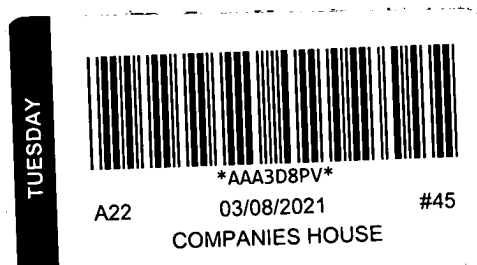


INOVYN Enterprises Limited
Annual Report and financial statements
for the year ended 31 December 2020

Registered Number 04651437



INOVYN Enterprises Limited

Annual report and financial statements

for the year ended 31 December 2020

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NOVYN Enterprises Limited

Strategic report for the year ended 31 December 2020

The Directors present their strategic report of NOVYN Enterprises Limited (the “Company”) for the year ended 31 December 2020.

Review of the business

The Company mines and supplies brine derived from salt caverns in Holford, United Kingdom. Revenue for the year has increased slightly to £36.9 million (2019: £35.6 million). During 2020, the Company witnessed a slight reduction in average selling prices per tonne of approximately £140, however this was more than offset by an uptick in demand with volumes sold increasing by 6%.

Management of business performance is predominantly measured by reference to earnings before interest, tax, depreciation and amortisation (EBITDA) which is considered the most appropriate proxy for underlying business performance. EBITDA for 2020 is £10.2 million, a reduction of £0.2m from £10.4 million in 2019, the key driver behind this fall in EBITDA has been the increase in prices of key raw materials such as ash and caustic soda, which were partially offset by increased sales volumes.

Principal risks and uncertainties

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

- The chemical and PVC industries are cyclical – changing market demands and prices may negatively affect the Company’s operating margins and impair its cash flow which, in turn, could affect its ability to make further investments in the business. The Company aims to operate as a low-cost producer and has a track record of generating positive cash flow through cyclical downturns. Whilst there may be short-term impacts on margins and cash flows, the Company is well placed to withstand bottom of cycle conditions.
- Inability to maximise utilisation of assets – the Company may be adversely affected if it is unable to implement the strategy to maximise utilisation of assets. The Company participates in a number of cross group teams that strive to share best practice to ensure plants are fully optimised. Teams are also in place to react quickly and effectively when any issues do arise.
- Regulation – the Company is highly regulated and may incur significant costs to maintain compliance with or to address liabilities under environmental, health and safety laws and regulations. As a responsible chemical manufacturer, the Company is committed to meeting all of its legal obligations. The Company liaises with various industry bodies to understand and prepare for compliance with new regulations on a timely and cost effective basis.
- Safety, health and the environment – the Company’s facilities are subject to operating risks, including the risk of environmental contamination and safety hazards. The Company sets strict health, safety and environmental performance targets and is committed to continuous improvement in all aspects of operations, with the view to meeting and exceeding all relevant legislation requirements in this area. Safety, health and the environment is managed as an integral part of activities through a formal management system.
- Existing and proposed regulations to address climate change through reductions of greenhouse gas emissions and restrictions on other air emissions which may cause the Company to incur significant costs or affect demand for products.
- Cyber security risks – a cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss. Various IT protocols and programmes are in place to provide availability, confidentiality and an overall security approach to all systems and business processes, including cyber security controls, like intrusion detection/intrusion prevention, firewalls, mobile device management, malware and virus protection, notebook encryption, secure VPN access, network segmentation, industrial control system security monitoring, email and internet security, security information and event management, threat and vulnerability management.
- United Kingdom withdrawal from the European Union – the Company’s operations may be adversely affected by the withdrawal of the United Kingdom from the European Union. The Company has implemented significant plans to limit the impact of Brexit on its activities from liaising with employees to contingent planning for inventories and the supply chain.
- Outbreaks of disease – the outbreak of contagious diseases may have a negative impact on the Company’s business and performance. During the course of 2020 and into 2021, the Company has managed the outbreak of the COVID-19 coronavirus by implementing various measures to ensure the safety of employees and the ongoing operation of the plant.

INOVYN Enterprises Limited

Strategic report for the year ended 31 December 2020 (continued)

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 and the environment. The directors focus on engagement with all stakeholders, and uses this when taking decisions.

The likely consequences of any decision in the long-term

The Company's principal objectives are to maintain its position as a key supplier to the chemicals industry and to increase the value of the wider INOVYN group by generating strong, sustainable and growing cash flows across industry cycles. To achieve these objectives, the Company has the following key strategies:

- Maintain health, safety, security and environmental excellence;
- Maintain and grow the Company's leadership positions to enhance competitiveness;
- Reduce costs and realise synergies;
- Maximise utilisation of assets; and
- Develop and implement a sustainable business.

The directors believe these are critical long-term factors for the success of the Company. The directors' decision making has supported the implementation of the strategy. Examples of this include the new borehole drilling project designed to ensure continued access to raw materials.

The Company aims to operate and develop its business in a way that supports both the current and future needs, taking into account relevant economic, environmental and social factors. This enables the Company to sustain the business for the long term. The directors strongly believe that sustainable business management and practices will contribute to long-term business success and will strengthen the Company's leading position in the market.

The directors ensure that the Company has sufficient resources to support its long-term growth strategy and to fund its investments. An important element is the Company's long-term cash and operational planning in relation to the capital requirements needed to grow and to extend the life span of the assets.

Stakeholder considerations

Engaging stakeholders and developing meaningful partnerships is essential for long-term business success. The Company engages in regular, open and proactive dialogue with all relevant stakeholders as this is needed to understand their perspectives, expectations, concerns and needs. In this way, the Company is able to integrate stakeholder's considerations into business decision-making processes. Dialogue with stakeholders gives the Company the opportunity to explain its clear and committed approach to sustainability as well as the value of the Company's work, products and services for society.

Key stakeholders contribute to the Company's economic, social and environmental performance. Stakeholders include customers, suppliers, employees, financial experts and rating agencies, local communities, industry associations, scientific institutions, universities, government and value chain partners.

