INEOS Manufacturing (Hull) Limited

Annual report and financial statements

for the year ended 31 December 2021

Registered Number 06480046

INEOS Manufacturing (Hull) Limited

Annual report and financial statements

for the year ended 31 December 2021

Contents

Strategic report for the year ended 31 December 2021

The directors present their strategic report of INEOS Manufacturing (Hull) Limited (the "Company") for the year ended 31 December 2021.

Review of the business and principal activities
The Company is a toll manufacturer of chemicals for other INEOS group companies and operated the manufacture and supply of ethyl acetate (ETAC) during 2021.

Results for the year and dividends
Turnover represents fixed toll manufacture fees earned from other group companies. Turnover for the year was £41,827,000 (2020: £28,155,000) and the profit before taxation was £753,000 (2020: £144,000). Operating profit was £5,330,000 (2020: £3,542,000) representing an increase of £1,788,000. This increase is due to an increase in turnover in 2021, mainly caused as a result of the good market circumstances. The results of the Company are set out in the profit and loss account on page 12.

As at 31 December 2021, the Company has net liabilities of £24,426,000 (2020: £24,818,000).

Principal risks and uncertainties
The management of the business and execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to local and national competition factors which would cause a decline in the market. Further discussion of these risks and uncertainties in the context of the group as a whole, is provided in the annual report of parent company INEOS Group Holdings S.A., which does not form part of this report.

Financial risk management
The Company's operations expose it primarily to commodity price risk, foreign exchange and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company where appropriate. Interest rate exposures are not material to the Company as the Company has no outstanding external loan balances. Foreign exchange losses arise from balances with other group companies or normal trading balances.

Section 172 (1) statement
The directors have the duty under section 172 to promote the success of the Company for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers, investors and the environment. In the performance of its duty to promote the success of the Company and fairness in decision making the Board have regard (amongst other matters) for:

a) the likely consequences of any decision in the long term;
b) the interests of the company's employees;
c) the need to foster the Company's business relationships with suppliers, customers and others;
d) the impact of the Company's operations on the community and the environment;
e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly as between members of the Company.

The Company's governance and processes are operated to ensure that all relevant matters are considered by the Board in its principal decision-making, as a means of contributing to the delivery of the Company's long-term success, which are discussed below.

Long term factors (a)

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

a. Maintain health, safety, security, and environmental excellence;
b. Maintain and grow the Company's leadership positions to enhance competitiveness;
c. Reduce costs and realise synergies;
d. Maximise utilisation of assets;
e. Access advantaged feedstock and energy opportunities; and

Strategic Report for the year ended 31 December 2021 (continued)

f. Develop and implement a sustainable business.

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 and also in a circular world. 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. The directors consider available and required funds as a basis for any dividend under its distribution policy.

Stakeholder considerations (b – e)

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, investors, financial experts and rating agencies, local communities, industry associations, Non-Governmental Organisations, scientific institutions, universities, government, and value chain partners. The Company is very conscious of changing attitudes to climate change, and monitors its impact on the environment, including emissions arising from operation of its assets, use of power and feedstocks 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 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.

The need to act fairly as between members of the Company (f)

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.

Principal Decisions

There were no principal decisions that management took in the year ending 31 December 2021.

Key performance indicators ("KPIs")
The Company uses a number of financial and non-financial KPIs to measure performance, which are monitored against budget and the prior year.

The main financial KPI for the business is earnings before interest, taxation, depreciation and amortisation ("EBITDA") as this is used to measure the performance of the business. EBITDA for the Company for the year ending 31 December 2021 was £13.2 million.

Strategic Report for the year ended 31 December 2021 (continued)

The Group uses a number of other non-financial KPIs to measure performance including safety, health and environmental ("SHE") metrics such as Occupational Safety and Health Administration ("OSHA") incident and injury rates to measure the safe working of employees and contractors. Other KPIs include monitoring the reliability of operating assets and working capital ratios of the Company.

