

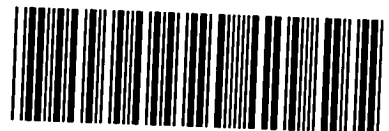
INEOS Commercial Services UK Limited

Annual report and financial statements

Registered number 07445497

31 December 2020

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Strategic report for the year ended 31 December 2020

The directors present their Strategic report on the Company for the year ended 31 December 2020.

Review of business and future developments

INEOS Commercial Services UK Limited ("the Company") is engaged in the procurement of raw materials and sale of petrochemical products manufactured at the petrochemical site in Grangemouth. The Company has a tolling contract with INEOS Chemicals Grangemouth Limited for the manufacture of its product, and distribution agreements with Limited Risk Distributors in Europe for the sale of the product for which it pays a small margin.

INEOS Chemicals Grangemouth Limited together with INEOS Commercial Services UK Limited are wholly owned subsidiaries of INEOS Grangemouth Limited, INEOS Grangemouth Limited is also the majority shareholder of Grangemouth Energy Company Limited, and together this group of companies form the Grangemouth business of INEOS O&P UK ("the Group").

Demand for olefins in the year has been balanced despite a volatile market due to COVID-19. Demand for polymers increased during the year due to demand for use in packaging, pharmaceutical and medical sectors, offsetting the lower demand in automotive, construction and durables. Ethanol economics have strengthened because of an increase in demand due to COVID-19 and the low oil price.

During Q4 2020, there was a planned turnaround event (TAR) on the ethanol plant. During a TAR the plant is shutdown to perform critical maintenance activities and the production volume of the site is reduced during the outage period. The TAR event had a longer duration than originally planned which resulted in lower production volumes of ethanol compared to the budget for the year. There were several other unplanned outages across different plants during the year which further reduced production volumes. Overall performance was behind the budgeted expectations although better than the previous year as fixed cost savings offset lost margin due to the aforementioned outages.

The business operates and trades within the EU, purchasing materials and equipment as well as selling finished products into European countries via Limited Risk Distributors in Europe. The uncertainties related to BREXIT negotiations were carefully monitored by management and steps were taken to achieve a high level of preparedness, which included increasing stock at key locations in Europe. Since the beginning of 2021, the deliveries to European based customers have continued without interruption and the Company reconfigured its supply chain to minimise delays.

Financing Arrangements

On 22 July 2020 the Group entered into a loan facility with INEOS Industries Holdings Limited for €90,000,000.

On 23 July 2020, the existing €350,000,000 bank facility due 2022 was extended to 2025. The facility comprises of a €200,000,000 Term Loan and a €150,000,000 Revolving Credit Facility. INEOS Grangemouth Limited and its subsidiaries guarantee the obligations under the Senior Secured Term Loans. As at 31 December 2020 €200,000,000 of the Term Loan and €20,000,000 of the €150,000,000 Revolving Credit Facility had been drawn down.

Results and dividends

The loss for the financial year before taxation was €42,494,000 (2019: €3,698,000). The directors paid a dividend of £nil during the year (2019: €60,000,000), and no further dividends were proposed.

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

Strategy

The Company's strategic aim is to use the benefits of our advantaged feedstock for the KG ethylene cracker to grow the Grangemouth base and our long-term profitability. Long-term supply contracts are in place to provide a secure source of advantaged feedstock from the USA and the North Sea, which will eliminate the feedstock constraints the business has been operating under in previous years and allow the assets to be operated at full capacity which will maximise production and profitability.

In addition, the regeneration programme on the Grangemouth site has already remediated large areas, on which we hope to attract both internal INEOS and external investment. This investment will utilise the utilities and services already available with the intention to grow the Grangemouth manufacturing base.

Section 172(1) statement

The directors have the duty to promote the success of the Company for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers and the environment. The directors focus on engagement with all stakeholders, and uses this when taking decisions.

Long-term factors

The Company's strategy is to grow its business portfolio through maintaining and increasing its customer base. To achieve these objectives, the Company has the following key strategies:

- maintain health, safety, security and environmental excellence;
- reduce costs and realise synergies;
- maximise utilisation of assets;
- access advantaged energy opportunities; and
- develop and implement a sustainable business.

The directors believe these are critical long-term factors for the success of the Company.

The directors' decision-making has supported the implementation of the strategy.

