INEOS Manufacturing (Hull) Limited

Annual report and financial statements

for the year ended 31 December 2020

Registered Number 06480046

INEOS Manufacturing (Hull) Limited

Annual report and financial statements

for the year ended 31 December 2020

Contents

Strategic report for the year ended 31 December 2020

The directors present their strategic report of INEOS Manufacturing (Hull) Limited (the "Company") for the year ended 31 December 2020.

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 2020.

Results for the year and dividends
Turnover represents fixed toll manufacture fees earned from other group companies. Turnover for the year was £28,155,000 (2019: £23,105,000) and the profit before taxation was £144,000 (2019: £564,000). Operating profit was £3,542,000 (2019: £1,356,000) representing an increase of £2,186,000. This increase is due to an increase in turnover in 2020, mainly caused as a result of increased interest costs incurred which are recharged under the tolling arrangement. The results of the Company are set out in the profit and loss account on page 10.

As at 31 December 2020, the Company has net liabilities of £24,818,000 (2019: £25,293,000).

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.

Key performance indicators ("KPIs")
The directors of INEOS Group Holdings S.A. manage the group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using performance indicators of the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of INEOS Manufacturing (Hull) Limited. The development, performance and position of the group, including this Company, is discussed in the group's annual report which does not form part of this report.

Approved and signed on behalf of the board

PK V Huyck
Director
14 July 2021

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.

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 (2019: £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 COVID-19 pandemic adversely impacted the global economy during 2020. Major economies around the world are now recovering, and the successful development and deployment of multiple effective vaccines is reducing the threat of the virus. The Company therefore does not expect COVID-19 to have a significant adverse impact on its activities in the next financial year. Nevertheless the Company will continue to evaluate the situation and closely monitor any potential effects on its operations and will continue to follow the World Health Organisation and local governments' advice.

As at 31 December 2020 the company has net liabilities of £24.8 million (2019: £25.3 million); the company meets its day-to-day working capital requirements through its intercompany loan facility. The directors have received confirmation that INEOS Holdings Limited will support the company for at least one year after these financial statements are signed. After making these enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

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

G Leask
JF Ginns
PKV Huyck
GGJ Decadt

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), 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 the financial statements, the directors are required to:

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

Statement of directors' responsibilities (continued)

- 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;
- 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

PKV Huyck
Director
14 July 2021

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 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 profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 19.

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.
- We also evaluated the design and implementation of the review control relating to revenue.

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

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

Matters on which we are required to report by exception

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

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

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 FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, UK
14 July 2021

Profit and loss account for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	1	**28,155**	23,105
Cost of sales		**(23,770)**	(21,026)
Gross profit		**4,385**	2,079
Administrative expenses		**(843)**	(723)
Operating profit	2	**3,542**	1,356
Interest receivable and similar income	5	**881**	214
Interest payable and similar expenses	6	**(4,279)**	(1,006)
Profit before taxation		**144**	564
Tax on profit	7	**185**	(215)
Profit for the financial year		**329**	349

All results in the current year relate to continuing activities.

Statement of comprehensive income
for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Profit for the financial year		**329**	349
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial gain recognised in the pension scheme	15	**181**	436
Movement in deferred tax relating to pension deficit	7	**(35)**	(74)
Other comprehensive income for the year		**146**	362
Total comprehensive income for the year		**475**	711

Balance sheet as at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	8	**35**	51
Tangible assets	9	**55,174**	47,735
Rights of use assets	10	**2,450**	2,061
		57,659	49,847
Current assets			
Stocks	11	**6,808**	3,853
Debtors	12	**14,164**	10,518
Cash at bank and in hand		**606**	1,538
		21,578	15,909
Creditors: amounts falling due within one year	13	**(100,105)**	(87,768)
Net current liabilities		**(78,527)**	(71,859)
Total assets less current liabilities		**(20,868)**	(22,012)
Creditors: amounts falling due after one year	14	**(3,718)**	(2,561)
Employee benefits	15	**(232)**	(720)
Net liabilities		**(24,818)**	(25,293)
Capital and reserves			
Called up share capital	16	**-**	-
Profit and loss account		**(24,818)**	(25,293)
Total shareholders' deficit		**(24,818)**	(25,293)

The financial statements on pages 10 to 34 were approved by the Board of Directors on 14 July 2021 and signed on its behalf by:

PKV Huyck
Director

INEOS Manufacturing (Hull) Limited
Registered number 06480046

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

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' deficit
	£'000	£'000	£'000	£'000
Balance at 1 January 2019	-	-	(26,004)	(26,004)
Profit for the financial year	-	-	349	349
Other comprehensive income/(expense) for the year:				
Actuarial gain in pension scheme (note 15)	-	-	436	436
Movement in deferred tax relating to pension liability (note 7)	-	-	(74)	(74)
Total comprehensive income for the year	-	-	711	711
Balance at 31 December 2019	-	-	(25,293)	(25,293)

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' deficit
	£'000	£'000	£'000	£'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 15)	-	-	181	181
Movement in deferred tax relating to pension liability (note 7)	-	-	(35)	(35)
Total comprehensive income for the year	-	-	475	475
Balance at 31 December 2020	-	-	(24,818)	(24,818)

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, SO43 7FG, England.

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 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 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 2020, which have had a material impact on the Company.

Accounting policies (continued)

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

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of INEOS Holdings Limited. The directors have received confirmation that INEOS Holdings Limited will support the company for at least one year after these financial statements are signed.

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 constructions are not depreciated. When an asset under constructions is in the conditions 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.

Precious metals are not normally depreciated, but are subject instead to an annual impairment review.

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.

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.

Accounting policies (continued)

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.

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

Accounting policies (continued)

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 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 "cash-generating unit").

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.

Exceptional items
The presentation of the Company's results separately identifies the effect of profits and losses on the disposal of businesses, the impairment and the reversal of impairment of non-current assets, the cost of restructuring acquired businesses and the impact of one off events such as legal settlements as exceptional items. 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.

Accounting policies (continued)

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 recognises 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 liability/(asset) 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 2020 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;
- the split of the actual 2020 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.

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.

Accounting policies (continued)

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.

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.

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.

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.

Notes to the financial statements for the year ended 31 December 2020

1 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.

2 Operating profit

Operating profit is stated after charging:

	2020	2019
	£'000	£'000
Auditors' remuneration:		
Fees for audit of the financial statements	**48**	48
Depreciation of owned tangible fixed assets	**5,940**	3,748
Depreciation of right of use tangible fixed assets	**66**	60
Amortisation of intangible assets	**16**	15

3 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the Company (2019: £Nil).

Notes to the financial statements for the year ended 31 December 2020 (continued)

4 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	2020 Number	2019 Number
Production	36	37
Administration	2	4
	38	41

The aggregate payroll costs of these people were as follows:

	2020 £'000	2019 £'000
Wages and salaries	2,024	2,243
Social security costs	240	266
Other pension costs	164	179
	2,428	2,688

5 Interest receivable and similar income

	2020 £'000	2019 £'000
Exchange gain	881	214
	881	214

Notes to the financial statements
for the year ended 31 December 2020 (continued)

6 Interest payable and similar expenses

	2020	2019
	£'000	£'000
Interest payable on loans from group undertakings	4,045	861
Pension scheme interest	13	40
Interest on lease liabilities	221	105
	4,279	1,006

7 Tax on profit

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

	2020	2019
	£'000	£'000
UK corporation tax – current year	(837)	(996)
Adjustments in respect of prior years	(55)	14
Current taxation credit	(892)	(982)
Deferred taxation:		
Origination and reversal of timing differences	872	1,111
Adjustments in respect of prior years	(165)	86
Deferred taxation	707	1,197
Tax (credit) / charge on profit	(185)	215

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Tax on profit (continued)

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

The tax assessed for the year is lower (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£'000	£'000
Profit before taxation	**144**	564
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	**27**	107
Effects of:		
Expenses not deductible for tax purposes	**8**	8
Adjustments in respect of prior years	**(220)**	100
Total tax (credit) / charge for year	**(185)**	215

(c) Factors which may affect future tax charges

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

(d) Deferred taxation

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

	2020	2019
	£'000	£'000
Arising from accelerated capital allowances	**(1,380)**	(717)
Employee Benefits	**44**	122
Total	**(1,336)**	(595)

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Tax on profit (continued)