Approved and signed on behalf of the board

G J Anderson
Director
29 September 2022

Directors' report for the year ended 31 December 2021

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Review of the business
A review of the business is discussed within the strategic report, refer to page 3.

Dividends
The directors do not recommend the payment of a dividend (2020: £nil).

Financial risk management
Refer to the strategic report on page 3.

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

Going concern
The directors have considered the Company's projected future cash flows and working capital requirements. As at 31 December 2021, the company had net liabilities of £24.4 million (2020: £24.8 million) and net current liabilities of £76.4 million (2020: £78.5 million). The company held cash of £0.3 million (2020: £0.6 million) and loans and borrowings of £91.0 million (2020: £98.0 million). The profit for the year was £0.4 million (2020: £0.3 million). The directors have received confirmation that the parent, Ineos Holdings Limited, will continue to support the company for at least the 12 months from signing of these financial statements.

After making enquiries, the directors have a reasonable expectation that the parent's going concern assessment confirms that there is sufficient forecast committed liquidity headroom for the parent to provide this support and the company will therefore have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

COVID-19
The Company continues to implement contingency plans for the COVID-19 pandemic, with the primary objective of maintaining the safety of personnel and the reliable operation of the Company's plants.

The chemical industry is deemed as essential, critical infrastructure by governments across the world. Throughout the pandemic all of the Company plants have continued to operate fully and supply chains have operated without significant disruption. Protecting employees and ensuring that they remain healthy has been the first priority of the Company and its fellow subsidiaries. All plants have sufficient resources and have implemented measures to ensure that this remains the case throughout the pandemic.

Whilst there is still uncertainty due to the COVID-19 pandemic the directors have undertaken a rigorous assessment of the potential impact of COVID-19 on demand for the Group's products and services and the impact on margins for the next 12 months.

Carbon Reporting
The Company is an intermediary parent of a large group and is therefore required to comply with the Streamlined Energy and Carbon Reporting (SECR) reporting requirements. As the Company consumed less than 40,000kWH during the year, the exemption for entities with low emissions has been applied and thus the information is not disclosed.

Directors' report for the year ended 31 December 2021 (continued)

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

PKV Huyck resigned 2 July 2021
JF Ginns resigned 2 July 2021
GGJ Decadt resigned 2 July 2021
GJ Anderson appointed 2 July 2021
G Stewart appointed 2 July 2021
G Leask resigned 6 September 2022

Statement of directors' responsibilities
The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

Disclosure of information to auditors
The directors confirm that as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and that they have taken all steps necessary as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Independent auditors
During the year Deloitte LLP were reappointed as auditors and have expressed their willingness to continue in office as auditor pursuant to Section 485-488 of the Companies Act 2006. Appropriate arrangements have been put in place for them to be deemed reappointed in the absence of an Annual General Meeting.

Approved and signed on behalf of the board

G J Anderson
Director
29 September 2022

Independent auditors' report to the members of INEOS Manufacturing (Hull) Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

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.

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

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 this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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, Bribery Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

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

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Occurrence of revenue earned: we have recalculated the cost plus calculations based on the agreements in place and compared to the revenue recorded.

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

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

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

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

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.

Suzanne Gallagher

Suzanne Gallagher FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
29th September 2022

Profit and loss account for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	2	**41,827**	28,155
Cost of sales		**(35,638)**	(23,770)
Gross profit		**6,189**	4,385
Administrative expenses		**(859)**	(843)
Operating profit	3	**5,330**	3,542
Interest receivable and similar income	6	**-**	881
Interest payable and similar expenses	7	**(4,577)**	(4,279)
Profit before taxation		**753**	144
Tax on profit	8	**(320)**	185
Profit for the financial year		**433**	329

All results in the current year relate to continuing activities.