As a global leader in the chemical industry, the Company adopts a holistic approach to looking at its entire value chain – from procurement, development, production to sales, integration into customer processes and final intended use. Together with industry associations and business partners, the Company strives to achieve high and well-acknowledged sustainability standards in the industry.

The Company is very conscious of changing attitudes to climate change, and monitors its impact on the environment and the potential impacts of climate change on its business, whether arising from regulatory change, changing weather patterns or other factors. These matters are considered by the directors in making decisions and in assessing the long-term viability of the business.

The Company is committed to maintaining a workplace that is safe, professional and supportive of teamwork and trust. The Company is committed to creating and sustaining a work environment of mutual trust where all employees are treated with respect and dignity, compensated fairly based on local market conditions, and are entitled to adequate working hours. The Company values the diversity of its people and each of its employees is recognised as an important member of the team.

The Company is committed to protecting and maintaining the quality of the environment and to promoting the health and safety of its employees, contractors, suppliers, customers, visitors and the communities in which it operates. Compliance with all legislation intended to protect people, property and the environment is one of the Company's fundamental priorities and applies to its products as well as to its processes. Management lead by example and allocate the required resources to achieve excellence in SHE performance.

NOVYN Enterprises Limited

Strategic report for the year ended 31 December 2020 (continued)

Section 172(1) statement (continued)

The need to act fairly between members of the Company

The Company has a single shareholder and a single ultimate controlling party. Their interests are taken into account by the directors to promote fairness in decision making.

Streamlined Energy and Carbon Reporting

The Company is classified as a large unquoted company due to its size and shareholding structure. 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 NOVYN Limited, an intermediate parent undertaking. This reporting covers the Group's UK operations, including those of the Company.

The consolidated financial statements of NOVYN Limited are available to the public and may be obtained from the Company Secretary at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE.

Key performance indicators

In conjunction with the management of costs and working capital to improve profit the Company uses a number of key performance indicators ("KPIs") to monitor performance. These KPIs are monitored both on a product-by-product basis and also for the Company as a whole, in comparison to budget:

- EBITDA – earnings before interest, tax, depreciation and amortisation, and exceptional items. A review of EBITDA compared to the prior year is noted above.
- Working capital ratios – these include debtor days – indicating the average length of time it takes to receive cash from a sale. This has remained stable across both periods reported at 21 days. Creditor days – indicating the average length of time it takes to pay cash for a purchase reduced from 26 to 16 days in 2020.

Future developments

The directors do not expect any significant change in the Company's operations, anticipating that the Company will continue to operate as now, into the future.

COVID-19 coronavirus

COVID-19 was classified as a Public Health Emergency of International Concern by the World Health Organisation in March 2020.

The NOVYN group is Europe's largest manufacturer of the chlor-alkali and vinyl products of fundamental importance for controlling the spread of COVID-19 and protecting human health. The wider contribution to society that NOVYN can make has been recognised by national governmental bodies and NOVYN's production sites are categorised as critical manufacturing infrastructure and so, in the interests of public safety, it is essential that NOVYN's manufacturing facilities continued to operate. Many of the Group's products have been used in the fight to control COVID-19 from disinfectants to detergents, to the manufacture of pharmaceuticals, to keeping water clean and safe and a vast array of medical and PPE applications.

Except for planned maintenance, the Company's plant has continued to operate, resources have been maintained and measures implemented to ensure that this remains the case throughout the pandemic, including social distancing, hygiene measures and work from home policies during lockdowns.

In addition, the Company implemented a series of programmes to preserve cash including review of timing of turnarounds, reduction in the levels of non-essential capital expenditure and the cut-back of non-essential fixed cost expenditure. Liquidity has remained strong throughout the crisis so far.

Overall the Company has coped with the shock so far and has not been impacted significantly in terms of results, although it has taken steps to ensure that this was the case.

As of the date of these financial statements, despite the availability of vaccines, government measures continue to be imposed and continued around the world as new strands of the COVID-19 virus have been discovered. The COVID-19 pandemic situation is dynamic, and updates on travel restrictions, shutdowns on non-essential businesses and shelter-in-place/stay-at-home orders are continually evolving. The extent of the COVID-19 outbreak's effects on the Company's operational and financial performance will depend on future developments, including the duration, spread and intensity of the outbreak and the government measures implemented in response, or whether widespread shutdowns return, all of which are uncertain and difficult to predict considering the rapidly evolving landscape.

INOVYN Enterprises Limited

Strategic report for the year ended 31 December 2020 (continued)

Future developments (continued)

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

Whilst there is significant uncertainty due to the COVID-19 crisis, on the basis of the assessment described above, together with a strong balance sheet and access to liquidity, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

On behalf of the Board



D J Horrocks
Director
5 July 2021

INOVYN Enterprises Limited

Directors' report for the year ended 31 December 2020

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2020.

Results for the year

The results of the Company are set out in the income statement on page 11, which shows a profit before taxation of £4.3 million (2019: £6.0 million).

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate, despite the balance sheet being in a net current liabilities position of £29.1 million (2019: £29.6 million), on the basis of twelve month rolling forecasts, the assessment referred to in the Strategic Report and due to the continued financial support of INOVYN Limited, who's audited financial statements have been subject to review by the Directors. The Directors have received confirmation that INOVYN Limited will support the Company for at least one year after these financial statements are signed.

Dividends

Dividends amounting to £nil (£nil per share) (2019: £70.0 million, £700,000 per share) were paid in the year.

Future developments

The Company will continue to focus on those areas which can be controlled including performance on health and safety and improved reliability of production. Additionally, the Company will remain focused on controlling fixed costs, capital expenditure and working capital.