The business plans for strategic investments to support its goals and continually investigates potential growth opportunities examples of such decisions include an announcement in 2019 to invest in the new energy plant at Grangemouth which will deliver long term sustainable steam and power for the whole of the Grangemouth site and the ethylene growth plan to add an additional furnace on the gas cracker to increase production capacity. Completion of this furnace project was delayed due to COVID-19 working restrictions but is well advanced and is expected to be operational by Q4 2021.

We aim to operate and develop our business in a way that supports both our current and future needs, taking into account relevant economic, environmental and social factors. This enables us to sustain our business for the long-term. We strongly believe that sustainable business management and practices will contribute to our long-term business success

The directors ensure that the Company has sufficient resources to support its long-term growth strategy and to fund its investments. An important element is the Company's long-term cash and operational planning in relation to the capital requirements needed to extend the life span of the assets. The directors consider available and required funds as a basis for any dividend under its distribution policy.

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

Stakeholder considerations

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

Key stakeholders contribute to our economic, social and environmental performance. Stakeholders include our customers, suppliers, employees, investors, financial experts and rating agencies, local communities and industry associations.

As a major producer of petrochemicals in the UK, the Company adopts a holistic approach looking at its entire value chain – from procurement, development and production to transport, sales, integration into customer processes, final intended use and recycling. Together with industry associations and our business partners, we strive to achieve high and well-acknowledged sustainability standards in the chemical industry.

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

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

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

Act fairly between members

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

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

COVID-19 coronavirus

In early March 2020, the Company, INEOS Grangemouth Limited and its fellow subsidiaries (together “the Group”), developed contingency plans for the COVID-19 pandemic, with the primary objectives of maintaining safety of personnel and reliable operation of the plants.

Following the UK Government announcement on 23 March 2020 of UK lockdown, a number of changes to standard working practices were implemented, the intent of which was to reduce personnel on site to those defined as operationally critical. This included immediately stopping any non-critical projects and amending shift patterns to enable social distancing.

Any safety critical activity was formally risk assessed to take cognisance of additional controls necessary to protect core personnel from COVID-19, hence safeguarding safety-critical work at all times. During April 2020, the business took the decision to postpone all non safety-critical maintenance and project activities on site including temporarily stopping work on an additional furnace and the new energy plant to ensure core operations on the Grangemouth site were protected from a potential COVID-19 spread.

The vast majority of office-based staff adopted home working, resulting in an approximate 72% reduction in personnel accessing our sites which significantly reduced the potential for the spread of infection in the business.

The Company has performed risk assessments across all operational areas and adapted to changes in work practices and procedures in order to adhere to government guidance on social distancing, lockdown restrictions, working from home and non-essential working. Throughout the pandemic the Company’s assets and facilities have continued to be fully operational albeit with fewer people working on site on a daily basis.

The Group produces and sells ethylene, ethanol and polymers which are used in medical equipment production including face masks, ventilators, gloves, eye visors and medical grade hand sanitiser and also widely used in food packaging. The demand for these products due to COVID-19 has increased, although the demand for durables, such as for use in car manufacturing has declined.

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.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Company’s directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of INEOS Grangemouth Limited which includes the Company, are discussed in the Group’s annual report which does not form part of this report.

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

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of INEOS Grangemouth Limited which include those of the Company are discussed in the Group's annual report.

Approved by the Board of Directors and signed on behalf of the Board of Directors.



C G Mound
Director
30 April 2021
Registered number 07445497

Directors' report for the year ended 31 December 2020

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

Principal activities

The Company is engaged in the production and sale of petrochemical products manufactured at the petrochemical site in Grangemouth, Scotland. The main product manufactured by the olefins business is ethylene through the operation of a cracker fuelled by gas. The ethylene and other by-products can then be sold or manufactured further to produce polyethylene, polypropylene and synthetic ethanol, which are sold either directly or through a network of Limited Risk Distributors in the UK and across Europe for which the Company pays a small margin.

Results and dividends

Results and dividends are discussed in the Strategic report.

Future developments

Future developments are discussed in the Strategic report.

Post balance sheet events

There are no significant events following the balance sheet date.