Statement of comprehensive income
for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Profit for the financial year		**433**	329
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain recognised in the pension scheme	16	**(55)**	181
Movement in deferred tax relating to pension asset/deficit	8	**14**	(35)
Other comprehensive (expense)/income for the year		**(41)**	146
Total comprehensive income for the year		**392**	475

Balance sheet as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	9	**19**	35
Tangible assets	10	**52,037**	55,174
Right of use assets	11	**2,378**	2,450
		54,434	57,659
Current assets			
Stocks	12	**5,312**	6,808
Debtors	13	**11,966**	14,164
Cash at bank and in hand		**293**	606
Employee benefits	16	**106**	-
		17,677	21,578
Creditors: amounts falling due within one year	14	**(94,068)**	(100,105)
Net current liabilities		**(76,391)**	(78,527)
Total assets less current liabilities		**(21,957)**	(20,868)
Creditors: amounts falling due after one year	15	**(2,469)**	(3,718)
Employee benefits	16	**-**	(232)
Net liabilities		**(24,426)**	(24,818)
Capital and reserves			
Called up share capital	17	**-**	-
Profit and loss account		**(24,426)**	(24,818)
Total shareholders' deficit		**(24,426)**	(24,818)

The financial statements on pages 12 to 35 were approved by the Board of Directors on 29 September 2022 and signed on its behalf by:

G J Anderson
Director

INEOS Manufacturing (Hull) Limited
Registered number 06480046

Statement of changes in equity
for the year ended 31 December 2021

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' deficit £'000
Balance at 1 January 2020	-	-	**(25,293)**	**(25,293)**
Profit for the financial year	-	-	329	329
Other comprehensive income/(expense) for the year:				
Actuarial gain in pension scheme (note 16)	-	-	181	181
Movement in deferred tax relating to pension liability (note 8)	-	-	(35)	(35)
Total comprehensive income for the year	-	-	475	475
Balance at 31 December 2020	-	-	**(24,818)**	**(24,818)**

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' deficit £'000
Balance at 1 January 2021	-	-	**(24,818)**	**(24,818)**
Profit for the financial year	-	-	433	433
Other comprehensive income/(expense) for the year:				
Actuarial loss in pension scheme (note 16)	-	-	(55)	(55)
Movement in deferred tax relating to pension liability (note 8)	-	-	14	14
Total comprehensive income for the year	-	-	392	392
Balance at 31 December 2021	-	-	**(24,426)**	**(24,426)**

Notes to the financial statements for the year ended 31 December 2021

1 Accounting policies

Basis of preparation
INEOS Manufacturing (Hull) Limited (the "Company") is a private company, limited by shares, incorporated, registered and domiciled in England, part of the United Kingdom. The registered address of the Company is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").*

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

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

- Business combinations that took place prior to 1 January 2014 have not been restated;
- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- 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.

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

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*;
- Certain disclosures in respect of IFRS 15 *Revenue from Contracts with Customers;* and
- Certain disclosures in respect of IFRS 16 *Leases.*

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

Impact of new standards and interpretations
There are no amendments to accounting standards that are effective for the year ended 31 December 2021, which have had a material impact on the Company.

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Measurement convention
The financial statements are prepared on the historical cost basis.

Going concern
The directors have considered the Company's projected future cash flows and working capital requirements. As at 31 December 2021, the company had net liabilities of £24.4 million (2020: £24.8 million). The company held cash of £0.3 million (2020: £0.6 million) and loans and borrowings of £91.0 million (2020: £98.0 million). The profit for the year was £0.4 million (2020: £0.3 million). The directors have received confirmation that the parent, Ineos Holdings Limited, will continue to support the company for at least the 12 months from signing of these financial statements.

After making enquiries, the directors have a reasonable expectation that the parent's going concern assessment confirms that there is sufficient forecast committed liquidity headroom for the parent to provide this support and the company will therefore have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing its financial statements.

Turnover
Turnover represents the sales value of goods and services supplied to customers during the year excluding Value Added Tax and similar sales based taxes. Turnover is recognised at the point at which title passes or services have been provided.

Tangible fixed assets and depreciation
Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

The typical effective lives of assets are:

Freehold buildings	-	30 to 50 years
Plant and machinery		
Major items of plant	-	10 to 20 years
Major plant overhauls	-	2 to 4 years

Freehold land and assets under construction are not depreciated. When an asset under construction is in the condition necessary for its intended use, the asset is transferred into the respective tangible fixed asset category. Depreciation commences at the point the asset is available or ready for use.

