INEOS TECHNOLOGIES (VINYLS) LIMITED

Annual report and financial statements

Registered number 07085219

31 December 2020

Contents

Strategic report for the year ended 31 December 2020

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

Principal activities
The Company markets and sells licenses for PVC and VCM technology and also provides specialist Research and Development (R&D) expertise.

Review of the business
2020 witnessed a continuation of the rationalisation of the company, started in 2019 with the Company's main aims to continue to support existing contracts whilst focusing on new businesses opportunities within the wider INEOS group. The result of this transitional phase has led to decreased revenues however, Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) has remained consistent. Revenue for the year was €1.3m (2019: €1.7m) and EBITDA was €0.1m (2019: €0.1m). A reconciliation of operating profit to EBITDA can be found in note 3 to the financial statements.

In addition to the new strategy the Company retains a sharpened focus on health and safety performance and fixed costs, enabling the Company to manage through this period of transition in order to take advantage of future opportunities as they arise.

No dividend payment was made during the year (2019: €nil).

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

- Competition – significant competition in the Company's industries, whether through efforts of new and current competitors of through consolidation of existing customers, may adversely affect its competitive position, revenue and overall position. The Company is focused on reducing the fixed and variable cost base across the operation. The Company also positions itself compared to competitors, not only on the basis of price, but on the basis of product innovation and quality.
- Cyber security risks – a cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss. Various IT protocols and programmes are in place to provide availability, confidentiality and an overall security approach to all systems and business processes, including cyber security controls, like intrusion detection/intrusion prevention, firewalls, mobile device management, malware and virus protection, notebook encryption, secure VPN access, network segmentation, industrial control system security monitoring, email and internet security, security information and event management, threat and vulnerability management.
- United Kingdom withdrawal from the European Union – the Company's operations may be adversely affected by the withdrawal of the United Kingdom from the European Union. The Company has made significant plans to limit the impact of Brexit on its activities from liaising with employees to contingent planning for inventories and the supply chain.
- Outbreaks of disease – the outbreak of contagious diseases may have a negative impact on the Company's business and performance. During the course on 2020 and into 2021, the Company has managed the outbreak of the COVID-19 coronavirus by implementing various measures to ensure the safety of employees and ongoing operations.

Future developments
Following the completion of the Company's rationalisation programme the directors expect the Company to return to profitability, focusing on projects internal to the wider INEOS Group. In the meantime, the Company will continue to focus on those areas which can be controlled including performance on health and safety and continued reductions to the fixed cost base. Additionally the Company seeks to keep a keen focus on controlling working capital.

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

Overall the Company has coped with the shock so far and has not been impacted significantly in terms of results. The wider contribution to society that the wider INEOS group, headed up by INEOS Limited, can make has been recognised by national governmental bodies and INEOS's production sites are categorised as critical manufacturing infrastructure and so, in the interests of public safety, it is essential that INEOS's facilities continue to operate.

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

Future developments (continued)

As of the date of these financial statements, despite the availability of vaccines, government measures continue to be imposed and continued around the world as new strands of the COVID-19 virus have been discovered. The COVID-19 pandemic situation is dynamic, and updates on travel restrictions, shutdowns on non-essential businesses and shelter-in-place/stay-at-home orders are continually evolving. The extent of the COVID-19 outbreak's effects on the Company's operational and financial performance will depend on future developments, including the duration, spread and intensity of the outbreak and the government measures implemented in response, or whether widespread shutdowns return, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. Although the directors cannot predict the extent and duration of COVID-19 crisis, the directors have undertaken a rigorous assessment of the potential impact of COVID-19 on demand for its products and the impact on margins for over 12 months from the date of signing these financial statements.

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

Key performance indicators ("KPIs")
In conjunction with the management of costs and working capital to improve profit the Company uses a number of key performance indicators ("KPIs") to monitor performance against budget:

- EBITDA for the year was €0.1 million (2019: €0.1 million) in line with prior year.
- Safety, Health and Environment (SHE) controls. There were no adverse SHE reports in either the current or preceding year.

Approved on behalf of the board

D J Horrocks
Director
17 September 2021

Directors' report for the year ended 31 December 2020

The directors present their report together with the financial statements and auditor's report of INEOS Technologies (Vinyls) Limited ("the Company") for the year ended 31 December 2020.