Going concern

The financial statements have been prepared on a going concern basis. The Company is reliant on support from INEOS Grangemouth Limited Group and the directors have obtained confirmation that this support will be provided for a period of not less than twelve months from signing these financial statements such that the company can meet its liabilities as they fall due. In assessing the ability of the Group to provide this support, the directors of the Company have reviewed the assessment prepared at a group level including cashflow forecasts and sensitivity analysis, including around external debt covenants. In doing so the directors have concluded that the Group has appropriate resources to offer such support as well as a genuine intention to do so if required. Accordingly, the going concern basis has been adopted. Refer to Note 1 for further details.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk 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. The Company is exposed to commodity price risk as a result of its operations. The Company manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. The Company is funded by its parent company INEOS Grangemouth Limited and therefore has no direct exposure to liquidity or debt market risk.

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

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

S M Collings (appointed 17 November 2020)

P Q Grant

T Hanneman (resigned 17 November 2020)

G S Hepburn (resigned 8 January 2021)

C G Mound (appointed 8 January 2021)

M Plevoets

Employees

The Company has developed voluntary practices and procedures for employee involvement appropriate to their own circumstances and needs. The Company encourages this approach to provide information and consultation and believes that this promotes a better understanding of the issues facing the individual business in which the employee works. 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 by issuing communications on the company intranet, holding information meetings hosted by the Board and operating a bonus scheme linked to the business performance. The Company consults employees or their representatives through a works council on a regular basis so that the views of employees can be taken into account in making decisions that are likely to affect their interests.

The Company prohibits acts of discrimination whereby one individual is treated less favourably than another on grounds of age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity. The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Streamlined Energy and Carbon Reporting (SECR)

The SECR disclosures relating to the Company are included within the SECR disclosures made in the annual report of INEOS Industries Limited, the parent undertaking of the largest group of undertakings to consolidate these financial statements. The Company has taken advantage of the exemption from the requirement to make SECR disclosures in these financial statements.

Health & safety

Our facilities and operations are subject to a wide range of health, safety, security and environmental ("HSSE") laws and regulations in all of the jurisdictions in which we operate. These requirements govern, among other things, the manufacture, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, wastewater discharges, air emissions, noise emissions, human health and safety, process safety and risk management and the clean-up of contaminated sites. Many of our operations require permits and controls to monitor or prevent pollution. We have incurred, and will continue to incur, ongoing capital and operating expenditures to ensure compliance with current and future HSSE laws, regulations and permits or the more stringent enforcement of such requirements.

Our operations are currently in material compliance with all HSSE laws, regulations and permits. We actively address compliance issues in connection with our operations and properties and we believe that we have systems in place to ensure that environmental costs and liabilities will not have a material adverse impact on us.

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

Business relationships

The business relationships with suppliers and customers are of strategic importance to the directors of the Company and their decision-making process. The business relationships of INEOS O&P UK are described in the Section 172(1) statement in the Strategic report.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic report and Directors' 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, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' confirmations

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

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

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

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

Independent Auditor

During the year Deloitte LLP were re-appointed as auditor of the Company 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 re-appointed in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board of Directors.



C G Mound
Director
30 April 2021
Registered number 07445497

Independent auditor's report to the members of INEOS Commercial Services UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of INEOS Commercial Services UK 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 Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the related notes 1 to 22.

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.

Independent auditor's report to the members of INEOS Commercial Services UK Limited (*continued*)

Report on the audit of the financial statements (*continued*)

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 auditor's report to the members of INEOS Commercial Services UK Limited (*continued*)

Report on the audit of the financial statements (*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 and those charged with governance about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, Money Laundering regulations, Health and Safety at work legislation, Data Protection Act, Pension legislation, Tax legislation and Bribery Act; 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 including relevant internal specialists such as tax, pensions, IT and data analytics 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, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating 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 Commercial Services UK 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 BSc (Hons) ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

30 April 2021

Profit and Loss Account

for the year ended 31 December 2020

	Note	2020 €000	2019 €000
Turnover	2	587,257	667,478
Cost of sales		(555,138)	(662,892)
Gross profit		32,119	4,586
Distribution costs		(38,963)	(38,425)
Administrative expenses		(16,911)	(5,001)
Other operating expense		-	(186)
Operating loss	3	(23,755)	(39,026)
Interest receivable and similar income	6	16,724	41,848
Interest payable and similar expenses	7	(35,463)	(6,520)
Loss before taxation		(42,494)	(3,698)
Tax on loss	8	9,588	257
Loss for the financial year		(32,906)	(3,441)

All activities of the Company relate to continuing operations.