Any impairment in the value of tangible fixed assets, calculated by discounting estimated future cash flows, is taken to profit and loss account in the year to which the impairment relates.

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Right of use asset
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 in 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.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect 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 profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and 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 to leases of assets that are valued below £10,000. 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.

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Intangible fixed assets
Intellectual property acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

Amortisation
Amortisation is charged to the profit and loss account in the administrative expenses on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Intellectual property - 15 years

Stocks
Stocks are valued on a first in, first out basis and are stated at the lower of cost and net realisable value. Where necessary provision is made for obsolete, slow moving, and defective stocks.

Impairment excluding stocks and deferred tax assets
Financial assets (including trade and other debtors)
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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

Non-financial assets
The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU).

1 Accounting policies (continued)

Impairment excluding stocks and deferred tax assets (continued)
Non-financial assets (continued)
An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss on a *pro rata* basis.
In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if 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.

Provisions
A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. The Company does not recognise provisions for operating leases that it assesses to be onerous. Instead, the Company includes the payments due under the lease in its lease liability and recognises any required impairment of the corresponding right-of-use asset.

Pension costs
The Company participates in a defined benefit pension scheme providing benefits based on final pensionable pay and the assets of this scheme are held separately from those of the Company. The pension scheme is a multi-employer pension scheme for employees of the Company and INEOS Enterprises Limited, INEOS ChlorVinyls Limited and INEOS Technologies Limited.

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

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

The method used to split the defined benefit pension scheme results between the Company, INEOS Enterprises Limited, INEOS ChlorVinyls Limited and INEOS Technologies Limited is consistent with the approach used in the financial statements of the other participating companies and is as follows:

- the total active liabilities have been split based on the proportion of their respective payrolls versus the payroll of the Fund in total. As INEOS ChlorVinyls Limited constitutes the largest percentage of the Fund's liabilities, the inactive members' liabilities are allocated to INEOS ChlorVinyls Limited;
- the plan assets are allocated between the entities based on the allocation of the liabilities between the various entities;
- the expected 2021 service cost has been allocated between the various entities based on the ratio of the respective active liabilities versus the total active liability for the Fund; and
- the split of the actual 2021 contributions was either provided by the entities or reasonable assumptions were made to split these between the various entities. As all pensioner liabilities are allocated to INEOS ChlorVinyls Limited, all benefit payments are assumed to be paid by INEOS ChlorVinyls Limited.

1 Accounting policies (continued)

Pension costs (continued)
The Company also participates in a defined contribution scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The amounts charged to the profit and loss account represent the contributions payable to the plans in respect of the accounting period.

Deferred taxation
Deferred tax is recognised as a liability or asset in respect of all timing differences which have originated but not reversed at the balance sheet date if transactions have occurred at the balance sheet date which give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured at the average tax rates which are expected to apply in the years during which the timing differences are expected to reverse, based on the tax rates and laws which are in place at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Foreign currencies
The reporting currency of INEOS Manufacturing (Hull) Limited is the local currency of its principal operating environment. Transactions in other currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in the balance sheet are translated at the prevailing exchange rate at the end of the year. All translation gains or losses on the settlement of monetary assets and liabilities are included in the determination of profit for the year.

Interest receivable and Interest payable
Interest payable includes interest payable, finance charges on shares classified as liabilities and leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Critical judgements and estimates in applying the accounting policy
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. However, there are no areas of critical judgement within the financial statements.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Key sources of estimated uncertainty
Post-retirement benefits
The Company participates in a defined benefit pension scheme. Under IAS 19 Revised Employee Benefits, management is required to estimate the present value of the future defined benefit obligation of each of the defined benefit schemes. The costs and year end obligations under defined benefit schemes are determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- Inflation rate projections;
- Discount rate for scheme liabilities; and
- Expected rates of return on the scheme assets. (note 16)

2 Turnover

All turnover (both by origin and destination), operating profit and total assets less current liabilities is derived from UK activity from the ETAC business.