Subsequent events

United Kingdom withdrawal from the European Union ("Brexit")

On 23 June 2016, the UK held an in or out referendum on the UK's membership within the EU, the result of which favoured the exit of the UK from the European Union ("Brexit"). On 31 January 2020, Brexit became effective and the UK entered into a transition period from 31 January 2020 to 31 December 2020 during which the European Union treated the UK as if it were still a member of the European Union (the "Transition Period"). Following the expiry of the Transition Period, the UK ceased to be treated as a member of European Union at 23:00 on 31 December 2020. A trade agreement was signed between the EU and the United Kingdom on 24 December 2020. The Company made significant plans to limit the impact of Brexit on its activities from liaising with employees, contingent planning for inventories and the supply chain. Whilst there has been additional workload to standard operating processes and some transportation problems, overall the impact to the business has not been significant and process changes have been implemented.

Securitisation facility

On 29 June 2021, the Group renegotiated its trade receivables securitisation programme that was acquired with the INOVYN business. The maximum amount available under the securitisation programme remained the same at €240.0 million. The facility now matures on 30 June 2024. The interest rates were also reduced and, for drawn amounts, the revised facility bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 0.95% (previously the margin was 1.1%), except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is SONIA/SOFR plus 0.95% (previously the margin was 1.1%). For undrawn amounts, the facility bears interest of 0.5%.

Donations

The Company made no political contributions (2019: £nil).

Financial risk management

The Company is funded internally by the INOVYN Limited 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 INOVYN Limited. Foreign exchange risk is minimal with few non-sterling transactions being entered into, minor risk arises from balances with other group companies or normal trading balances. The Company is exposed to commodity price risk as a result of its operations. However, given the size of the Company's operations, the cost of managing exposure to such risk exceeds any potential benefits. The Company manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties.

Directors

The Directors who held office during the year and up to the date of signing this report were as follows:

M J Maher (resigned 1 March 2021)

A Moorcroft

J D Taylorson

INOVYN Enterprises Limited

Directors' report for the year ended 31 December 2020 (continued)

Directors (continued)

C E Tane (resigned 1 January 2020)

F Rourke

G Tuft (appointed 1 January 2020, resigned 1 March 2021)

D J Horrocks (appointed 1 March 2021)

Directors' indemnities

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

Employees

The Company places considerable importance on communication with employees. This is to ensure that employees at all levels of the organisation are kept aware of key business developments and, in particular, financial performance so as to focus attention on key performance metrics. This is achieved through the monthly distribution to every employee of a business results "snapshot" report covering headline safety, health and environment ("SHE") and financial performance. Town Hall sessions are held at various points in the year that are hosted by members of the Executive Committee and site management. Business news items are also communicated to the organisation either via cascade or direct to individuals via email, Bulletin Boards and Intranet facilities. Work groups in the manufacturing areas have daily "toolbox talks" that cover SHE, critical operational items for the day and business developments.

The Company has regard to employees' interests and take employee views into account when making decisions.

The Company operates in full accordance with prevailing employment legislation including information and consultation with employees and their representatives on matters affecting their interests. Outside of any necessary formal consultation process, there are regular briefings between the Company and the Trade Union bodies.

The Company facilitates a number of schemes designed to encourage employees to deliver key business targets. This includes a discretionary Short Term Incentive Plan and a Long Term Incentive Plan, both of which are designed to focus attention on key areas of performance such as SHE, EBITDA, working capital, plant reliability and fixed costs. The Short Term Incentive Plan is a discretionary Business Bonus Scheme which incentivises employees to meet key targets each year through the potential to receive a bonus pay-out. Each individual also has a set of personal review targets that are used as the basis of rewarding individual performance through pay increases or one-off special bonuses.

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

The Company continually strives to meet, and where possible, exceed all relevant legal requirements applying to safety, health and the environment. It is committed to continuous improvement in all aspects of its operations. Through its Safety, Health, Environment Quality ("SHEQ") Policy, the Company aims to be amongst the chemical industry leaders in health, safety, environmental protection and customer satisfaction, ensuring that products meet society's increasing environmental requirements. Specifically the Company works to two guiding principles. The first being to protect the health and safety of its employees; the communities in which it operates; and the users of its products. Secondly, the Company seeks to minimise the effects on the environment from its operations; storage; transport; use and disposal of its products. The Company manages Safety, Health and the Environment ("SHE") as an integral part of its activities through a formal management system that sets clear SHE standards/targets and monitors performance against them. It requires all members of staff (and others who work on its behalf) to adhere to the standard in the SHE Management System and to exercise personal responsibility to prevent harm to themselves, others and the environment.

Comprehensive SHE information and training is provided to all employees, with SHE objectives set for every individual each year through the performance appraisal process. SHE targets also feature in the Company's discretionary Business Bonus Scheme. Appropriate SHE information and training is also provided to other who work for the Company, handle its products or operate its technologies. The Company also participates in industry wide responsible care and sustainable development activities.

INOVYN Enterprises Limited

Directors' report for the year ended 31 December 2020 (continued)

Corporate social responsibility

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

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

Statement of directors' responsibilities in respect of the financial statements

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;
- 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.

Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

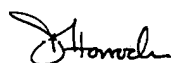
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent Auditors

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.

Registered address

INOVYN Enterprises Limited
Banks Lane Office
Banks Lane
PO Box 9
Runcorn
Cheshire
WA7 4JE
United Kingdom



On behalf of the Board
D J Horrocks - Director
5 July 2021

INOVYN Enterprises Limited

Independent auditor's report to the members of INOVYN Enterprises Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of INOVYN Enterprises 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"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the accounting policies; and
- the related notes 1 to 20.

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.

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 respect of these matters.

INOVYN Enterprises Limited

Independent auditor's report to the members of INOVYN Enterprises Limited (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. 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 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, pensions legislation, 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. These included environmental regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud within revenue recognition due to pressures to meet stakeholder expectations could provide incentives to record revenue where risk and reward have not passed. Our specific procedures performed to address the risk are described below:

- Existence of non-routine revenue transactions has been addressed by performing a three way match. Those items which did not follow the typical transaction process were investigated and agreed through to invoice, payment and an understanding of the transaction was obtained.

