

**INEOS ACETYL AMERICAS LIMITED**  
*(formerly Exploration Service Company Limited)*  
(Registered No.03947697)

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2020**

Board of Directors: J Kuang  
G J Anderson  
D N Brooks

The directors present the strategic report, their report and the audited financial statements for the year ended 31 December 2020.

**STRATEGIC REPORT**

**Results**

The profit for the year after taxation was \$15,062,000 which, when added to the retained profit brought forward at 1 January 2020 of \$166,694,000 and after deducting total paid interim dividends to ordinary shareholders of \$149,583,000, gives a total retained profit carried forward at 31 December 2020 of \$32,173,000.

**Principal activity and review of the business**

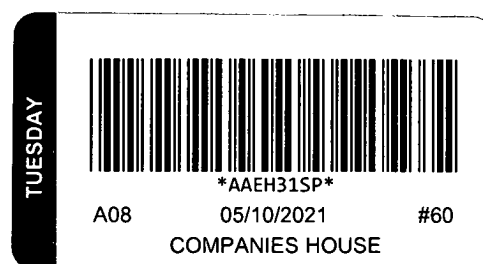
The Company was previously held by BP Global Investments Limited under the bp group. On 31 December 2020, the Company was sold to the INEOS group.

The Company holds INEOS group's investment in Atlas Methanol Company Unlimited (Atlas), a joint venture in which INEOS has a 37% interest, with the remaining 63% being held ultimately by Methanex Corporation, a Canadian entity.

The key financial and other performance indicators during the year were as follows:

	2020	2019	Variance
	\$000	\$000	%
Dividend income	16,974	32,841	(48)
Operating profit	16,230	32,099	(49)
Profit for the financial year	15,062	32,092	(53)
Total equity	71,292	205,813	(65)

Profit for the year was derived from dividend received from its joint venture, Atlas. The lower dividend received during the year was mainly due to the impact of global pandemic and there was a 50 days shut-down on site in Atlas. The Company had then declared and paid dividends to its immediate parent undertaking, INEOS Acetyls Investments Limited at the amount of \$149,583,000.



## **STRATEGIC REPORT**

### **Section 172 (1) statement**

The directors have the duty to promote the success of the Company for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers, investors and the environment. As the Company is an indirect subsidiary of INEOS Quattro Holdings Limited all stakeholder considerations are managed at a group level. Further detail of policies in relation to the section 172(1) duties can be found in the Annual report and financial statements of INEOS Quattro Holdings Limited which may be obtained from the Company Secretary.

### **Principal risks and uncertainties**

As a holding Company, the principal risks and uncertainties of the Company are limited. Due to the nature of its investment, the Company is exposed to typical risks associated with chemical manufacture. Chemical manufacture operations mean that the business is exposed to risks from changing market demand, adverse changes to raw material prices and increase in competition. These risks are expected from chemicals manufacturer and are continually monitored through reference to the financial performance of the joint-venture Atlas Methanol Company unlimited. Operating within the Chemical Industry, the businesses are highly regulated, with Environment, health and Safety laws and regulations governing our operations and providing our licence to operate. The Company places compliance with these laws and regulations as the number one priority.

COVID-19 was classified as a Public Health Emergency of International Concern by the World Health Organisation in March 2020. Overall the Company has not been impacted significantly in terms of results. However, as of the date of these financial statements, despite the availability of vaccines, government measures continue to be imposed around the world as new variants of the COVID-19 virus have been discovered. The Company is therefore continuing to evaluate the situation and monitoring any potential effects on its services.

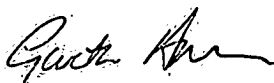
The Company does not expect any impact on its operations from Brexit as its sole investment is based in America.

## **STRATEGIC REPORT**

### **Financial risk management**

The Company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to foreign currency exchange rates. Further details on these financial risks are included within the INEOS Quattro Holdings Limited Annual Report for the year ended 31 December 2020.