Statement of Comprehensive Income

for the year ended 31 December 2020

	Note(s)	2020 €000	2019 €000
Loss for the financial year		(32,906)	(3,441)
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial gain/(loss) recognised in the pension scheme	12	11,235	(8,081)
Deferred tax arising on actuarial gain/(loss) in the pension scheme	8,13	(1,601)	1,374
Other comprehensive income/(expense) for the year, net of income tax		9,634	(6,707)
Total comprehensive expense for the year		(23,272)	(10,148)

Balance Sheet

as at 31 December 2020

	Note	2020 €000	2019 €000
Fixed assets			
Tangible assets	9	186	240
		<u>186</u>	<u>240</u>
Current assets			
Stocks	10	49,745	65,930
Debtors (including €4,417,000 (2019: €nil) due after more than one year)	11,12	515,189	555,175
Deferred tax asset	13	9,965	8,780
Cash at bank and in hand		35,561	35,647
		<u>610,460</u>	<u>665,532</u>
Creditors: amounts falling due within one year	14	<u>(83,262)</u>	<u>(132,519)</u>
Net current assets		<u>527,198</u>	<u>553,013</u>
Total assets less current liabilities		<u>527,384</u>	<u>533,253</u>
Creditors: amounts falling due after more than one year	15	<u>(263,631)</u>	<u>(239,130)</u>
Provisions for liabilities			
Post-employment benefits	12	-	(7,098)
		<u>(263,631)</u>	<u>(246,228)</u>
Net assets		<u>263,753</u>	<u>287,025</u>
Capital and reserves			
Called up share capital	18	-	-
Profit and loss account		263,753	287,025
Total equity		<u>263,753</u>	<u>287,025</u>

These financial statements on pages 14 to 44 were approved by the Board of Directors on 30 April 2021 and were signed on its behalf by:



C G Mound
Director
Registered number 07445497

Statement of Changes in Equity

for the year ended 31 December 2020

	Note(s)	Called up share capital €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2019		-	357,173	357,173
Loss for the financial year		-	(3,441)	(3,441)
Other comprehensive expense for the year, comprising				
Actuarial loss in the pension scheme	12	-	(8,081)	(8,081)
Deferred tax arising on actuarial loss in the pension scheme	8,13	-	1,374	1,374
Other comprehensive expense		-	(6,707)	(6,707)
Total comprehensive expense for the year		-	(10,148)	(10,148)
Transaction with owners, recorded directly in equity				
Dividends paid	18	-	(60,000)	(60,000)
Transaction with owners, recorded directly in equity		-	(60,000)	(60,000)
Balance at 31 December 2019		-	287,025	287,025

	Note(s)	Called up share capital €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2020		-	287,025	287,025
Loss for the financial year		-	(32,906)	(32,906)
Other comprehensive income/(expense) for the year, comprising				
Actuarial gain recognised in the pension scheme	12	-	11,235	11,235
Deferred tax arising on actuarial gain in the pension scheme	8,13	-	(1,601)	(1,601)
Other comprehensive income		-	9,634	9,634
Total comprehensive expense for the year		-	(23,272)	(23,272)
Balance at 31 December 2020		-	263,753	263,753

Notes to the financial statements for the year ended 31 December 2020 (forming part of the financial statements)

1 Accounting policies

INEOS Commercial Services UK Limited (the “Company”) is a private limited company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The registered office address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, England, SO43 7FG.

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

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

The financial statements are expressed in euros as the Company primarily generate income, incur expenditure and have the majority of their assets and liabilities denominated in euros. The exchange rate as at 31 December 2020 was €1.10644 /£1 (2019: €1.17055/£1).

The Company’s parent undertaking, INEOS Grangemouth Limited includes the Company in its consolidated financial statements. INEOS Grangemouth Limited is a company incorporated in the UK. The consolidated financial statements of INEOS Grangemouth Limited are available to the public and may be obtained from the Company Secretary, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

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

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- 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 Grangemouth Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- 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 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*;
- Certain disclosure required by IFRS 15 *Revenue from Contracts with Customers*; and
- Certain disclosures required by IFRS 16 *Leases* in respect of leases for which the Company is a lessee.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 22.

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

1 Accounting policies (continued)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or fair value through other comprehensive income.

1.2 Going concern

These financial statements have been prepared on a going concern basis and approved by the directors.