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;

INOVYN Enterprises Limited

Independent auditor's report to the members of INOVYN Enterprises Limited (continued)

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

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

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

Matters on which we are required to report by exception

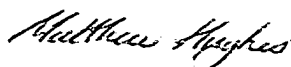
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Matthew Hughes BSc(Hons) ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds
5 July 2021

INOVYN Enterprises Limited

Income statement for the year ended 31 December 2020

	Note	2020 £m	2019 £m
Revenue	1	36.9	35.6
Cost of sales		(30.2)	(28.1)
Gross profit		6.7	7.5
Distribution costs		(0.7)	(0.5)
Administrative expenses		(0.9)	(0.7)
Operating profit	2	5.1	6.3
Interest payable and similar expenses	5	(0.8)	(0.3)
Profit before taxation		4.3	6.0
Tax on profit	6	(0.5)	(0.8)
Profit for the financial year		3.8	5.2

All activities of the Company relate to continuing operations.

Statement of comprehensive income for the year ended 31 December 2020

	2020 £m	2019 £m
Profit for the financial year	3.8	5.2
Other comprehensive income/(expense):		
Actuarial gain recognised in the pension scheme (Note 13)	1.1	0.9
Movement in deferred tax relating to pension liability (Note 6)	(0.2)	(0.2)
Total comprehensive income for the financial year	4.7	5.9

INOVYN Enterprises Limited

Balance sheet as at 31 December 2020

	Note	2020 £m	2019 £m
Non-current assets			
Property, plant and equipment	7	47.4	44.3
Deferred tax	12	0.7	1.8
		48.1	46.1
Current assets			
Inventories	8	0.5	0.5
Debtors – amounts falling due within one year	9	3.6	3.6
		4.1	4.1
Creditors – amounts falling due within one year	10	(33.2)	(33.7)
Net current liabilities		(29.1)	(29.6)
Total assets less current liabilities		19.0	16.5
Creditors – amounts falling due after more than one year	11	(0.2)	(0.2)
Employee benefits	13	(1.2)	(3.4)
Net assets		17.6	12.9
Capital and reserves			
Share capital	14	-	-
Retained earnings		17.6	12.9
Total equity		17.6	12.9

The notes on pages 22 to 34 form part of the financial statements. The financial statements on pages 11 to 34 were approved by the Board of Directors on 5 July 2021 and are signed on its behalf by:

D J Horrocks
Director



INOVYN Enterprises Limited
Registered no. 04651437

INOVYN Enterprises Limited

Statement of changes in equity for the year ended 31 December 2020

	Share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 January 2019	-	30.0	47.0	77.0
Profit for the financial year	-	-	5.2	5.2
Other comprehensive income/(expense):				
Actuarial gain recognised in the pension scheme (Note 13)	-	-	0.9	0.9
Movement in deferred tax relating to pension liability (Note 6)	-	-	(0.2)	(0.2)
Total comprehensive income for the year	-	-	5.9	5.9
Transactions with owners, recorded directly in equity				
Dividends	-	(30.0)	(40.0)	(70.0)
Balance at 31 December 2019	-	-	12.9	12.9
Profit for the financial year	-	-	3.8	3.8
Other comprehensive income/(expense):				
Actuarial gain recognised in the pension scheme (Note 13)	-	-	1.1	1.1
Movement in deferred tax relating to pension liability (Note 6)	-	-	(0.2)	(0.2)
Total comprehensive income for the year	-	-	4.7	4.7
Balance at 31 December 2020	-	-	17.6	17.6

Other reserves relate to a capital contribution as received from a fellow group undertaking in 2003, during 2019 a dividend of £30.0 million was declared and paid from this reserve.

INOVYN Enterprises Limited

Accounting policies

INOVYN Enterprises Limited (the “Company”) is a private company limited by shares incorporated in the UK, registered in England and Wales. The address of the Company’s registered office is shown on page 7.

These financial statements were prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101, on a going concern basis and under the historical cost accounting rules.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

INOVYN Limited, a parent undertaking, includes the Company in its consolidated financial statements. The consolidated financial statements of INOVYN 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 Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, 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;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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 19.

Changes in accounting policies

From 1 January 2019 the Company has applied IFRS 16 Leases for the first time in the financial statements in the year ended 31 December 2019 along with a number of other new standards, although only IFRS 16 has had a material effect on the financial statements, further details of which are included below.

Measurement convention

The financial statements are prepared on the historical cost and going concern basis.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate, despite the balance sheet being in a net current liabilities position of £29.1 million (2019: £29.6 million), on the basis of twelve month rolling forecasts, the assessment referred to in the Strategic Report and due to the continued financial support of INOVYN Limited, who’s audited financial statements have been subject to review by the Directors and are available from the Company Secretary at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom. The Directors have received confirmation that INOVYN Limited will support the Company for at least one year after these financial statements are signed.

Foreign currencies

These financial statements are presented in pounds sterling which is the functional currency of the primary economic environment in which the Company operates. Transactions in foreign currencies are translated to the Company’s functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents and trade and other creditors.

Trade and other debtors

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

INOVYN Enterprises Limited

Accounting policies (continued)

Non-derivative financial instruments (continued)

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.

Property, plant and equipment and depreciation

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

Freehold land and assets in the course of construction are not depreciated. Assets in the course of construction are transferred to land and buildings or plant and machinery upon completion. Depreciation is charged when these assets become available for use.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may include the cost of materials, labour and other costs directly attributable to bringing the assets to a working condition for their intended use.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

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

Buildings	-	30 to 50 years
Plant and machinery		
• Major items of plant	-	10 to 30 years
• Major plant overhauls	-	2 to 4 years
• Motor vehicles	-	5 years
• Fixtures, fittings and equipment	-	5 to 10 years
• Computer hardware	-	2 to 4 years

Cushion gas, held within plant and machinery is not depreciated as it is expected to be fully recoverable once the storage facility is decommissioned. Depreciation will however be recorded should the estimated residual value of the gas decrease below cost during the life of the facility.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

IFRS 16 Leases

IFRS 16 replaces previous leasing guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

The Company has applied IFRS 16 on 1 January 2019, using the 'modified retrospective approach' which allowed the measurement of the right of use asset to equal the lease liability. The details of the changes in accounting policies are disclosed below.