Results for the year and dividends
The results of the Company are set out in the income statement on page 8 which shows a loss before taxation for the year of €327,000 (2019: loss before taxation of €324,000). The Directors do not recommend the payment of a dividend (2019: €nil).

Going concern
The Directors believe that preparing the financial statements on he going concern basis is appropriate, despite the significant uncertainty due to the COVID-19 crisis, on the basis of the positive balance sheet and twelve month rolling forecasts. The entity is financed through its own operations, however if needed the directors have received confirmation that INEOS Holdings Limited will support the Company for at least one year after these financial statements are signed. The Directors have reviewed the financial statements of INEOS Holdings Limited and are comfortable that they have sufficient resources to support the Company should it be required.

Future developments
An indication of the likely future developments of the business is included in the Strategic Report on page 1.

Post balance sheet events
United Kingdom withdrawal from the European Union ("Brexit")
On 23 June 2016, the UK held an in or out referendum on the UK's membership within the EU, the result of which favoured the exit of the UK from the European Union ("Brexit"). On 31 January 2020, Brexit became effective and the UK entered into a transition period from 31 January 2020 to 31 December 2020 during which the European Union treated the UK as if it were still a member of the European Union (the "Transition Period"). Following the expiry of the Transition Period, the UK ceased to be treated as a member of European Union at 23:00 on 31 December 2020. A trade agreement was signed between the EU and the United Kingdom on 24 December 2020. Overall there has not been a significant impact on the activities of the Company.

Financial risk management
The Company's operations expose it to a variety of finance risks that include the effects of currency fluctuation risk, liquidity risk, credit risk and interest rate risk. The Company is able to minimise these risks through its distribution and licensing agreement with INEOS Europe AG.

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

Directors
The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

C E Tane (resigned 1 January 2020)
M J Maher (resigned 1 March 2021)
J D Taylorson
A Moorcroft
L M G Castin
F Rourke
G Tuft (appointed 1 January 2020, resigned 1 March 2021)
D J Horrocks (appointed 1 March 2021)

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

Research and development
Research and development activity is carried out by the Company as part of the strategic development programme.

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

Employees

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

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

The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. Employees are provided with information about the Company through regular briefing bulletins.

Health and safety

The Company continually strives to meet, and where possible, exceed strict health, safety and environmental performance targets. It is committed to continuous improvement in all aspects of its operations. Through its Safety, Health, Environment Quality ("SHEQ") Policy, the Company aims to be amongst the chemical industry leaders in health, safety, environmental protection and customer satisfaction, ensuring that products meet society's increasing environmental requirements. Specifically the Company works to two guiding principles. The first being to protect the health and safety of the communities in which it operates and the users of its products. Secondly, the Company seeks to minimise the effects on the environment from its operations; storage; transport; use and disposal of its products. The Company manages Safety, Health and the Environment ("SHE") as an integral part of its activities through a formal management system. This includes defining SHE standards and targets and monitoring of performance against them. The wider group of which the Company is part requires all members of staff (and others who work on its behalf) to adhere to the standard in the SHE Management System and to exercise personal responsibility to prevent harm to themselves, others and the environment. Comprehensive SHE information and training is provided to all employees, with SHE objectives set for every individual each year through the performance appraisal process. SHE targets also feature in the Group's discretionary Business Bonus Scheme.

Corporate social responsibility

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

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

The INEOS Limited Group is a member of a number of industry trade associations and is instrumental in the funding and ongoing development of specific initiatives designed to reflect the Group's commitment to a sustainable product life cycle. By way of example, the Group is the single largest sponsor of the European PVC industry's voluntary commitment, VinylPlus, which seeks to address the sustainability challenges of PVC throughout the value chain. Such work is promoted widely across the Group's stakeholders including customers, suppliers and product specifiers.

Directors' responsibilities statement

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 the financial statements, the directors are required to:

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

Directors' responsibilities statement (continued)

- select suitable accounting policies and then apply them consistently;
- 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.