The Company is reliant on the support of the INEOS Grangemouth Limited Group of Companies and the directors have received confirmation that the Group will provide support to the Company as required for a period of not less than twelve months from signing these financial statements. In assessing the ability of the Group to provide this support, the directors of the Company have reviewed the assessment prepared at a Group level.

The Group has considered its funding position, including external debt and associated covenant compliance, and financial projections, including stress test sensitivities, and the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group monitors its funding position and its liquidity risk throughout the year to ensure it has sufficient funds to meet its forecast cash requirement. Cash forecasts are produced based on a number of inputs, such as production and margin forecasts, reliability assumptions, and financing cash flow forecasts; and also calculate the ongoing ability of the Group to comply with covenants. These inputs have been reviewed and approved by the Board and sensitivities are run for different scenarios, the most significant of which is in relation to unplanned plant reliability issues.

The directors have undertaken a rigorous assessment of the potential impact for at least 12 months from the date of signing of these financial statements. In addition to the sensitivities on demand and plant reliability, the directors have implemented a series of programmes to preserve cash including review of the timings and/or level of non-essential capital expenditure and a detailed review of all fixed costs. In conclusion, the stress testing and sensitivity analysis on both EBITDA and cash flow has indicated that the Group would still have sufficient cash flow to meet its obligations as they fall due based on available cash and borrowing facilities as set out in the Strategic report. The Group expects to remain able to meet its obligations during the going concern period, including in a stressed scenario.

The base assumptions reviewed indicate that the Group expects to be able to operate within its contractual debt facilities and have sufficient finance headroom with borrowing covenants fully complied with throughout the forecast period. As such, the directors of the Company have a reasonable expectation that the Group has adequate resources to continue its operation in the foreseeable future and to provide support to the Company where required.

Accordingly, the directors consider that preparing the financial statements of the Company on the going concern basis continues to be appropriate.

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

1 Accounting policies (continued)

1.3 Foreign currency

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

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition or issue. Subsequent to initial recognition they are tested for classification as per IFRS 9. If the trade debtors satisfy the criteria for cash flow characteristics test and business model test as per IFRS 9, then they are recognised at amortised cost. If they do not qualify for being recognised at amortised cost they are recognised at fair value through profit or loss.

Trade and other creditors

Trade and other creditors are recognised initially at fair value less transaction costs that are directly attributable to the acquisition or issue. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.5 Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on subsequent remeasurement to fair value is recognised immediately in profit or loss.

1.6 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

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

1 Accounting policies (continued)

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

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

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Depreciation commences from the date an asset is brought into service. The estimated useful lives are as follows:

- Fixtures and fittings 5 years
- Right-of-use assets 1 – 5 years

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

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.9 Impairment of financial assets

Trade and other debtors

The Company applies the simplified approach when providing for expected credit losses prescribed by IFRS 9 for its trade debtors and contract assets. This approach requires the Company to recognise the lifetime expected loss provision for all trade debtors 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 debt carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

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

1 Accounting policies (continued)

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

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

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

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

Calculation of recoverable amount

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

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

Reversals of impairment

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 and amortisation, if no impairment loss had been recognised.

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

1 Accounting policies (continued)

1.11 Post-employment benefits

Defined contribution plan

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

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value; and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from the defined benefit plan comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to the defined benefit plan in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Short-term benefits

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

1.12 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.

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

1 Accounting policies (continued)

1.13 Turnover

Turnover represents the invoiced value of products and services sold or services provided to third parties net of sales discounts, value added taxes and duties. Contracts for goods and services are analysed to determine the distinct performance obligations against which revenue should be recognised. The amount to be recognised is determined from the standalone selling prices for goods and services, allocated to the performance obligations. Turnover is recognised when (or as) the performance obligations are satisfied by transferring a promised good or service to a customer.

The pricing for products sold is determined by market prices (market contracts and arrangements) or is linked by a formula to published raw material prices plus an agreed additional amount (formula contracts). Turnover arising from the sale of goods is recognised when the goods are dispatched or delivered depending on the relevant delivery terms and point at which the control of the good or service is transferred to the customer.

Services provided to third parties include administrative and operational services provided to other chemical companies with facilities on our sites. Turnover is recognised at a point in time or over-time depending on whether the over-time revenue recognition criteria is met.

1.14 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. 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.

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

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

1 Accounting policies (continued)

1.16 Emission trading scheme

The Company participates in the EU Emissions Trading Scheme. The Scheme encourages companies to reduce carbon emissions by offering financial incentives if they achieve their annual reduction targets. If a company reduces emissions beyond their target then the surplus may be traded in the form of emissions permits.