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

The Company has recognised new right-of-use assets and lease liabilities for lease contracts previously classified as operating leases, which include land, plant and machinery and transportation infrastructure. The nature of expenses related to those leases has changed because the Company recognises a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. In addition, the Company no longer recognises provisions for operating leases that it assesses to be onerous. Instead, the Company now includes the payments due under the lease in its lease liability, and recognises any required impairment of the corresponding right-of-use asset.

INOVYN Enterprises Limited

Accounting policies (continued)

IFRS 16 Leases (continued)

At commencement or on modification of a contract that contains a lease and non-lease component, the Company allocates the consideration in the contract to each component on the basis of its relative stand-alone price.

On transition lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

As at 1 January 2019, the Company has recognised additional lease liabilities of £0.3 million. The table below provides a reconciliation between operating lease commitments disclosed as at 31 December 2018 and the lease liability recognised as at 1 January 2019:

	£m
Operating lease commitments as at 31 December 2018	0.6
Less: impact of discounting	(0.1)
Discounted operating lease commitments as at 1 January 2019	0.5
Less: difference in treatment of commitments between IAS17 and IFRS16	(0.2)
Lease liabilities recognised as at 1 January 2019	0.3
<i>Of which are:</i>	
Current lease liabilities	0.1
Non-current lease liabilities	0.2
	0.3

The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.6%.

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

- Land and Buildings – increase of £0.1 million.
- Plant & Machinery – increase of £0.2 million.
- Right of use lease liabilities – increase of £0.3 million. From 1 January 2019 lease liabilities have been categorised within Right of use lease liabilities within Creditors on the balance sheet.

The net impact on retained earnings at 1 January 2019 was £nil.

The impact on the income statement for the year ended 31 December 2019 was as follows:

- Depreciation of right of use assets – increase of £0.1 million.
- Interest payable – increase of £nil.
- Other operating expenses – decrease of £0.1 million.
- Profit for the year – decrease of £nil.

(ii) Practical expedients applied

The Company had a number of arrangements that were not in the legal form of a lease, for which it concluded that the arrangement contained a lease under IFRIC 4. On transition to IFRS 16, the Company did not apply the practical expedient to grandfather the definition of a lease on transition. Therefore, the new definition of a lease under IFRS 16 has been applied to all of the contracts in place on transition.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the Company has elected to apply the following practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the accounting for leases with a lease term of 12 months or less as short term leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term,
- the accounting for leases for which the underlying asset is of low value when it is new as low value leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term,

INOVYN Enterprises Limited

Accounting policies (continued)

IFRS 16 Leases (continued)

(ii) *Practical expedients applied (continued)*

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Policies applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into on or after 1 January 2019.

Company as a lessee

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease payments include fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date), amounts expected to be paid under residual value guarantees less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are expensed in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the lease liability is measured at amortised cost using the effective interest method. The amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments a change in the assessment of whether the Company is reasonably certain to exercise an option to purchase the underlying asset, a change in future lease payments arising from a change in an index or rate, or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee.

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

NOVYN Enterprises Limited

Accounting policies (continued)

IFRS 16 Leases (continued)

Company as a lessee (continued)

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to all leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Company also applies the lease of low-value assets recognition exemption (Group policy) to leases of assets that are valued below €10,000 (converted to sterling at the prevailing exchange rate at the time of review). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Provision is made for obsolete, slow-moving or defective items where appropriate.

Impairment excluding inventories and deferred tax assets

Impairment of Financial assets

Trade and other receivables

The Company applies the simplified approach when providing for expected credit losses prescribed by IFRS 9 for its trade receivables and contract assets. This approach requires the Company to recognise the lifetime expected loss provision for all trade receivables taking in consideration historical as well as forward-looking information.

Financial assets which are considered low risk are not provided for impairment by the Company.

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Impairment of non-financial assets excluding inventories and deferred tax assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are assessed at the end of the reporting period to determine whether there is any indication of impairment.

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 income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOVYN Enterprises Limited

Accounting policies (continued)

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plan is calculated, separately for each plan, 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. The fair value of any plan assets is deducted. The Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/(asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AAA or AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed every three years by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the income statement.

Remeasurement of the net defined benefit liability/(asset) is recognised in other comprehensive income in the period in which it occurs.

The Company is party to the INEOS Chlor Pension Fund defined benefit scheme. This is a multi-employer pension scheme for the employees of the Company and various related parties. NOVYN ChlorVinyls Limited is the principal employer.

A full actuarial valuation of these plans is conducted every three years and as a result in the interim years the IAS 19 pension scheme results need to be split on an approximate basis between the Company and the other related parties.

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

- The December 2020 liabilities have been based on the section 75 debt liabilities for the Company versus these liabilities for the plans as a whole at 5 April 2019 (the date of the last signed valuation).
- Approximate allowance has been made for the changes due to special events (that the local actuary is aware of) since 5 April 2019.
- The split of the assets was based on the liability split at 31 December 2020.
- The expected 2021 service cost is based on the ratio of the Company's active payroll versus the total active payroll for the funds as a whole.

In summary the 31 December 2020 disclosures for the Company are based on roll-forward calculations based on the latest full valuations, allowing for the approximate impact of the special events and updating for changes in assumptions as at 31 December 2020. Although no further membership changes have been allowed for in the calculations, for the purposes of estimating the liabilities for these disclosures, updated total payroll and membership numbers were provided.

NOVYN Enterprises Limited

Accounting policies (continued)

Employee benefits (continued)

Short-term benefits

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

Revenue

Revenue represents the invoiced value of products sold or services (including, in certain instances, carriage and freight services) provided to third parties, net of sales discounts, value added taxes and duties. Revenue is recognised when the significant risks and rewards of ownership have passed to the customer and it can be reliably measured.