Deferred tax asset relating to pension deficit

	2020	2019
	£'000	£'000
At 1 January	**122**	255
Difference in standard rate of deferred tax compared to PY	**15**	-
Deferred tax charged in profit and loss account	**(59)**	(59)
Deferred tax charged to statement of comprehensive income	**(35)**	(74)
At 31 December	**44**	122

Movements during the year in respect of total deferred tax asset/ (liability) were as follows:

	2020
	£'000
At 1 January	**(595)**
Arising during the year:	
In profit and loss account	**(707)**
In statement of comprehensive income	**(35)**
At 31 December	**(1,336)**

The movement on deferred tax is due to a decrease in accelerated capital allowances (£663,000) (2019: decrease of £1,138,000) and a decrease in pension provision (£78,000) (2019: increase of £133,000).

Notes to the financial statements
for the year ended 31 December 2020 (continued)

8 Intangible assets

	Intellectual property £'000
Cost	
At 1 January 2020 and 31 December 2020	**234**
Accumulated amortisation	
At 1 January 2020	(183)
Charge for the year	(16)
At 31 December 2020	**(199)**
Net Book Value	
At 31 December 2020	**35**
At 31 December 2019	51

9 Tangible assets

	Land and buildings £'000	Plant and machinery £'000	Assets under Construction £' 000	Total £'000
Cost				
At 1 January 2020	1,691	47,353	29,979	79,023
Additions	-	-	13,379	13,379
Transfers	-	28,639	(28,639)	-
At 31 December 2020	**1,691**	**75,992**	**14,719**	**92,402**
Accumulated depreciation				
At 1 January 2020	205	31,083	-	31,288
Charge for year	24	5,916	-	5,940
At 31 December 2020	**229**	**36,999**	-	**37,228**
Net book value				
At 31 December 2020	**1,462**	**38,993**	**14,719**	**55,174**
At 31 December 2019	1,486	16,270	29,979	47,735

Included within land and buildings is £962,000 (2019: £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 2020 (continued)

10 Rights of use assets

	Land £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2020	2,090	31	2,121
Additions	455	-	455
At 31 December 2020	**2,545**	**31**	**2,576**
Accumulated depreciation			
At 1 January 2020	50	10	60
Charge for year	57	9	66
At 31 December 2020	**107**	**19**	**126**
Net book value			
At 31 December 2020	**2,438**	**12**	**2,450**
At 31 December 2019	2,040	21	2,061

11 Stocks

	2020 £'000	2019 £'000
Raw materials and consumables	**6,808**	3,853

During the year £1,139,695 (2019: £1,247,000) has been recognised as expense.

Notes to the financial statements for the year ended 31 December 2020 (continued)

12 Debtors

	2020	2019
	£'000	£'000
Amounts falling due within one year		
Trade debtors	-	772
Amounts owed by group undertakings	6,919	6,037
Other debtors	2,381	1,865
Prepayments and accrued income	4,864	1,844
Total due within one year	**14,164**	**10,518**

Amounts owed by group undertakings are unsecured, interest free and are either subject to standard trading terms or are repayable on demand.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

12 Debtors (continued)

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
	2020	2020	2020	2020	2020	2020
	£'000	£'000	%	£'000	£'000	%
Not past due	-	-	-	6,919	-	-

	Amounts owed by trade debtors			Amounts owed by group undertakings		
	Gross	Impairment	ECLR	Gross	Impairment	ECLR
	2019	2019	2019	2019	2019	2019
	£'000	£'000	%	£'000	£'000	%
Not past due	772	-	-	6,037	-	-

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 2019 and 2020 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 2020 and 2019.

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 2020 (continued)

13 Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Trade creditors	**235**	1,482
Amounts owed to group undertakings	**98,033**	84,034
Accruals and deferred income	**1,452**	1,304
Social security	**242**	807
Lease liabilities	**143**	141
	100,105	87,768

Amounts owed to group undertakings are unsecured, attract interest at commercial rates and are either subject to standard trading terms or are repayable on demand.

14 Creditors: amounts falling due after one year

	2020	2019
	£'000	£'000
Lease liabilities	**2,382**	1,966
Deferred tax liability (note 7)	**1,336**	595
	3,718	2,561

The undiscounted maturity profile of lease liabilities as at 31 December 2020 was as follows:

	Land	Plant & Machinery
	£'000	**£'000**
Within one year	**143**	**10**
Between one and five years	**576**	**3**
More than 5 years	**5,030**	**-**
Total	**5,749**	**13**

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 2020 (continued)

15 Employee benefits

The Company participates in a defined contribution pension scheme. The pension contributions payable by the Company to this scheme amounted to £342,000 (2019: £389,000). Contributions amounting to £nil (2019: £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.