Authorised for issue on behalf of the Board



G J Anderson  
Director  
27 September 2021

Registered Office:

Hawkslease  
Chapel Lane  
Lyndhurst  
Hampshire  
SO43 7FG  
United Kingdom

## **DIRECTORS' REPORT**

### **INEOS ACETYL AMERICAS LIMITED**

#### **Directors**

The present directors are listed on page 1.

J Kuang and T M Thornton served as directors throughout the financial year. Changes since 1 January 2020 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
G J Anderson	31 December 2020	—
D Sealy	31 December 2020	31 December 2020
T M Thornton	—	31 December 2020
D N Brooks	22 March 2021	—

#### **Directors' indemnity**

The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third party indemnity provisions for the benefit of the Company's directors remain in force at the date of this report.

#### **Dividends**

During the year the Company has declared and paid dividends of \$149,583,000 (2019 \$30,000,000). The directors do not propose the payment of a final dividend.

#### **Financial instruments**

In accordance with section 414C of the Companies Act 2006 the directors have included information regarding financial instruments as required by Schedule 7 (Part 1.6) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the strategic report under Financial risk management.

#### **Going concern**

The COVID-19 pandemic adversely impacted the global economy during 2020. Major economies around the world are now recovering, and the successful development and deployment of multiple vaccines is reducing the threat of the virus. The Company therefore does not expect COVID-19 to have a significant adverse impact on its activities in the next financial year. Nevertheless, the Company will continue to evaluate the situation and closely monitor any potential effects on its operations, and will continue to follow the World Health Organisation and local governments' advices.

As at 31 December 2020 the Company has net assets of \$71.3 million (2019 \$205.8 million). The directors have assessed the prospects of the Company over a period of at least 12 months. The directors have considered expectations of the position and performance of the Company over this period, taking account of its short-term and longer-range plans. Taking into account the Company's current position and its principal risks on page 2, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over at least the next 12 months.

In assessing the prospects of INEOS Acetyl Americas Limited, the directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty.

## **DIRECTORS' REPORT**

### **Going concern (continued)**

Having a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved, the directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

### **Future developments**

The directors aim to maintain the management policies which have resulted in the Company's stability in recent years. They believe that the Company is in a good position to take advantage of any opportunities which may arise in the future.

It is the intention of the directors that the business of the Company will continue for the foreseeable future.

### **Stakeholder statements**

#### **Engagement with supplies, customers and other parties**

See disclosure in the section 172(1) statement in the Strategic Report.

#### **Streamlined Energy & Carbon Reporting (SECR)**

The Company is not providing any disclosures as it is able to obtain an exemption due to not preparing a group Directors report and because it consumes less than 40,000KWh of energy. In addition, the Company is non-trading, does not have any employees and has no premises. Disclosures under the Streamlined Energy and Carbon Reporting requirements for the Company are contained in the Streamlined Energy and Carbon Reporting in the Strategic Report of the consolidated financial statements of INEOS Industries Limited, an intermediate parent undertaking. The consolidated financial statements of INEOS Industries Limited are available to the public and may be obtained from the Company Secretary.

#### **Independent auditor**

In accordance with Section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Deloitte LLP as auditor of the Company.

## **DIRECTORS' REPORT**

### **Directors' statement as to the disclosure of information to the auditor**

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of the auditor's report of which the Company's auditor is unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

Authorised for issue on behalf of the Board



G J Anderson

Director

27 September 2021

Registered Office:

Hawkslease  
Chapel Lane  
Lyndhurst  
Hampshire  
SO43 7FG  
United Kingdom

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT  
OF THE FINANCIAL STATEMENTS**

**INEOS ACETYL AMERICAS LIMITED**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss for that period. In preparing these financial statements, the directors are 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with these requirements. Details of the directors' assessment of going concern are provided in the directors' report.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF INEOS ACETYLS AMERICAS LIMITED**

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

##### **Opinion**

In our opinion the financial statements of INEOS Acetyls Americas Limited (the Company):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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" "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

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" "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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.

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 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.



## **INDEPENDENT AUDITOR'S REPORT**

### **Responsibilities of directors**

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

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

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

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

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

### **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.

We obtained an understanding of the legal and regulatory frameworks 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 the UK Companies Act and FRS 101; 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. These included the Company's operating licences and environmental regulations.