The pricing for products sold is determined by market prices (contracts and arrangements) or is linked by a formula to published raw material and energy prices plus an agreed additional amount (formula contracts). Revenue arising from the sale of goods is recognised when the goods are either dispatched or delivered to the customer depending on the relevant delivery terms and the point at which risks and rewards have been transferred to the customer when the prices are determinable and when collectability is considered probable.

Services provided to third parties include administrative and operational services provided to other companies with units on the Company's site. Revenue is recognised on completion of the service provided.

Expenses

Operating lease payments in respect of Short-term leases and leases of low-value assets

Payments (excluding costs for services and insurance) made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Interest receivable and Interest payable

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

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement 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 timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Exceptional items

The separate presentation of the Company's results identifies the effect of profits and losses on the disposal of businesses, the impairment of non-current assets, the cost of restructuring acquired businesses and the impact of one-off events such as pension scheme changes, organisational restructuring, environmental provisions and professional fees associated with proposed strategic options. Results excluding disposals, impairments, restructuring costs and one-off items are used by management and are presented in order to provide readers with a clear and consistent presentation of the underlying operating performance of the Company's ongoing business.

NOVYN Enterprises Limited

Accounting policies (continued)

Securitisation

The Company is party to a receivables securitisation programme in which various NOVYN Limited group subsidiaries sell trade receivables to INEOS Norway Finance Ireland Limited ("INFIL"), a special purpose vehicle, for a discounted rate. INFIL pledges the receivables as security for borrowings from conduit lenders. The cash due from the sale of receivables, less a financing cost, is lent to the NOVYN Limited group companies. The financing cost is recognised in interest payable. The Company retains no significant risks or rewards of ownership relating to the receivables sold to INFIL and therefore no longer recognises those receivables from the date of sale.

INOVYN Enterprises Limited

Notes to the financial statements

1 Revenue

The Company's activities consist of the UK manufacture and sale of brine and water. These activities are considered to represent a single business segment. In both 2019 and 2020 the Company's entire revenue originated from and was destined for the United Kingdom.

2 Operating profit

Operating profit is stated after charging:

	2020 £'000	2019 £'000
Audit Fees*	30	20
Depreciation of non-right-of-use assets	5,000	4,000
Depreciation of right-of-use assets	100	100
Expenses relating to short term leases	110	82

*No non-audit services have been provided to the company (2019: £nil).

3 Directors' remuneration

	2020 £m	2019 £m
Directors' emoluments	-	0.1
	-	0.1

	Number of directors	
	2020	2019
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1
Defined benefit schemes	-	-

INOVYN Enterprises Limited

Notes to the financial statements (continued)

4 Staff numbers and costs

The average monthly number of people employed by the Company (including directors) during the year was as follows:

Analysis by function	2020 Number	2019 Number
Production	68	64
Administration	5	5
	73	69

The aggregate payroll costs of these people were as follows:

	2020 £m	2019 £m
Wages and salaries	3.8	3.7
Social security costs	0.4	0.4
Defined contribution pension costs (Note 13)	0.5	0.5
	4.7	4.6

5 Interest payable and similar expenses

	2020 £m	2019 £m
Interest payable to group undertakings	0.7	0.2
Net interest on net defined benefit pension plan liability (Note 13)	0.1	0.1
	0.8	0.3

INOVYN Enterprises Limited

Notes to the financial statements (continued)

6 Tax on profit

Recognised in the income statement

	2020 £m	2019 £m
Current tax on profit		
UK Corporation tax	(0.4)	(0.4)
Adjustments in respect of prior periods	-	(0.2)
Total current tax credit	(0.4)	(0.6)
Deferred tax		
Origination and reversal of temporary differences	1.2	1.6
Adjustments in respect of prior periods	(0.3)	(0.2)
Total deferred tax charge	0.9	1.4
Tax on profit	0.5	0.8

Income tax recognised in other comprehensive income

	2020 £m	2019 £m
Remeasurements of defined benefit liability	0.2	0.2

Reconciliation of effective tax rate

	2020 £m	2019 £m
Profit before taxation	4.3	6.0
Profit multiplied by the standard rate of UK corporation tax of 19% (2019: 19%)	0.8	1.1
Adjustments in respect of prior periods	(0.3)	(0.3)
Total tax charge	0.5	0.8

Factors which may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020.

In the 2020 budget it was announced that the corporation tax main rate would remain at 19% for the financial year beginning 1 April 2020, rather than reducing it to 17% from 1 April 2020. The charge to corporation tax and the main rate will also be set at 19% for the financial year beginning 1 April 2021. On 11 March 2021, the Finance Bill 2021 was announced which increased the rate of Corporation Tax to 25% on profits over £250,000 from April 2023, deferred tax assets have not been restated for this change.

INOVYN Enterprises Limited

Notes to the financial statements (continued)

7 Property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Assets under construction £m	Total £m
Cost				
At 1 January 2019	1.1	73.5	6.5	81.1
Impact of adoption of IFRS 16	0.1	0.2	-	0.3
Additions	-	-	9.1	9.1
Reclassifications	-	0.6	-	0.6
Transfers between asset classes	-	1.0	(1.0)	-
At 31 December 2019	1.2	75.3	14.6	91.1
Additions	-	-	8.2	8.2
Transfers between asset classes	-	13.2	(13.2)	-
At 31 December 2020	1.2	88.5	9.6	99.3
Accumulated depreciation				
At 1 January 2019	0.1	42.6	-	42.7
Charge for the year	-	4.1	-	4.1
At 31 December 2019	0.1	46.7	-	46.8
Charge for the year	-	5.1	-	5.1
At 31 December 2020	0.1	51.8	-	51.9
Net book value				
At 31 December 2020	1.1	36.7	9.6	47.4
At 31 December 2019	1.1	28.6	14.6	44.3

INOVYN Enterprises Limited

Notes to the financial statements (continued)