	2020	2019
	£'000	£'000
Total defined benefit asset	8,301	6,919
Total defined benefit liability	(8,533)	(7,639)
Net liability for defined benefit obligations	(232)	(720)

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

	2020	2019
Rate of inflation	2.8%	2.9%
Discount rate at 31 December	1.6%	2.1%
Future salary increases	N/A	N/A
Future pension increases	2.4%	3.0%

Notes to the financial statements
for the year ended 31 December 2020 (continued)

15 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:

	2020	2019
	Years	Years
Longevity at age 65 for current pensioners:		
Male	**21.5**	21.7
Female	**23.8**	24.0
Longevity at age 65 for future pensioners:		
Male	**22.7**	22.9
Female	**25.2**	25.4

Reconciliation of scheme assets and liabilities

	Defined benefit obligations	**Fair value of plan assets**	**Net defined benefit liability**
	£'000	**£'000**	**£'000**
At 1 January 2020	(7,639)	6,919	(720)
Current service cost	(22)	-	(22)
Interest (expense)/income	(157)	144	(13)
Actuarial (loss)/gain arising from:			
Change in experience on BDO	3	-	3
Change in demographic assumptions	18	-	18
Change in financial assumptions	(1,374)	-	(1,374)
Disbursements from plan assets	638	(638)	-
Return on plan assets less than discount rate	-	1,534	1,534
Employer contributions	-	342	342
At 31 December 2020	**(8,533)**	**8,301**	**(232)**

Notes to the financial statements
for the year ended 31 December 2020 (continued)

15 Employee benefits (continued)

Plan assets

	2020	2019
	£'000	£'000
Cash and cash equivalents	**91**	142
Equity instruments	**1,709**	1,659
Debt instruments e.g. Government bonds		
Government - Nominal	**623**	836
Government - Index-linked	**3,224**	1,702
Corporate	**1,293**	1,422
Real estate	**97**	96
Other securities	**1,264**	1,062
	8,301	6,919

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.

	2020	2019
	£'000	£'000
Discount rate (1% increase)	**2,700**	2,551
Inflation (RPI, CPI) (0.5% increase)	**938**	885
Mortality rate (1 year increase in longevity for a member currently aged 65)	**348**	326

In valuing the liabilities of the pension fund at 31 December 2020, 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 2020 would have increased by £348,000 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 2020 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 2020 (continued)

15 Employee benefits (continued)

Funding

The Company expects to pay £322,000 in contributions to its defined benefit plans in 2020. The weighted average duration of the defined benefit obligation at the end of the reporting period is 27.8 years (2019: 29.2 years).

Total cost recognised as an expense

	2020	2019
	£'000	£'000
Current service cost	**(22)**	(5)
Interest cost	**(157)**	(290)
Interest income	**144**	250
	(35)	(45)

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.

16 Called up share capital

Ordinary shares of £1 each	**2020**	**2020**	2019	2019
	Number	**£**	Number	£
Allotted, authorised, issued and fully paid	**1**	**1**	1	1

17 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 2020 was €3,682.3 million (2019: €3,470.9 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 2026 Indenture dated 24 April 2019 and the Senior Secured Notes due 2026 Indenture dated 29 October 2020. The total outstanding indebtedness under the Senior Secured Notes at 31 December 2020 was €1,645.0 million (2019: €1,320.0 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 2020 (continued)

17 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 2020 was €141.0 million (2019: €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.

The Company is party to the Senior Notes due 2024 Indenture dated 9 August 2016. The total outstanding indebtedness under the Senior Notes at 31 December 2020 was €1,056.5 million (2019: €1,096.3 million). The Company is a guarantor under the Senior Notes Indentures. These guarantees are on an unsecured senior subordinated basis.

18 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.

19 Ultimate parent company and ultimate controlling party

The Company's immediate parent undertaking is INEOS European Holdings Limited, a company registered in England and Wales, parts of 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, 58, Rue Charles Martel, Luxembourg, L-2134, Luxembourg.

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