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.

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, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated 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 and reviewing correspondence with HMRC and other tax authorities.

## **INDEPENDENT AUDITOR'S REPORT**

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

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

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

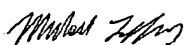
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Jeffrey FCA (Senior Statutory auditor)

**For and on behalf of Deloitte LLP**

Statutory Auditor

Newcastle, United Kingdom

27 September 2021

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
**INEOS ACETYL AMERICAS LIMITED**

		2020	2019
	Note	\$000	\$000
Dividend income		16,974	32,841
Administrative expenses		(744)	(742)
<b>Operating profit</b>	<b>3</b>	<b>16,230</b>	<b>32,099</b>
Interest receivable and similar income	<b>5</b>	529	3,277
<b>Profit before taxation</b>		<b>16,759</b>	<b>35,376</b>
Tax on profit	<b>6</b>	(1,697)	(3,284)
<b>Profit for the financial year</b>		<b>15,062</b>	<b>32,092</b>

The profit of \$15,062,000 for the year ended 31 December 2020 was derived in its entirety from continuing operations.

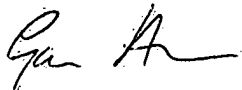
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

There is no comprehensive income attributable to the shareholders of the Company other than the profit for the year.

**BALANCE SHEET****AS AT 31 DECEMBER 2020****INEOS ACETYLS AMERICAS LIMITED****(Registered No.03947697)**

		2020	2019
	Note	\$000	\$000
<b>Fixed assets</b>			
Investments	8	69,647	69,647
<b>Current assets</b>			
Debtors - amounts falling due:			
within one year	9	108	136,190
after one year	9	1,537	—
		1,645	136,190
Creditors: amounts falling due within one year	10	—	(24)
<b>Net current assets</b>		1,645	136,166
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		71,292	205,813
<b>NET ASSETS</b>		71,292	205,813
<b>Capital and reserves</b>			
Called up share capital	11	39,119	39,119
Profit and loss account	12	32,173	166,694
<b>TOTAL EQUITY</b>		71,292	205,813

Authorised for issue on behalf of the Board

G J Anderson  
Director  
27 September 2021

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
**INEOS ACETYLS AMERICAS LIMITED**

	Called up share capital (Note 11) \$000	Profit and loss account (Note 12) \$000	Total \$000
<b>Balance at 1 January 2019</b>	39,119	164,602	203,721
Profit for the financial year, representing total comprehensive income	—	32,092	32,092
Dividends paid	—	(30,000)	(30,000)
<b>Balance at 31 December 2019</b>	39,119	166,694	205,813
Profit for the financial year, representing total comprehensive income	—	15,062	15,062
Dividends paid	—	(149,583)	(149,583)
<b>Balance at 31 December 2020</b>	39,119	32,173	71,292

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **INEOS ACETYL AMERICAS LIMITED**

##### **1. Accounting policies**

INEOS Acetyl Americas Limited is a private Company limited by shares incorporated, domiciled and registered in England in the United Kingdom. The registered number is 03947697 and the registered address is Hawkslease, Chapel Lane, Lyndhurst, SO43 7FG, 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 accounting standards in conformity with the requirements of the Companies Act 2006 ("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. The functional currency and the presentation currency is the US dollars ('\$').

The Company's intermediate parent undertaking, INEOS Quattro Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of INEOS Quattro Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company Secretary at: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

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;
- b. Disclosures in respect of transactions with wholly owned subsidiaries;
- c. Disclosures in respect of capital management;
- d. The effects of new but not yet effective IFRSs; and
- e. Disclosures in respect of the compensation of Key Management Personnel.

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

- a. Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets; and
- b. 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, throughout the period presented in these financial statements and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **2. Significant accounting policies, judgements, estimates and assumptions**

#### **Significant accounting policies: use of judgements, estimates and assumptions**

##### **Measurement convention**

The financial statements are prepared on the historical cost basis.