Statement of 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

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

Registered address

INEOS Technologies (Vinyls) Limited
Bankes Lane Office
Bankes Lane
PO Box 9
Runcorn
Cheshire
WA7 4JE
United Kingdom

Approved on behalf of the board

D J Horrocks
Director
17 September 2021

Independent auditor's report to the members of INEOS Technologies (Vinyls) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of INEOS Technologies (Vinyls) 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income/(expense);
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of INEOS Technologies (Vinyls) Limited (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included environmental regulations.

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

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

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

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

Independent auditor's report to the members of INEOS Technologies (Vinyls) 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.

Matthew Hughes

Matthew Hughes BSC(Hons) (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
17 September 2021

Income statement for the year ended 31 December 2020

	Note	2020 €000	2019 €000
Revenue	2	**1,329**	1,668
Cost of sales		**(1,066)**	(988)
Gross profit		**263**	680
Distribution costs		**(384)**	(787)
Administrative expenses		**(164)**	(256)
Operating loss	3	**(285)**	(363)
Net interest (payable)/receivable and similar (expenses)/income	6	**(42)**	39
Loss before taxation		**(327)**	(324)
Tax	7	**326**	(99)
Loss for the financial year		**(1)**	(423)

All activities of the company relate to continuing operations.

Statement of comprehensive income/(expense) for the year ended 31 December 2020

	Note	2020 €000	2019 €000
Loss for the financial year		**(1)**	(423)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit liability	14	**244**	282
Movement in deferred tax relating to pension liability	10	**(46)**	(48)
Other comprehensive income for the year		**198**	234
Total comprehensive income/(expense) for the year		**197**	(189)

Balance sheet as at 31 December 2020

	Note	2020 €000	2019 €000
Non-current assets			
Property, plant and equipment	8	**831**	1,063
Deferred tax	10	**-**	31
Employee benefits	14	**330**	-
		1,161	1,094
Current assets			
Trade and other receivables: amounts falling due within one year	9	**2,970**	6,449
Cash at bank and in hand		**631**	276
		3,601	6,725
Trade and other payables: amounts falling due within one year	11	**(539)**	(3,721)
Net current assets		**3,062**	3,004
Total assets less current liabilities		**4,223**	4,098
Trade and other payables: amounts falling due after more than one year	12	**(46)**	-
Deferred tax	10	**(63)**	-
Employee benefits	14	**-**	(236)
Net assets		**4,114**	3,862
Capital and reserves			
Share capital	15	**-**	-
Capital contribution reserve		**55**	-
Retained earnings		**4,059**	3,862
Total equity		**4,114**	3,862

The financial statements on pages 8 to 24 were approved by the Board of Directors on 17 September 2021 and are signed on its behalf by:

D J Horrocks
Director

INEOS Technologies (Vinyls) Limited

Registered number: 07085219

Statement of changes in equity

for the year ended 31 December 2020

	Share capital	Capital contribution reserve	Retained earnings	Total equity
	€000	€000	€000	€000
Balance at 1 January 2019	-	-	4,051	4,051
Loss for the financial year	-	-	(423)	(423)
Other comprehensive income/expense):				
Actuarial gain recognised in the pension scheme (Note 14)	-	-	282	282
Movement in deferred tax relating to pension scheme liability (Note 10)	-	-	(48)	(48)
Total comprehensive expense for the year	-	-	(189)	(189)
Balance at 31 December 2019	**-**	**-**	**3,862**	**3,862**
Loss for the financial year	-	-	(1)	(1)
Other comprehensive income/(expense):				
Actuarial gain recognised in the pension scheme (Note 14)	-	-	244	244
Movement in deferred tax relating to pension scheme asset (Note 10)	-	-	(46)	(46)
Total comprehensive income/(expense) for the year	-	-	197	197
Transactions recorded directly in equity				
Capital contribution	-	55	-	55
Balance at 31 December 2020	**-**	**55**	**4,059**	**4,114**

Notes to the financial statements

1 Accounting policies

INEOS Technologies (Vinyls) Limited (the "Company") is a private company limited by shares and incorporated and domiciled in the United Kingdom under the Companies Act 2006. The Company is registered in England and Wales. The Company's registered address is Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom.

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

The functional and presentational currency of these financial statements is Euros. All amounts in the financial statements have been rounded to the nearest thousand.

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.

