued)

- *Impairment of non-financial assets*- Where there are indicators of impairment of individual assets, the Company performs impairment tests based on a value in use calculation. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 2 years and do not include restructuring activities that the Company is not yet permitted to or significant future investments that will enhance the assets performance of the cash generating unit. The recoverable amount is most sensitive to the discounted cash flow model as well as expected future cash flows and the growth rate used for extrapolation purposes.

Other Significant Accounting Policies

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the Statement of Comprehensive Income.

Pensions and other post-retirement benefits

The Company participates in the SABIC UK Petrochemicals Ltd defined benefit pension plan. The scheme provides benefits based on final pensionable pay and the assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102, Section 28, 'Employee benefits', accounts for the scheme as if it was a defined contribution scheme. The defined benefit pension scheme was closed to future benefit accrual from 1 January 2015.

The Company operates a defined contribution pension plan which is a post-employment benefit plan for which the Company pays fixed contributions into a separately administered fund and will have no further legal or constructive obligation. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

The amount charged to the Statement of Comprehensive Income represents the contributions payable to the defined contribution scheme in respect of the accounting period.

Goodwill

Purchased goodwill, representing the excess of the fair value of the consideration payable over the fair value of the separable net assets acquired, is capitalised and amortised on a systematic basis over its useful economic life of 20 years. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes to the financial statements

at 31 December 2019

Accounting policies (continued)

Intangible assets

The intangible asset relates to pre-contract costs incurred on entering the tolling agreement with SABIC Innovative Plastics BV. The intangible asset is amortised through the Statement of Comprehensive Income on a straight line period over the term of the tolling agreement.

Tangible fixed assets and depreciation

Depreciation is calculated on a systematic basis over the initial costs of the tangible fixed assets over their estimated useful economic lives as follows:

Freehold land and buildings	–	16 - 25 years
Plant and machinery	–	4 - 17 years
Fixtures and fittings	–	4 - 17 years

Depreciation is not charged on freehold land or assets in the course of construction.

The carrying values of the tangible fixed assets are reviewed for impairment in periods if event or changes in circumstances indicate the carrying value may not be recoverable.

Leases

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Short Term Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Notes to the financial statements

at 31 December 2019

2. Turnover

The geographical analysis of turnover is given below:

	2019 £000	2018 £000
Europe	3,130	3,059

3. Operating profit

This is stated after charging/(crediting):

	2019 £000	2018 £000
Auditors' remuneration:		
Audit of these financial statements	17	16
Operating lease rentals - land and buildings	210	215
Depreciation on tangible fixed assets	229	221
Amortisation on intangible assets	108	14
Foreign exchange Gain	17	(4)

4. Director's emoluments

	2019 £000	2018 £000
Director's emoluments	88	85
Contribution to defined contribution scheme	14	13
	102	98

Retirement benefits are accruing to the following number of director under:

	2019 No.	2018 No.
Defined contribution schemes	1	1

Notes to the financial statements

at 31 December 2019

5. Staff costs

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	956	940
Social security costs	107	99
Pension costs	169	156
	<u>1,232</u>	<u>1,195</u>

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

	2019 No.	2018 No.
Management and Administration	3	3
Manufacturing	20	19
	<u>23</u>	<u>22</u>

6. Interest payable and similar charges

	2019 £000	2018 £000
Bank charges and interest	1	1
	<u>1</u>	<u>1</u>

7. Interest receivable and similar income

	2019 £000	2018 £000
On amounts owed from group undertakings	15	10
	<u>15</u>	<u>10</u>

Notes to the financial statements

at 31 December 2019

8. Tax

(a) Tax on profit

The tax charge is made up as follows:

	2019 £	2018 £
<i>Current tax:</i>		
UK corporation tax at 19% (2018: 19%)	(11)	(1)
Adjustment in respect of prior years	3	1
Total current tax	(8)	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(36)	11
Adjustment in respect of prior years	4	-
Change in tax rate	(25)	(1)
Total deferred tax	(57)	10
Tax (credit)/charge on profit (note 8b)	(65)	10

(b) Factors affecting total tax in year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018– 19%). The differences are explained below:

	2019 £000	2018 £000
Profit before tax	81	77
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	15	15
<i>Effects of:</i>		
Expenses not deductible for tax purposes	21	27
Adjustments to tax in respect of prior periods	4	1
Utilisation of previously unrecognised tax losses	(83)	(32)
Impact of rate changes	(22)	(1)
Total tax for the year (note 8a)	(65)	10

Notes to the financial statements

at 31 December 2019

8. Tax (continued)

(c) Analysis of provided deferred taxation

The movement in the deferred taxation asset during the year was:

	2019 £	2018 £
At 1 January	(358)	(368)
Statement of comprehensive income	(57)	10
At 31 December	<u>(415)</u>	<u>(358)</u>

The Company's asset for deferred taxation consists of the tax effect of timing differences in respect of:

	2019 £	2018 £
Accelerated capital allowances	(415)	(358)
	<u>(415)</u>	<u>(358)</u>

(d) Factors that may affect future tax charges:

No deferred tax has been recognised on the tax losses in relation to capital losses of £50,385 and trade losses of £17,994,465 as the criteria for recognition has not been reached.