7 Property, plant and equipment (continued)

Included within the above are right of use assets as follows

	Land and buildings £m	Plant and machinery £m	Total £m
Cost			
At 1 January 2019	-	-	-
Impact of adoption of IFRS 16	0.1	0.2	0.3
At 31 December 2019	0.1	0.2	0.3
Additions	-	-	-
Modifications	0.1	-	0.1
At 31 December 2020	0.2	0.2	0.4
Accumulated depreciation			
At 1 January 2019	-	-	-
Charge for the year	-	0.1	0.1
At 31 December 2019	-	0.1	0.1
Charge for the year	-	-	-
At 31 December 2020	-	0.1	0.1
Net book value			
At 31 December 2020	0.2	0.1	0.3
At 31 December 2019	0.1	0.1	0.2

Property, plant and equipment under construction

No borrowing costs were capitalised during the year (2019: £nil).

Land and buildings

The entire net book value of land and buildings relates to freehold land.

INOVYN Enterprises Limited

Notes to the financial statements (continued)

8 Inventories

	2020 £m	2019 £m
Raw materials and consumables	0.5	0.5
	0.5	0.5

Raw materials and consumables and work in progress recognised as cost of sales in the year amounted to £30.2 million (2019: £28.1 million). The write-down of inventories to net realisable value amounted to £nil (2019: £nil). The reversal of write-downs of inventories to net realisable value amounted to £nil (2019: £nil), as net realisable value is higher than cost. The write-down and reversal are included in cost of sales.

9 Debtors

	2020 £m	2019 £m
Trade debtors	2.1	2.0
Amounts owed by fellow group undertakings	1.1	1.1
Prepayments and accrued income	0.4	0.5
Debtors – amounts falling due within one year	3.6	3.6

Amounts owed by fellow group undertakings refer to normal trading activity therefore incur no interest and are repayable on agreed terms. Trade debtors are stated after provisions for impairment of £nil (2019: £nil).

10 Creditors – amounts falling due within one year

	2020 £m	2019 £m
Trade creditors	1.1	2.3
Amounts owed to fellow group undertakings	23.1	23.8
Corporation tax	3.4	3.9
Other taxation and social security	0.7	0.5
Other creditors	1.7	1.2
Accruals and deferred income	3.1	1.9
Right of use lease liabilities	0.1	0.1
	33.2	33.7

Amounts owed to group undertakings include loans amounting to £22.1 million (2019: £22.9 million). All loans are unsecured, charged at a competitive interest rate, have no fixed date of repayment and are repayable on demand.

INOVYN Enterprises Limited

Notes to the financial statements (continued)

11 Creditors – amounts falling due after more than one year

	2020 £m	2019 £m
Right of use lease liabilities	0.2	0.2
	0.2	0.2

12 Deferred taxation

The amounts provided in respect of the deferred tax assets are as follows:

	2020 £m	Provided 2019 £m
Arising from accelerated capital allowances	0.5	1.2
Pensions	0.2	0.6
	0.7	1.8

Movements during the year in respect of deferred tax were as follows:

	Arising from accelerated capital allowances £m	Pensions £m	Total £m
At 1 January 2020	1.2	0.6	1.8
Expense in the income statement	(0.7)	(0.2)	(0.9)
Expense in the statement of other comprehensive income	-	(0.2)	(0.2)
At 31 December 2020	0.5	0.2	0.7

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable based on an assessment of expected future profits modelled against the gross tax losses available. There are no unprovided deferred tax balances (2019: £nil).

INOVYN Enterprises Limited

Notes to the financial statements (continued)

13 Employee benefits

Defined contribution plan

The Company operates a defined contribution pension plan. The total expense relating to these plans in the current year was £0.5 million (2019: £0.5 million). Contributions amounting to £nil (2019: £nil) were outstanding at the year end.

Defined benefit plans

The UK defined benefit pension plans are final salary in nature. The majority of the UK plans are either closed to new entrants or frozen to future accrual. The plans operate under trust law and are managed and administered by Trustees in accordance with the terms of each plan's Trust Deed and Rules and relevant legislation. The contributions paid to the UK plans are set every three years based on a funding agreement between the Company and Trustee after taking actuarial advice.

Movements in net defined benefit liability	Defined benefit obligation £m	Fair value of plan assets £m	Net defined benefit liability £m
Balance at 1 January 2020	36.3	(32.9)	3.4
Included in the income statement			
Current Service Cost	0.1	-	0.1
Interest cost/(income)	0.8	(0.7)	0.1
Included in OCI			
Remeasurements (gain)/loss:			
Actuarial (gain)/loss arising from			
- Changes in financial assumptions	3.3	-	3.3
- Changes in demographic assumptions	(0.1)	-	(0.1)
Return on plan assets excluding interest income	-	(4.3)	(4.3)
Other			
Contributions paid by the employer	-	(1.3)	(1.3)
Benefits paid	(3.1)	3.1	-
Balance at 31 December 2020	37.3	(36.1)	1.2

NOVYN Enterprises Limited

Notes to the financial statements (continued)

13 Employee benefits (continued)

Movements in net defined benefit liability	Defined benefit obligation £m	Fair value of plan assets £m	Net defined benefit liability £m
Balance at 1 January 2019	37.5	(31.9)	5.6
Included in the income statement			
Current Service Cost	-	-	-
Interest cost/(income)	1.0	(0.9)	0.1
Included in OCI			
Remeasurements (gain)/loss:			
Actuarial (gain)/loss arising from			
- Changes in financial assumptions	4.0	-	4.0
- Changes in demographic assumptions	(0.3)	-	(0.3)
- Experience adjustment	(4.2)	-	(4.2)
Return on plan assets excluding interest income	-	(0.4)	(0.4)
Other			
Contributions paid by the employer	-	(1.4)	(1.4)
Benefits paid	(1.7)	1.7	-
Balance at 31 December 2019	36.3	(32.9)	3.4
Plan assets		2020 £m	2019 £m
Cash and cash equivalents		0.4	0.7
Equities		7.4	7.9
Bonds		22.4	18.8
Property		0.4	0.4
Other		5.5	5.1
		36.1	32.9