3 Operating profit

Operating profit is stated after charging:

	2021	2020
	£'000	£'000
Auditors' remuneration:		
Fees for audit of the financial statements	**44**	48
Depreciation of owned tangible fixed assets	**7,770**	5,940
Depreciation of right of use tangible fixed assets	**72**	66
Amortisation of intangible assets	**16**	16

4 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the Company (2020: £nil).

Notes to the financial statements for the year ended 31 December 2021 (continued)

5 Staff numbers and costs

There are no persons holding service contracts with the Company. All employees are employed by another group company, INEOS Oxide Limited, and their costs are recharged in full to INEOS Manufacturing (Hull) Limited.

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

Analysis by function	2021 Number	2020 Number
Production	**44**	36
Administration	**2**	2
	46	38

The aggregate payroll costs of these people were as follows:

	2021 £'000	2020 £'000
Wages and salaries	**2,510**	2,024
Social security costs	**357**	240
Other pension costs	**201**	164
	3,068	2,428

6 Interest receivable and similar income

	2021 £'000	2020 £'000
Exchange gain	-	881
	-	881

Notes to the financial statements for the year ended 31 December 2021 (continued)

7 Interest payable and similar expenses

	2021	2020
	£'000	£'000
Interest payable on loans from group undertakings	**4,232**	4,045
Pension scheme interest	**1**	13
Interest on lease liabilities	**126**	221
Exchange losses	**218**	-
	4,577	4,279

8 Tax on profit

(a) Analysis of the charge/(credit) for the year

	2021	2020
	£'000	£'000
UK corporation tax – current year	**(546)**	(837)
Adjustments in respect of prior years	**1,925**	(55)
Current taxation credit	**1,379**	(892)
Deferred taxation:		
Origination and reversal of timing differences	**917**	872
Impact of rate change	**(48)**	-
Adjustments in respect of prior years	**(1,928)**	(165)
Deferred taxation	**(1,059)**	707
Tax charge/(credit) on profit	**320**	(185)

8 Tax on profit (continued)

(b) Factors affecting the tax charge/(credit) for the year

The tax assessed for the year is higher (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£'000	£'000
Profit before taxation	**753**	144
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	**143**	27
Effects of:		
Expenses not deductible for tax purposes	**8**	8
Increase in tax rate on deferred tax balances	**172**	-
Adjustments in respect of prior years	**(3)**	(220)
Total tax charge/(credit) for year	**320**	(185)

(c) Factors which may affect future tax charges

An increase in the UK corporation tax rate from 19 to 25% (effective 1 April 2023) was enacted on 24 May 2021. However, in the September 2022 Mini Budget it was announced that the increase to 25% would now not occur and the Corporation Tax Rate would instead be held at 19%. This rate had not been substantively enacted at the balance sheet date, and as a result the deferred tax balances as at 31 December 2021 continue to be measured at the full 25% rate noted above (2020:19%). We have yet to determine the impact of these proposed changes.

(d) Deferred taxation

The amounts provided in respect of the deferred tax assets/(liabilities) are as follows:

	2021	2020
	£'000	£'000
Arising from accelerated capital allowances	**(98)**	(1,380)
Employee Benefits	**(27)**	44
Total	**(125)**	(1,336)

Notes to the financial statements for the year ended 31 December 2021 (continued)

8 Tax on profit (continued)

Deferred tax (liability)/asset relating to pension deficit

	2021	2020
	£'000	£'000
At 1 January	**44**	122
Difference in standard rate of deferred tax compared to PY	**14**	15
Deferred tax charged in profit and loss account	**(99)**	(59)
Deferred tax charged to statement of comprehensive income	**14**	(35)
At 31 December	**(27)**	44

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

	2021
	£'000
At 1 January	**(1,336)**
Arising during the year:	
In profit and loss account	**1,197**
In statement of comprehensive income	**14**
At 31 December	**(125)**

The movement on deferred tax is due to an increase in accelerated capital allowances (£1,282,000) (2020: decrease of (£663,000)) and a decrease in pension provision (£71,000) (2020: decrease of (£78,000)).