The Company prepares its financial statements in accordance with Financial Reporting Standard 101 ("FRS 101"), which require management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no areas considered to involve a significant degree of judgment of estimation.

#### **Critical judgements in applying the Company's accounting policies**

The directors do not consider there to be any critical judgements, apart from those involving estimations, which are presented separately below.

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are related to the carrying value of investment and discussed below.

#### **Significant accounting policies**

##### **Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date these financial statements were approved and the financial statements have therefore been prepared under the going concern basis.

For further detail on the directors' going concern assessment, please refer to the directors' report.

##### **Foreign currency**

The functional and presentation currency of the financial statements is US dollars. The functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

As the Company is considered to be an intermediate holding Company, and therefore an extension of its parent Company, its functional currency is the same as its parent Company.

Transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange ruling at the date of the transaction. Where this is not practical and exchange rates do not fluctuate materially the average rate has been used. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot exchange on the balance sheet date. Any resulting exchange differences are included in the profit and loss account, unless hedge accounting is applied. Non-monetary assets and liabilities, other than those measured at fair value, are not retranslated subsequent to initial recognition.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **2. Significant accounting policies, judgements, estimates and assumptions (continued)**

#### **Investments**

Fixed asset investments in joint ventures are held at cost. The Company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the Company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

#### ***Interests in joint arrangements***

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

#### ***Significant judgements and estimates: impairment of investments***

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Determination as to whether, and how much, an investment is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, production profiles, reserves and resources, and future commodity prices, including the outlook for global or regional market supply-and-demand conditions for chemicals industry.

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Management judgement is required to determine whether an indicator of potential impairment exists in relation to the Company's investments. An indication of impairment was identified in relation to the investment. Therefore an impairment testing has been performed using cash flow projections of the joint venture. Key assumptions used in the calculation, such as discount rate, are consistent with those used to recognise the acquisition of the businesses in the Quattro Group consolidated accounts. Details of the carrying value of the investments are provided in Note 8.

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#### **Financial assets**

Financial assets are recognised initially at fair value, normally being the transaction price. In the case of financial assets not at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification, as set out below. The Company derecognises financial assets when the contractual rights to the cash flows expire or the rights to receive cash flows have been transferred to a third party along with either substantially all of the risks and rewards or control of the asset. This includes the derecognition of receivables for which discounting arrangements are entered into.

The Company classifies its financial assets as measured at amortised cost or fair value through profit or loss. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### ***Financial assets measured at amortised cost***

Financial assets are classified as measured at amortised cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortised cost. This category of financial assets include other receivables.



## **NOTES TO THE FINANCIAL STATEMENTS**

### **2. Significant accounting policies, judgements, estimates and assumptions (continued)**

#### **Impairment of financial assets measured at amortised cost**

The Company assesses on a forward-looking basis the expected credit losses associated with financial assets classified as measured at amortised cost at each balance sheet date. Expected credit losses are measured based on the maximum contractual period over which the Company is exposed to credit risk. As lifetime expected credit losses are recognised for trade receivables and the tenor of substantially all other in-scope financial assets is less than 12 months there is no significant difference between the measurement of 12-month and lifetime expected credit losses for the Company. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. The expected credit loss is estimated as the difference between the asset's carrying amount and the present value of the future cash flows the Company expects to receive, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is adjusted, with the amount of the impairment gain or loss recognised in the profit and loss account.

A financial asset or group of financial assets classified as measured at amortised cost is considered to be credit-impaired if there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset (or group of financial assets) have occurred. Financial assets are written off where the Company has no reasonable expectation of recovering amounts due.

#### **Financial liabilities**

The measurement of financial liabilities is as follows:

##### ***Financial liabilities measured at amortised cost***

Financial liabilities are initially recognised at fair value, net of directly attributable transaction costs.

After initial recognition, these financial liabilities are subsequently measured at amortised cost. This category of financial liabilities includes other payables.