INEOS Group Holdings SA, is the head of the smallest and largest group to consolidate the Company's results and includes the Company's results in its consolidated financial statements. The consolidated financial statements of INEOS Group Holdings SA are prepared in accordance with International Financial Reporting Standards, are available to the public and may be obtained from the Company Secretary, 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

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

- Cash flow statement and related notes;
- Comparative period reconciliations for share capital, property, plant and equipment;
- Disclosures of related party transactions between two or more wholly owned members of the same group;
- 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 SA include the equivalent disclosures, the Company has also taken the exemptions available under FRS 101 in respect of the following disclosure:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The Company's critical accounting estimates and judgements are disclosed in note 18.

Changes in accounting policies

From 1 January 2019 the Company has applied IFRS 16 Leases for the first time, note 1.6 provides the detail behind this change.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis, modified to include certain items at fair value as explained in the accounting policies below. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

1.2 Going concern

The Directors believe that preparing the financial statements on he going concern basis is appropriate, despite the significant uncertainty due to the COVID-19 crisis, on the basis of the positive balance sheet and twelve month rolling forecasts. The entity is financed through its own operations, however if needed the directors have received confirmation that INEOS Holdings Limited will support the Company for at least one year after these financial statements are signed. The Directors have reviewed the financial statements of INEOS Holdings Limited and are comfortable that they have sufficient resources to support the Company should it be required.

Notes to the financial statements (continued)

1 Accounting policies (continued)

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

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

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.5 Property, plant and equipment

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

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

- Plant and machinery 5 to 20 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Assets under construction are not depreciated, but are transferred to an appropriate asset category when they are available for use.

1.6 IFRS 16 leases

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

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

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

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

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

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

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

Notes to the financial statements (continued)

1 Accounting policies (continued)

1.6 IFRS 16 leases (continued)

ii) Adjustments recognised on adoption of IFRS 16 in which the Company is a lessee (continued)
As at 1 January 2019, the Company has recognised additional lease liabilities of €377,000. The table below provides a reconciliation between operating lease commitments disclosed as at 31 December 2018 and the lease liability recognised as at 1 January 2019:

	€000
Operating lease commitments as at 31 December 2018	**377**
Lease liabilities recognised as at 1 January 2019	**377**
Of which are:	
Current lease liabilities	197
Non-current lease liabilities	180
	377

The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.1%.

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

- Plant & Machinery – increase of €377,000.
- Right of use lease liabilities – increase of €377,000. From 1 January 2019 lease liabilities have been categorised within Right of use lease liabilities within Trade and other payables on the balance sheet.

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

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

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

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the accounting for leases with a lease term of 12 months or less as short term leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term,
- the accounting for leases for which the underlying asset is of low value when it is new as low value leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Policies applicable from 1 January 2019
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

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

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

1 Accounting policies (continued)

1.6 IFRS 16 leases (continued)

Company as a lessee (continued)

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

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

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

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

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

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

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to all leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Company also applies the lease of low-value assets recognition exemption (Group policy) to leases of assets that are valued below €10,000. 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.

Policies applicable prior to 1 January 2019
Operating lease payments
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

1.7 Impairment excluding deferred tax assets

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

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

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

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Notes to the financial statements (continued)

1 Accounting policies (continued)

1.7 Impairment excluding deferred tax assets (continued)

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

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

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

An impairment loss in respect of goodwill is not reversed.

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

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

1.8 Employee benefits

Pension costs
The Company participates in a 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, INEOS Compounds UK Limited and INOVYN ChlorVinyls Limited. INOVYN ChlorVinyls Limited is the principal employer.

The current service cost of pension provision and any costs of benefits relating to past service are charged against operating profit for the year. A charge equal to the increase in present value of the pension scheme liabilities and a credit equal to the long-term expected return on pension scheme assets at the start of the year are included in 'interest receivable/(payable) and similar income/(expense)' in the income statement. Actuarial gains and losses are recognised in the statement of comprehensive expense.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus, to the extent that it is considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax, if appropriate.

The pension liabilities and assets of the Company, INEOS Compounds UK Limited and INOVYN ChlorVinyls Limited form one pension plan. In general, a full actuarial valuation of this plan is conducted every three years and as a result in the interim years the IAS 19 pension scheme results need to be split on an approximate basis between the Company, INEOS Compounds UK Limited and INOVYN ChlorVinyls Limited.