Notes to the financial statements for the year ended 31 December 2021 (continued)

9 Intangible assets

	Intellectual property £'000
Cost	
At 1 January 2021 and 31 December 2021	**234**
Accumulated amortisation	
At 1 January 2021	199
Charge for the year	16
At 31 December 2021	**215**
Net Book Value	
At 31 December 2021	**19**
At 31 December 2020	35

10 Tangible assets

	Land and buildings £'000	Plant and machinery £'000	Assets under Construction £'000	Total £'000
Cost				
At 1 January 2021	1,691	75,992	14,719	92,402
Additions	-	-	4,648	4,648
Disposal	-	-	(15)	(15)
Transfers	-	4,157	(4,157)	-
At 31 December 2021	**1,691**	**80,149**	**15,195**	**97,035**
Accumulated depreciation				
At 1 January 2021	229	36,999	-	37,228
Charge for year	24	7,746	-	7,770
At 31 December 2021	**253**	**44,745**	**-**	**44,998**
Net book value				
At 31 December 2021	**1,438**	**35,404**	**15,195**	**52,037**
At 31 December 2020	1,462	38,993	14,719	55,174

Included within land and buildings is £962,000 (2020: £962,000) in relation to land which is not depreciated. All figures reported under land and buildings is related to freehold.

Notes to the financial statements for the year ended 31 December 2021 (continued)

11 Right of use assets

	Land	Plant and machinery	Total
	£'000	£'000	£'000
Cost			
At 1 January 2021	2,545	31	2,576
Additions	-	-	-
At 31 December 2021	**2,545**	**31**	**2,576**
Accumulated depreciation			
At 1 January 2021	107	19	126
Charge for year	62	10	72
At 31 December 2021	**169**	**29**	**198**
Net book value			
At 31 December 2021	**2,376**	**2**	**2,378**
At 31 December 2020	2,438	12	2,450

12 Stocks

	2021	2020
	£'000	£'000
Raw materials and consumables	**5,312**	6,808

During the year £1,485,935 (2020: £1,139,695) has been recognised as expense.

Notes to the financial statements for the year ended 31 December 2021 (continued)

13 Debtors

	2021	2020
	£'000	£'000
Amounts falling due within one year		
Trade debtors	**2**	-
Amounts owed by group undertakings	**4,678**	6,919
Other debtors	**2,526**	2,381
Prepayments and accrued income	**4,760**	4,864
Total due within one year	**11,966**	14,164

Amounts owed by group undertakings (other entities under common control) are unsecured, interest free and are either subject to standard trading terms or are repayable on demand.

Credit quality of financial assets and impairment losses
The ageing of trade debtors and amounts owed by group undertakings at the end of the reporting period and the expected credit loss rate (ECLR) was:

	Amounts owed by trade debtors			Amounts owed by group undertakings		
	Gross	Impairment	ECLR	Gross	Impairment	ECLR
	2021	2021	2021	2021	2021	2021
	£'000	£'000	%	£'000	£'000	%
Not past due	2	-	-	4,678	-	-

	Amounts owed by trade debtors			Amounts owed by group undertakings		
	Gross	Impairment	ECLR	Gross	Impairment	ECLR
	2020	2020	2020	2020	2020	2020
	£'000	£'000	%	£'000	£'000	%
Not past due	-	-	-	6,919	-	-

The amounts not yet due after impairment losses as of the end of the reporting year are deemed to be collectible on the basis of established credit management processes such as regular analyses of the credit worthiness of our customers. At 31 December 2020 and 2021 there were no significant trade, amounts from group undertakings or other receivable balances not past due that were subsequently impaired. There were no allowances made against amounts due from other receivables during the years ended 31 December 2021 and 2020.