The incentive money due from the EU Emissions Trading Scheme is recognised in the profit and loss account once the reduction targets have been met. The emissions permits allocated under the Scheme are at nil cost. The Company recognises the revenue from such permits upon their sale to third parties.

1.17 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.

1.18 IFRS 16 Leases

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.

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 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.

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

1 Accounting policies (continued)

1.18 IFRS 16 Leases (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.

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 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 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.

1.19 Impact of new standards and interpretations

There are no new amendments to accounting standards that are effective for the year ended 31 December 2020 which have had a material impact on the Company.

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

2 Turnover

	2020 €000	2019 €000
Sale of goods	587,257	667,478
Total turnover	587,257	667,478
	2020 €000	2019 €000
By activity:		
O&P Europe	587,257	667,478
By geographical market:		
UK	206,305	243,524
Rest of Europe	359,509	406,111
The Americas	15,898	17,650
Rest of World	5,545	193
	587,257	667,478

All revenue is derived from UK operations.

In presenting information on the basis of geographic analysis of segments, segment revenue is based on the geographical location of customers and geographical locations from which the Company derives revenues.

Revenues from external customers for each product and service or each group of similar products and services and a geographic analysis of segment assets are not presented as the necessary information is not available and the directors are of the opinion that the cost to develop it would be excessive. The timing of revenue recognition of the Company's sales transactions is at a point in time. Revenues for goods or services transferred over-time are immaterial.

No contract assets or liabilities have been recognised in the Balance Sheet of the Company. Its impact, if any, was deemed immaterial. The performed analysis has concluded that the right of payment of the goods and services sold by the Company is unconditional, except for the passage of time. Therefore, all rights of payment have been booked as trade debtors.

No assets related to costs to obtain or fulfil a contract have been recognised.

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

3 Operating loss

Included in operating loss are the following:

	2020 €000	2019 €000
Expenses related to short-term leases	21	29
Depreciation of right-of-use assets (Note 9)	72	72
Income from sub-leasing right-of-use assets	(11)	(3)
Exchange loss/(gain)	149	(746)
Other operating income	-	(186)

Auditor's remuneration:

	2020 €000	2019 €000
Audit of these financial statements	129	131

4 Staff numbers and costs

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

	Number of employees	
	2020	2019
Distribution	14	7
Sales and marketing	4	5
Administration	83	90
	<u>101</u>	<u>102</u>

The aggregate payroll costs of these persons were as follows:

	2020 €000	2019 €000
Wages and salaries	7,540	9,613
Social security costs	709	1,135
Other pension costs - defined benefit plan (Note 12)	186	190
Other pension costs - defined contribution plan (Note 12)	450	443
	<u>8,885</u>	<u>11,381</u>

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

(forming part of the financial statements) (continued)

5 Directors' remuneration

	2020 €000	2019 €000
Directors' emoluments	2,340	3,616
Social security costs	149	426
	<u>2,489</u>	<u>4,042</u>

The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid director was €876,000 (2019: €1,076,000).

6 Interest receivable and similar income

	2020 €000	2019 €000
Interest income on financial assets measured at amortised cost	16,724	18,169
Net interest on net defined benefit pension plan liability	-	16
Net foreign exchange gain	-	23,663
	<u>16,724</u>	<u>41,848</u>
Total interest receivable and similar income	16,724	41,848

Interest receivable and similar income includes interest receivable from group undertakings of €16,650,000 (2019: €18,060,000).

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

7 Interest payable and similar expenses

	2020 €000	2019 €000
Interest expense on financial liabilities measured at amortised cost	8,313	6,510
Interest on lease liabilities	8	10
Net interest on net defined benefit pension plan asset	139	-
Net foreign exchange loss	27,003	-
	<hr/>	<hr/>
Total interest payable and similar expenses	35,463	6,520
	<hr/>	<hr/>

Interest payable and similar expenses includes interest payable to group undertakings of €8,286,000 (2019: €6,275,000).