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

- The 31 December 2020 liabilities have been based on the Section 75 debt liabilities for each entity versus these liabilities for the plan as a whole at 5 April 2019 (the date of the last signed full valuation).
- Approximate allowance has been made for the changes due to special events (that the local actuary is aware of) since 5 April 2019.
- The split of the assets was based on the liability split at 31 December 2020.
- The expected 2021 service costs were based on the ratio of the Company's active payroll versus the total active payroll for the fund, as a whole.
- The approach outlined above is in line with that applied at the end of 2019.

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

The Directors believe that this approach represents a reasonable basis of accounting for the scheme.

The most recent signed valuation for the Company was 5 April 2019. The data from the full actuarial valuation, adjusted for material membership movements since this date, have been used in these financial statements.

The Company also participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

Notes to the financial statements (continued)

1 Accounting policies (continued)

1.8 Employee benefits (continued)

Pension costs (continued)

Short-term benefits

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

1.9 Revenue

Revenue represents the sales value of goods and services to customers during the year. It excludes VAT and similar based taxes.

Revenue is recognised when the risks and rewards of ownership are transferred to the customer or the service has been provided, and it can be reliably measured.

1.10 Expenses

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

1.11 Research and development

Expenditure on research and development is written off to the income statement in the year incurred.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Notes to the financial statements (continued)

2 Revenue

The directors consider there to be only one operating segment in the business. In both 2019 and 2020 the Company's revenue originated from the UK and was destined for outside of the UK and the rest of Europe.

3 Operating loss

The following charges are included with operating loss:

	2020 €000	2019 €000
Depreciation (Note 8):		
Owned assets	**207**	253
Right of use assets	**162**	215
Research & development costs	**1,225**	1,345

Auditors' remuneration for the statutory audit of the Company for the year of €22,913 was payable to Deloitte LLP (2019: €21,809).

No non-audit services have been provided to the Company in the year (2019: €nil).

Reconciliation of operating profit to earnings before interest, tax, depreciation and amortisation (EBITDA):

	2020 €000	2019 €000
Operating loss	**(285)**	(363)
Depreciation and amortisation	**369**	468
EBITDA	**84**	105

4 Staff numbers and costs

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

	Number of employees	
	2020	2019
Sales and technical service	**3**	4
Research & development	**13**	13
	16	17

The overall costs of these persons charged in arriving at operating profit in the year were as follows:

	2020 €000	2019 €000
Wages and salaries	**1,042**	1,060
Social security costs	**131**	125
Contributions to defined contribution plans (note 14)	**126**	155
Expenses related to defined benefit plans (note 14)	**25**	48
	1,324	1,388

5 Directors' remuneration

The directors did not receive any emoluments for their services to the company (2019: €nil), these were borne by other Group companies.

Notes to the financial statements (continued)

6 Net interest (payable)/receivable and similar (expenses)/income

	2020 €000	2019 €000
Interest payable		
Net interest on net defined benefit pension plan asset/liability (note 14)	(2)	(20)
Interest payable on right of use finance leases	(3)	(11)
Net foreign exchange losses and similar expenses	(37)	-
	(42)	(31)
Interest receivable		
Net foreign exchange gains and similar income	-	70
	-	70
Net interest (payable)/receivable and similar (expenses)/income	(42)	39

7 Tax

Recognised in the income statement

	2020 €000	2019 €000
Current tax:		
UK corporation tax on profits in the year	(126)	(103)
Adjustments in respect of prior year	(248)	164
Total current tax	(374)	61
Deferred tax:		
Origination & reversal of timing differences	51	43
Effect of rate change	-	(4)
Adjustments in respect of prior year	(3)	(1)
Total deferred tax	48	38
Tax (credit)/charge	(326)	99

Reconciliation of effective tax rate

	2020 €000	2019 €000
Loss before taxation	(327)	(324)
Loss before taxation at the UK tax rate of 19% (2019: 19%)	(62)	(62)
Expenses not deductible for tax purposes	(13)	1
Effect of rate change	-	(4)
Adjustments in respect of prior year	(251)	164
Total tax (credit)/charge	(326)	99

Factors which may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020.
In the 2020 budget it was announced that the corporation tax main rate would remain at 19% for the financial year beginning 1 April 2020, rather than reducing it to 17% from 1 April 2020. The charge to corporation tax and the main rate will also be set at 19% for the financial year beginning 1 April 2021. On 11 March 2021, the Finance Bill 2021 was announced which increased the rate of Corporation Tax to 25% on profits over £250,000 from April 2023, deferred tax assets have not been restated for this change.