The impairment account is used to record any impairment losses unless the Company is satisfied that no recovery of the amount owing is probable; at that point the amounts considered irrecoverable are written off against the gross balances directly.

Notes to the financial statements for the year ended 31 December 2021 (continued)

14 Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	-	235
Amounts owed to group undertakings	90,779	98,033
Accruals and deferred income	2,508	1,452
Social security	632	242
Lease liabilities	149	143
	94,068	100,105

Amounts owed to group undertakings (other entities under common control) are unsecured, attract interest at commercial rates and are either subject to standard trading terms or are repayable on demand.

15 Creditors: amounts falling due after one year

	2021	2020
	£'000	£'000
Lease liabilities	2,344	2,382
Deferred tax liability (note 8)	125	1,336
	2,469	3,718

The total outflow of short-term lease payments in FY21 was £143,000.

The undiscounted maturity profile of lease liabilities as at 31 December 2021 was as follows:

	Land	Plant & Machinery
	£'000	£'000
Within one year	146	3
Between one and five years	586	0
More than 5 years	4,874	-
Total	5,606	3

The Company has entered into a number of lease arrangements relating to plant & machinery in respect of the site activities. These leases typically run for a period of between 1 and 5 years with options to extend after that date. Land leases are typically for a fixed term of approximately one to 60 years but may include extension or early termination options to provide operational flexibility. Property rentals are typically fixed on inception of the lease but may be subject to review to reflect changes in market rental rates.

Notes to the financial statements for the year ended 31 December 2021 (continued)

16 Employee benefits

The Company participates in a defined contribution pension scheme. The pension contributions payable by the Company to this scheme amounted to £413,000 (2020: £342,000). Contributions amounting to £nil (2020: £nil) were outstanding at the year end.

The majority of the employees participate in the INEOS Chlor Pension Fund ("The Fund"). The Fund is administered by a group of trustees with assets being held separately from the Company. Members receive defined benefit pensions that are based on their length of service and average final remuneration with the Company.

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the years shown.

	2021	2020
	£'000	£'000
Total defined benefit asset	**8,619**	8,301
Total defined benefit liability	**(8,513)**	(8,533)
Net asset/(liability) for defined benefit obligations	**106**	(232)

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

	2021	2020
Rate of inflation	**3.2%**	2.8%
Discount rate at 31 December	**1.9%**	1.6%
Future salary increases	**N/A**	N/A
Future pension increases	**2.9%**	2.4%

Notes to the financial statements for the year ended 31 December 2021 (continued)

16 Employee benefits (continued)

Pension plan assumptions (continued)

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:

	2021	2020
	Years	Years
Longevity at age 65 for current pensioners:		
Male	**22.2**	21.5
Female	**24.5**	23.8
Longevity at age 65 for future pensioners:		
Male	**23.3**	22.7
Female	**25.8**	25.2

Reconciliation of scheme assets and liabilities

	Defined benefit obligations	**Fair value of plan assets**	**Net defined benefit liability**
	£'000	**£'000**	**£'000**
At 1 January 2021	(8,533)	8,301	(232)
Current service cost	(19)	-	(19)
Interest (expense)/income	(132)	131	(1)
Actuarial (loss)/gain arising from:			
Change in experience on BDO	12	-	12
Change in demographic assumptions	(197)	-	(197)
Change in financial assumptions	(109)	-	(109)
Disbursements from plan assets	465	(465)	-
Return on plan assets less than discount rate	-	239	239
Employer contributions	-	413	413
At 31 December 2021	**(8,513)**	**8,619**	**106**

Notes to the financial statements for the year ended 31 December 2021 (continued)

16 Employee benefits (continued)

Plan assets

	2021	2020
	£'000	£'000
Cash and cash equivalents	**70**	91
Equity instruments	**599**	1,709
Debt instruments e.g. Government bonds		
Government - Nominal	**1,265**	623
Government - Index-linked	**2,263**	3,224
Corporate	**1,840**	1,293
Real estate	**108**	97
Other securities	**2,474**	1,264
	8,619	8,301

All equity securities and government bonds have quoted prices in active markets. Equities comprise of well-diversified holdings over a range of global 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. The plan holds no investments in the Company's own financial instruments or hold assets or property which are used by the Company.