Notes to the financial statements

at 31 December 2019

9 Intangible assets

	<i>Pre- contract costs £000</i>	<i>Total £000</i>
<i>Cost:</i>		
As at 1 January 2019	432	432
Additions	-	-
At 31 December 2019	432	432
<i>Amortisation:</i>		
As at 1 January 2019	324	324
Charge for year	108	108
At 31 December 2019	432	432
Net book value:		
At 31 December 2019	-	-
At 31 December 2018	108	108

10. Tangible fixed assets

	<i>Freehold land and buildings £000</i>	<i>Plant and machinery £000</i>	<i>Assets in course of construction £000</i>	<i>Total £000</i>
<i>Cost:</i>				
As at 1 January 2019	205	6,023	12	6,240
Additions	-	174	59	233
Disposal	-	(7)	-	(7)
Transfer between categories	-	11	(11)	-
At 31 December 2019	205	6,201	60	6,466
<i>Depreciation:</i>				
As at 1 January 2019	86	5,265	-	5,351
Charge for year	10	219	-	229
Disposal	-	(4)	-	(4)
At 31 December 2019	96	5,480	-	5,576
Net book value:				
At 31 December 2019	109	721	60	890
At 31 December 2018	119	758	12	889

Notes to the financial statements

at 31 December 2019

11. Debtors

	2019 £000	2018 £000
Amounts falling due within one year:		
Amounts owed by parent undertaking	447	538
Amounts owed by group undertakings	2,500	2,149
Prepayments and accrued income	82	42
Other taxes	105	84
	<u>3,134</u>	<u>2,813</u>

12. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	221	168
Amounts owed to group undertakings	166	54
Accruals and deferred income	121	161
	<u>508</u>	<u>383</u>

13. Financial Instruments

	2019 £000	2018 £000
<i>Financial assets measured at amortised cost</i>		
Intercompany receivables	32	128
Intergroup cash and treasury accounts	2,915	2,559
	<u>2,947</u>	<u>2,687</u>
<i>Financial liabilities measured at amortised cost</i>		
Trade payables	221	168
Intercompany payables	166	54
	<u>387</u>	<u>222</u>

Notes to the financial statements

at 31 December 2019

14. Issued share capital

		2019		2018
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares of £1 each	11,769	11,769	11,769	11,769

15. Commitments

At 31 December 2019 the company had commitments under non-cancellable operating leases as set out below:

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2019		2018	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Within one year	210	12	210	12
Within two to five years	840	7	840	15
After more than five years	110	-	322	-
	1,160	19	1,372	27

16. Pension scheme

Pension arrangements

The Company is a member of the SABIC Petrochemicals UK Ltd Pension Scheme (the Scheme), a funded multi-employer defined benefit pension scheme, for all qualifying employees. The main sponsoring employer is SABIC UK Petrochemicals Limited. The Company's employees joined the Scheme in 2007. As the Scheme is a multi-employer scheme the assets and liabilities relating to the company cannot be separately identified and therefore the company has accounted for contributions as if it were a defined contribution scheme in accordance with FRS 102.

The defined benefit scheme was closed for future benefit accrual from 1 January 2015. The defined benefit scheme has then been replaced by a defined contribution scheme from that date.

The Company's contributions to the defined contribution scheme in 2019 were £0.2 million (2018 –£0.2 million).

Triennial formal valuations of the defined benefit Pension Scheme take place in accordance with the requirements of the Pensions Regulator with the most recent valuation being as at 31 December 2018.

Notes to the financial statements

at 31 December 2019

16. Pension scheme (continued)

The major assumptions used in the annual FRS 102 actuarial valuation which is carried out by a qualified actuary were:

	2019	2018
	%	%
Rate of increase in pensionable salaries	2.90	3.20
Rate of pension increases	2.90	3.25
Discount rate	2.10	2.90
Inflation assumption – RPI	3.00	3.50
Inflation assumption – CPI	2.20	2.50

To develop the expected long-term rate on assets assumption, the company considers the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class is then weighted based on the asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

The value of assets and present value of liabilities of the Scheme as at 31 December, and the expected long term rates of return (net of administrative expenses) were:

	2019 £'000	2018 £'000
Equities	139,700	124,300
Debt Instruments	66,200	70,000
Real Estate	2,000	2,100
Investment Funds	205,600	189,400
Cash and cash equivalents	16,000	1,300
Total market value of assets	429,500	387,100
Present value of scheme liabilities	(523,300)	(517,800)
Net pension deficit before allowance for deferred taxation	(93,800)	(130,700)
Deferred tax asset	15,900	22,200
Net pension deficit	(77,900)	(108,500)

Notes to the financial statements

at 31 December 2019

17. Reserves

Capital Contribution

This reserve records the capital contributions made by the Company's immediate holding company.

Profit and loss account

This reserve records the cumulative amount of profits and losses less any distribution of dividends.

18. Parent undertaking

The Company's immediate parent undertaking is SABIC Innovative Plastics BV, a company incorporated and registered in the Netherlands.

The smallest and largest group in which the results of the Company is consolidated, is headed by its ultimate parent undertaking and controlling party, Saudi Basic Industries Corporation (SABIC), a company incorporated in The Kingdom of Saudi Arabia. Copies of Saudi Basic Industries Corporation's financial statements can be obtained from Saudi Basic Industries Corporation, PO Box 5101, Riyadh 11422, Saudi Arabia.

19. Post balance sheet events: Effect of COVID-19

The Company has performed an assessment of the impact of COVID-19 on the potential financial and operational risks to the business at the date of approval of these accounts.

As is mentioned in the Director's report internal financing is provided as required from the wider SABIC group.

The long-term impact of this crisis is uncertain and therefore no explicit statement can be made at this stage however the directors can confirm that this is a non-adjusting event with no impact on recognition and measurement at the balance sheet date. In addition there has been no significant adjustment to accounting records after year end. There has been some reduction in the volume which the directors believe will reverse as the pandemic unwinds. Availability of liquidity remains unchanged.