Notes to the financial statements (continued)

8 Property, plant and equipment

	Plant and Machinery €000	Assets under construction €000	Total €000
Cost			
Balance at 1 January 2019	1,812	62	1,874
Impact of adoption of IFRS 16	377	-	377
Transfers	53	(53)	-
Additions	90	-	90
Balance at 31 December 2019	**2,332**	**9**	**2,341**
Transfers	2	(2)	-
Modification to existing lease	137	-	137
Balance at 31 December 2020	**2,471**	**7**	**2,478**
Accumulated depreciation			
Balance at 1 January 2019	810	-	810
Depreciation charge for the year	468	-	468
Balance at 31 December 2019	**1,278**	-	**1,278**
Depreciation charge for the year	369	-	369
Balance at 31 December 2020	**1,647**	-	**1,647**
Net book value			
At 31 December 2020	**824**	**7**	**831**
At 31 December 2019	1,054	9	1,063

Property, plant and equipment under construction
No borrowing costs were capitalised during the year (2019: €nil).

Included within the above are right of use assets as follows: -

	Plant and Machinery €000	Total €000
Cost		
At 1 January 2019	-	-
Impact of adoption of IFRS 16	377	377
At 31 December 2019	377	377
Modification to existing lease	137	137
At 31 December 2020	**514**	**514**
Accumulated depreciation		
At 1 January 2019	-	-
Charge for the year	215	215
At 31 December 2019	215	215
Charge for the year	162	162
At 31 December 2020	**377**	**377**
Net book value		
At 31 December 2020	**137**	**137**
At 31 December 2019	162	162

Notes to the financial statements (continued)

9 Trade and other receivables: amounts falling due within one year

	2020 €000	2019 €000
Trade receivables	-	11
Amounts owed by group undertakings	2,912	6,340
Other receivables	58	98
	2,970	6,449

Amounts owed by group undertakings are unsecured, attract interest at a monthly rate issued by Group, have no fixed date of repayment and are repayable on demand.

10 Deferred tax

	Employee benefits €000	Accelerated capital allowances €000	Total €000
At 1 January 2019	138	(21)	117
Charged to the income statement	(50)	12	(38)
Charged to the statement of comprehensive income/(expense)	(48)	-	(48)
At 31 December 2019	**40**	**(9)**	**31**
Charged to the income statement	(57)	9	(48)
Charged to the statement of comprehensive income/(expense)	(46)	-	(46)
At 31 December 2020	**(63)**	**-**	**(63)**

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable on an assessment of expected future profits modelled against the gross tax losses available.

11 Trade and other payables: amounts falling due within one year

	2020 €000	2019 €000
Trade payables	2	-
Amounts owed to group undertakings	197	3,287
Right of use lease liabilities	90	180
Other payables	70	34
Accruals and deferred income	180	220
	539	3,721

No payables relate to convertible debt (2019: €nil)

Amounts owed to group undertakings are unsecured, generate interest payable at a monthly rate issued by Group, have no fixed date of repayment and are repayable on demand.

12 Trade and other payables: amounts falling due after more than one year

	2020 €000	2019 €000
Right of use lease liabilities	46	-

Notes to the financial statements (continued)

13 Interest bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2020 €000	2019 €000
Right of use liabilities – amounts falling due within one year	**90**	180
Right of use liabilities – amounts falling due after more than one year	**46**	-
	136	180

Right of use lease liabilities

Right of use lease liabilities are payable as follows:

	Minimum lease payments		Interest		Principal	
	2020 €000	2019 €000	**2020 €000**	2019 €000	**2020 €000**	2019 €000
Less than one year	**93**	183	**(3)**	(3)	**90**	180
Between one and five years	**47**	-	**(1)**	-	**46**	-
	140	183	**(4)**	(3)	**136**	180