#### **Offsetting of financial assets and liabilities**

Financial assets and liabilities are presented gross in the balance sheet unless both of the following criteria are met: the Company currently has a legally enforceable right to set off the recognised amounts; and the Company intends to either settle on a net basis or realize the asset and settle the liability simultaneously. If both of the criteria are met, the amounts are set off and presented net. A right of set off is the Company's legal right to settle an amount payable to a creditor by applying against it an amount receivable from the same counterparty. The relevant legal jurisdiction and laws applicable to the relationships between the parties are considered when assessing whether a current legally enforceable right to set off exists.

#### **Taxation**

Income tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is recognised in other comprehensive income or directly in equity.

Current tax is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it is determined in accordance with the rules established by the applicable taxation authorities. It therefore excludes items of income or expense that are taxable or deductible in other periods as well as items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **2. Significant accounting policies, judgements, estimates and assumptions (continued)**

#### **Taxation (continued)**

Where tax treatments are uncertain, if it is considered probable that a taxation authority will accept the Company's proposed tax treatment, income taxes are recognised consistent with the Company's income tax filings. If it is not considered probable, the uncertainty is reflected within the carrying amount of the applicable tax asset or liability using either the most likely amount or an expected value, depending on which method better predicts the resolution of the uncertainty.

#### **Interest income**

Interest income is recognised as the interest accrues.

#### **Dividend income**

Dividend income from investments is recognised when the shareholders' right to receive the payment is established.

#### **Dividends payable**

Final dividends are recorded in the financial statements in the year in which they are approved by the Company's shareholders. Interim dividends are recorded in the year in which they are approved and paid.

#### **Updates to significant accounting policies**

##### **Impact of new International Financial Reporting Standards**

The Company adopted 'Interest Rate Benchmark Reform – Phase I – Amendments to IFRS 9 'Financial instruments' and IFRS 7 'Financial instruments: Disclosures' with effect from 1 January 2020. There are no other new or amended standards or interpretations adopted during the year that have a significant impact on the Company's financial statements.

The adoption of 'Interest Rate Benchmark Reform – Phase I – Amendments to IFRS 9 'Financial instruments' and IFRS 7 'Financial instruments: Disclosures' has had no material impact on the Company's financial statements.

### **3. Operating profit**

This is stated after charging:

	2020	2019
	\$000	\$000
Foreign exchange loss	(1)	—

### **4. Auditor's remuneration**

	2020	2019
	\$000	\$000
Fees for the audit of the Company	13	12

Fees receivable by the Company's auditor and their associates in respect of services to the Company and their associates were \$13,000 (2019 \$12,000). This cost has been borne by INEOS Quattro Holdings UK Limited.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Interest receivable and similar income

	2020	2019
	\$000	\$000
Interest income from amounts owed by group undertakings	529	3,277

### 6. Taxation

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010.

The taxation charge in the profit and loss account is made up as follows:

	2020	2019
	\$000	\$000
<u>Current tax</u>		
Overseas tax on income for the year	1,697	3,284
Total current tax charged	1,697	3,284

#### Reconciliation of standard tax rate

The tax assessed on the profit for the year is lower than the standard rate of corporation tax in the UK of 19% for the year ended 31 December 2020 (2019 19%). The differences are reconciled below:

	2020	2019
	\$000	\$000
Profit / result before taxation	16,759	35,376
Profit before taxation multiplied by the standard rate of tax in the UK of 19% (2019 19%)	3,184	6,722
Non-chargeable income	(3,225)	(6,240)
Group relief surrendered / (claimed)	41	(482)
Foreign tax credits	1,697	3,284
<b>Total tax charge/credit</b>	<b>1,697</b>	<b>3,284</b>

The reconciling items shown above are those that arise for UK corporation tax purposes, rather than overseas tax purposes.

#### Change in corporation tax rate

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%.

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge.

### 7. Directors and employees

#### (a) Remuneration of directors

None of the directors received any fees or remuneration for qualifying services as a director of the Company during the financial year (2019 \$Nil).

#### (b) Employee costs

The Company had no employees during the year (2019 None).