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

	2021	2020
	£'000	£'000
Discount rate (1% increase)	**2,662**	2,700
Inflation (RPI, CPI) (0.5% increase)	**925**	938
Mortality rate (1 year increase in longevity for a member currently aged 65)	**343**	348

In valuing the liabilities of the pension fund at 31 December 2021, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2021 would have increased by £343,000 before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 December 2021 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.

Notes to the financial statements for the year ended 31 December 2021 (continued)

16 Employee benefits (continued)

Funding
The Company expects to pay £247,000 in contributions to its defined benefit plans in 2021. The weighted average duration of the defined benefit obligation at the end of the reporting period is 27.6 years (2020: 27.8 years).

Total cost recognised as an expense

	2021	2020
	£'000	£'000
Current service cost	**(19)**	(22)
Interest cost	**(132)**	(157)
Interest income	**131**	144
	(20)	(35)

The contributions paid to the plan are set every three years based on a funding agreement between the company and Trustee after taking actuarial advice.

17 Called up share capital

Ordinary shares of £1 each	**2021**	**2021**	2020	2020
	Number	**£**	Number	£
Allotted, authorised, issued and fully paid	**1**	**1**	1	1

18 Commitments and contingent liabilities

Other contingent liabilities
The Company is party to a Senior Secured Term Loans agreement dated 27 April 2012 (as amended). The total outstanding indebtedness under the Senior Secured Term Loans agreement at 31 December 2021 was €4,851.1 million (2020: €3,682.3 million). The Company is a guarantor under the Senior Secured Term Loans agreement. These obligations are secured by fixed and floating charges over the assets of the Company.

The Company is party to the Senior Secured Notes due 2025 Indenture dated 03 November 2017, the Senior Secured Notes due May 2026 Indenture dated 24 April 2019 and the Senior Secured Notes due March 2026 Indenture dated 29 October 2020. The total outstanding indebtedness under the Senior Secured Notes at 31 December 2021 was €1,645.0 million (2020: €1,645.0 million). The Company is a guarantor under the Senior Secured Notes Indentures. These obligations are secured by fixed and floating charges over the assets of the Company.

Notes to the financial statements for the year ended 31 December 2021 (continued)

18 Commitments and contingent liabilities (continued)

The Company is party to a Schuldschein Loan agreement dated 22 March 2019. The total outstanding indebtedness under the Schuldschein Loan agreement at 31 December 2021 was €141.0 million (2020: €141.0 million). The Company is a guarantor under the Schuldschein Loan agreement. These obligations are secured by fixed and floating charges over the assets of the Company.

19 Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow subsidiaries under common ownership.

20 Ultimate parent company and ultimate controlling party

The Company's immediate parent undertaking is INEOS Oxide Limited, a company registered in the United Kingdom. The Company's ultimate parent company is INEOS Limited, a company registered in Isle of Man.

The smallest and largest group that consolidates the Company's financial statements is INEOS Group Holdings S.A., a subsidiary of INEOS Limited. The consolidated financial statements of INEOS Group Holdings S.A. are available to the public and may be obtained from the Company Secretary at its registered office, 62 Avenue de la Liberté L-1930, Luxembourg, Grand-Duchy of Luxembourg.

The Directors regard Mr J A Ratcliffe to be the ultimate controlling party by virtue of his shareholding in INEOS Limited.

21 Subsequent events

Non-adjusting event after balance sheet date:

On 16 June 2022, it was announced that INEOS Acetyls has started a feasibility study into a World scale Acetic Acid plant and derivatives on the USA gulf coast and is reviewing several high-quality locations.

As part of the strategic review INEOS will not proceed at present with the previously announced VAM plant in the UK given the volatile and uncompetitive energy costs outlook. The carrying value of the project as at 31 December 2021 is £15.2 million and this has been written down in June 2022.