14 Employee benefits

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 €000	2019 €000
Total defined benefit asset	**12,136**	11,700
Total defined benefit liability	**(11,806)**	(11,936)
Net defined benefit asset/(liability)	**330**	(236)

Movements in net defined benefit asset/(liability)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset/(liability)	
	2020 €000	2019 €000	**2020 €000**	2019 €000	**2020 €000**	2019 €000
Balance at 1 January	**(11,936)**	(12,785)	**11,700**	11,976	**(236)**	(809)
Included in profit and loss						
Current service cost	**(25)**	(48)	**-**	-	**(25)**	(48)
Interest cost	**(231)**	(376)	**229**	356	**(2)**	(20)
	(256)	(424)	**229**	356	**(27)**	(68)
Included in other comprehensive expense						
Remeasurements:						
Change in demographic assumptions	**33**	109	**-**	-	**33**	109
Change in financial assumptions	**(956)**	(1,185)	**-**	-	**(956)**	(1,185)
Experience adjustment	**(1)**	1,943	**-**	-	**(1)**	1,943
Return on plan assets	**-**	-	**1,166**	(559)	**1,166**	(559)
Effective movement of exchange rate	**664**	(659)	**(662)**	633	**2**	(26)
	(260)	208	**504**	74	**244**	282
Other						
Contributions paid by the employer		-	**349**	359	**349**	359
Benefits paid	**646**	1,065	**(646)**	(1,065)	**-**	-
Balance at 31 December	**(11,806)**	(11,936)	**12,136**	11,700	**330**	(236)

Notes to the financial statements (continued)

14 Employee benefits (continued)

Plan assets

	2020 €000	2019 €000
Cash and cash equivalents	**143**	194
Equity instruments	**1,898**	2,409
Debt instruments e.g. Government bonds	**7,964**	7,017
Real estate	**143**	164
Investment funds	**1,988**	1,916
Total	**12,136**	11,700

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

Actuarial assumptions

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

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

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: male 21.5 years (2019: 21.5 years), female 23.9 years (2019: 23.7 years).
- Future retiree upon reaching 65: male 22.7 years (2019: 22.6 years), female 25.2 years (2019: 25.1 years).

Sensitivity analysis

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

	2020 €000	2019 €000
Discount rate – 1%	**2,455**	2,490
1 year increase in mortality rates	**470**	480
Inflation (RPI, CPI) – 0.5%	**801**	814

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 year 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.

Funding

The Company expects to pay €388,000 in contributions to its defined benefit plans in 2021. The weighted average duration of the defined benefit obligation at the end of the financial year is 19 years.

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was €126,059 (2019: €154,520).

Notes to the financial statements (continued)

15 Capital and reserves

Share capital

	2020	2019
	€	€
Allotted and fully paid		
100 (2019: 100) Ordinary shares of £1 each	**110**	110

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Capital contribution reserve
The capital contribution reserve refers to monies received from INEOS Vinyls Limited, a fellow group undertaking.

16 Controlling parties

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

The largest group in which the results of the Company are consolidated is that headed by INEOS Group Holdings SA, incorporated in Luxembourg. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from Company Secretary, 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

The registered address of INEOS Group Holdings SA is 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

17 Post balance sheet events

United Kingdom withdrawal from the European Union ("Brexit")
On 23 June 2016, the UK held an in or out referendum on the UK's membership within the EU, the result of which favoured the exit of the UK from the European Union ("Brexit"). On 31 January 2020, Brexit became effective and the UK entered into a transition period from 31 January 2020 to 31 December 2020 during which the European Union treated the UK as if it were still a member of the European Union (the "Transition Period"). Following the expiry of the Transition Period, the UK ceased to be treated as a member of European Union at 23:00 on 31 December 2020. A trade agreement was signed between the EU and the United Kingdom on 24 December 2020. Overall there has not been a significant impact on the activities of the Company.

18 Critical accounting judgements and key sources of estimation certainty

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

Critical judgements in applying the Group's accounting policies
The directors do not consider there to be any critical judgements, apart from those involving estimations, which are presented separately below.

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

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

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

Details of pension assumptions are described in detail in note 14 to the financial statements.