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Investments

	Investment in joint ventures
<b>Cost</b>	<b>\$000</b>
At 1 January 2019	69,647
At 31 December 2019	69,647
At 1 January 2020	69,647
At 31 December 2020	69,647
<b>Net book amount</b>	
At 31 December 2020	69,647
At 31 December 2019	69,647

The investment in joint venture is stated at cost less provision for impairment. An impairment review was performed as at 31 December 2020 and no impairment was deemed required since the recoverable amount (\$102.9 million) was higher than the carrying value (\$69.6 million).

#### Sensitivity of recoverable amount:

		Variance \$'000
Discount rate	1% increase in discount rate	11,175
Discount rate	1% increase in discount rate	(13,819)
Terminal value	1% increase in terminal value	(8,675)
Terminal value	1% decrease in terminal value	7,052

The investment in the joint venture is unlisted.

The joint venture of the Company at 31 December 2020 and the percentage of equity capital held set out below are the investments which principally affected the profits or net assets of the Company. The principal country of operation is generally indicated by the Company's country of incorporation or by its name.

All voting rights are equal to percentage of share capital owned unless otherwise noted below.

Company name	Class of share held	%	Registered address	Principal activity
Atlas Methanol Company Unlimited	Ordinary shares	37	Maracaibo Drive, Point Lisas Industrial Estate, Couva, Trinidad, W.I	Gas Production

The Company received dividends, net of withholding tax, of \$15,277,000 from Atlas in 2020 (2019 \$29,557,000).

The Board of Inland Revenue of Trinidad and Tobago has audited and issued assessments against Atlas in respect of the 2005 to 2014, financial years. All subsequent tax years remain open to assessment. The assessments relate to the pricing arrangements of certain long-term fixed price sales contracts with affiliates that commenced in 2005 and ended in 2019.

Atlas has lodged objections to the assessments. Based on the merits of the case and legal interpretation, management believes its position should be sustained.

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Debtors

Amounts falling due within one year:

	2020	2019
	\$000	\$000
Other debtors	—	136,190
Taxation	108	—
	<u>108</u>	<u>136,190</u>

Amounts falling due after one year:

	2020	2019
	\$000	\$000
Amounts owed from parent undertakings	1,537	—
	<u>1,537</u>	<u>—</u>
Total debtors	<u>1,645</u>	<u>136,190</u>

Amounts owed by group undertakings are unsecured, attract interest at arm's length and are repayable on 31 December 2025.

Other receivables are predominantly non-interest bearing.

### 10. Creditors

Amounts falling due within one year:

	2020	2019
	\$000	\$000
Other creditors	—	24
	<u>—</u>	<u>24</u>

### 11. Called up share capital

	2020	2019
	\$000	\$000
Issued and fully paid:		
24,329,401 ordinary shares of £1 each for a total nominal value of £24,329,401	39,119	39,119
	<u>39,119</u>	<u>39,119</u>

### 12. Reserves

#### *Called up share capital*

The balance on the called up share capital account represents the aggregate nominal value of all ordinary shares in issue.

#### *Profit and loss account*

The balance held on this reserve is the retained profits of the Company.

In 2020, the Company paid interim ordinary dividends of \$149,583,000 (2019 \$30,000,000). The dividend per share was \$6.15 (2019 \$1.23).

## NOTES TO THE FINANCIAL STATEMENTS

### 13. Related party transactions

The Company has taken advantage of the exemption contained within paragraphs 8(k) and (j) of FRS 101, and has not disclosed transactions entered into with wholly-owned group companies or key management personnel.

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

Related party	Dividend income from related party
	<u>\$000</u>
Atlas Methanol Company Unlimited	
Joint Venture	
Methanol	
2020	16,974
2019	32,841

### 14. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is INEOS Acetyls Investments Limited, a Company registered in England and Wales.

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

The smallest group that consolidated the Company's financial statements as at 31 December 2020 was INEOS Quattro Holdings Limited. The largest group that consolidated the Company's financial statements as at 31 December 2020 was INEOS Industries Limited. The consolidated financial statements of INEOS Quattro Holdings Limited and INEOS Industries Limited are available to the public and may be obtained from the Company Secretary at their registered office: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

### 15. Subsequent event

As at the date of this report, there have been no subsequent events.