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

INOVYN Enterprises Limited

Notes to the financial statements (continued)

13 Employee benefits (continued)

Actuarial assumptions

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

	2020	2019
Discount rate at 31 December	1.6%	2.1%
Rate of price inflation (RPI)	2.8%	2.9%
Rate of pension increases	2.7%	2.8%

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 and male: 21.5 years (2019: 21.7 years)
- Current pensioner aged 65 and female: 23.8 years (2019: 24.0 years)
- Future retiree upon reaching 65 (male member currently aged 50): 22.7 years (2019: 22.9 years)
- Future retiree upon reaching 65 (female member currently aged 50): 25.2 years (2019: 25.4 years)

Sensitivity analysis

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

	2020	2019
Discount rate	1.6%	2.1%
Discount rate – 100 basis points	22.73%	22.81%
Underlying inflation rate	2.8%	2.9%
Underlying inflation rate – 50 basis points	7.55%	7.57%
Mortality		
One year increase in life	4.27%	4.29%

The above sensitivities are based on the average duration of the defined benefit obligation determined at the date of the last full actuarial valuation at 5 April 2019 and are applied to adjust the defined benefit obligation at the end of the reporting period 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.

The Company expects to pay £1.2 million in contributions to its defined benefit plans in 2021.

INOVYN Enterprises Limited

Notes to the financial statements (continued)

14 Share capital

Share capital – authorised and issued	2020 Number	2020 £	2019 Number	2019 £
Ordinary shares of £1 each	100	100	100	100

No dividends were recognised in the year (2019: £70.0 million).

Other reserves relate to a capital contribution as received from a fellow group undertaking in 2003, during 2019 a dividend of £30.0 million was declared and paid from this reserve.

15 Commitments

Capital commitments

Outstanding capital expenditure authorised by the Board and for which contracts had been placed as at 31 December 2020 amounted to approximately £7.9 million (2019: £2.7 million).

16 Contingencies

Other guarantees and contingencies arising in the ordinary course of business, for which no security has been given, are not expected to result in any material financial loss.

17 Related party transactions

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.

INEOS Limited is the ultimate parent company of INEOS Enterprises Group Limited and INEOS Technologies Limited. INEOS Enterprises Group Limited was acquired into the wider INOVYN group on the 1 March 2019 accordingly sales, expenses and cost recoveries for these entities for the first two months of 2019 are disclosed below. Sales, expenses, cost recoveries for 2020 and 2019 for INEOS Technologies Limited are, where appropriate, disclosed below. There are no Related party payables or receivables held at 31 December 2020 (2019: £nil).

	2020 Sales/cost recoveries to £m	2020 Expenses/cost recoveries from £m	2019 Sales/cost recoveries to £m	2019 Expenses/cost recoveries from £m
INEOS Enterprises Group Limited	-	-	1.3	-
INEOS Technologies Limited	0.2	-	0.3	-
	0.2	-	1.6	-

INOVYN Enterprises Limited

Notes to the financial statements (continued)

18 Controlling Parties

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 consolidates the Company's financial statements is that headed by INOVYN Limited. The consolidated financial statements of INOVYN Limited are available to the public and may be obtained from the Company Secretary at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom. The largest group in which the results of the Company are consolidated is that headed by INEOS Quattro Holdings Limited. The consolidated financial statements of INEOS Quattro Holdings Limited are available to the public and may be obtained from the Company Secretary at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

The registered address of INOVYN Limited is Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom. The registered address of INEOS Quattro Holdings Limited is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

19 Critical accounting judgements and key sources of estimation uncertainty

The Company prepares its financial statements in accordance with the FRS101, which require management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods.

The following areas are considered to involve a significant degree of judgement or estimation:

Critical judgements in applying the Group's accounting policies

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

Key sources of estimation uncertainty

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

Taxation

All the company's operations are in the UK. Management is required to estimate the tax payable and this involves estimating the actual current tax charge or credit together with assessing temporary difference resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the balance sheet of the company. Management have performed an assessment as to the extent to which future taxable profits will allow the deferred tax asset to be recovered. The calculation of the company's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be fully determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process. Details of amounts recognised with regard to taxation are disclosed in note 6 to the financial statements.

Pension assumptions

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

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

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

INOVYN Enterprises Limited

Notes to the financial statements (continued)

20 Subsequent events

United Kingdom withdrawal from the European Union ("Brexit")

On 23 June 2016, the UK held an in or out referendum on the UK's membership within the EU, the result of which favoured the exit of the UK from the European Union ("Brexit"). On 31 January 2020, Brexit became effective and the UK entered into a transition period from 31 January 2020 to 31 December 2020 during which the European Union treated the UK as if it were still a member of the European Union (the "Transition Period"). Following the expiry of the Transition Period, the UK ceased to be treated as a member of European Union at 23:00 on 31 December 2020. A trade agreement was signed between the EU and the United Kingdom on 24 December 2020. The Company made significant plans to limit the impact of Brexit on its activities from liaising with employees, contingent planning for inventories and the supply chain. Whilst there has been additional workload to standard operating processes and some transportation problems, overall the impact to the business has not been significant and process changes have been implemented.

Securitisation facility

On 29 June 2021, the Group renegotiated its trade receivables securitisation programme that was acquired with the INOVYN business. The maximum amount available under the securitisation programme remained the same at €240.0 million. The facility now matures on 30 June 2024. The interest rates were also reduced and, for drawn amounts, the revised facility bears interest at a rate equal to the cost to the lenders of issuing Commercial Paper plus a margin of 0.95% (previously the margin was 1.1%), except that if any lending is funded other than by issuing Commercial Paper then the applicable interest rate is SONIA/SOFR plus 0.95% (previously the margin was 1.1%). For undrawn amounts, the facility bears interest of 0.5%.