8 Tax on loss

Recognised in the profit and loss account

	2020 €000	2019 €000
<i>UK corporation tax</i>		
Tax on loss for the year	(8,134)	(998)
Adjustments in respect of prior periods	1,332	(1,221)
	<hr/>	<hr/>
Total current tax	(6,802)	(2,219)
	<hr/>	<hr/>
<i>Deferred tax (Note 13)</i>		
Origination and reversal of temporary differences	62	296
Adjustments in respect of prior periods	(2,848)	1,666
	<hr/>	<hr/>
Total deferred tax	(2,786)	1,962
	<hr/>	<hr/>
Tax credit on loss	(9,588)	(257)
	<hr/>	<hr/>

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

(forming part of the financial statements) (continued)

8 Tax on loss (continued)

Income tax recognised in other comprehensive income/(expense)

	2020	2019
	€000	€000
Remeasurements of defined benefit liability	(1,601)	1,374

Reconciliation of effective tax rate

	2020	2019
	€000	€000
Tax on loss	(9,588)	(257)
Loss before taxation	(42,494)	(3,698)
Loss before taxation multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	(8,074)	(702)
Non-deductible expenses/tax exempt revenues	2	-
Adjustments in respect of prior periods	(1,516)	445
Total tax credit included in profit or loss	(9,588)	(257)

Legislation was introduced in the Finance Bill 2020 to repeal the previously enacted reduction to the main rate of corporation tax to 17%, thereby maintaining the current rate of corporation tax at 19%. The reduction to 17% was previously introduced in the Finance Act 2016. Following the balance sheet date, during the March 2021 Budget, it was announced that a new corporation tax rate of 25% would apply from 1 April 2023. This change has yet to be substantively enacted though is expected to receive Royal assent shortly. The impact of the change in rate will increase the Company's future tax charge and decrease the deferred tax asset by €3,147,000.

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

(forming part of the financial statements) (continued)

9 Tangible assets

	Right-of-use assets €000	Total €000
Cost		
Balance at 1 January 2020	312	312
Additions	18	18
	<hr/>	<hr/>
Balance as at 31 December 2020	330	330
	<hr/>	<hr/>
Accumulated depreciation		
Balance as at 1 January 2020	(72)	(72)
Depreciation charge	(72)	(72)
	<hr/>	<hr/>
Balance as at 31 December 2020	(144)	(144)
	<hr/>	<hr/>
Net book value		
At 31 December 2019	240	240
	<hr/>	<hr/>
At 31 December 2020	186	186
	<hr/>	<hr/>

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

9 Tangible assets (continued)

Right-of-use assets

The Company leases assets including plant and machinery and transportation assets which are classified as right-of-use assets.

	Plant and Machinery €000	Transportation €000	Right-of-use assets total €000
Cost			
Balance at 1 January 2020	306	6	312
Additions	-	18	18
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2020	306	24	330
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
Balance at 1 January 2020	(70)	(2)	(72)
Depreciation charge	(67)	(5)	(72)
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2020	(137)	(7)	(144)
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2019	236	4	240
	<hr/>	<hr/>	<hr/>
At 31 December 2020	169	17	186
	<hr/>	<hr/>	<hr/>

See Note 17 for the lease obligations related to right-of-use assets.

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

(forming part of the financial statements) (continued)

10 Stocks

	2020 €000	2019 €000
Raw materials and consumables	11,172	15,120
Finished goods	38,573	50,810
	<hr/>	<hr/>
	49,745	65,930
	<hr/>	<hr/>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to €296,825,000 (2019: €400,810,000). The write-down of stocks to net realisable value amounted to €65,000 (2019: €658,000).

Security

All assets included within stocks form security against the Senior Term Loan and Revolving Credit Facilities agreement issued during 2019 (2019: all assets).

11 Debtors

	2020 €000	2019 €000
Trade debtors	29,873	28,516
Prepayments and accrued income	1,265	1,071
Amounts owed by group undertakings	479,462	525,587
Other debtors	4	1
Taxation and social security	168	-
Pension scheme asset	4,417	-
	<hr/>	<hr/>
	515,189	555,175
	<hr/>	<hr/>
Due within one year	510,772	555,175
Due after more than one year	4,417	-

The amounts not yet due after impairment losses as of the end of the reporting period are deemed to be collectable 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, related party or other debtor balances not past due that were subsequently impaired.

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

11 Debtors (continued)

The allowance account for trade debtors is used to record any impairment unless the Company is satisfied that no recovery of the amount owing is probable; at the point the amounts considered irrecoverable are written off against the trade debtors directly. The Company applies the forward-looking 'expected credit loss' (ECL) model in line with IFRS 9 in assessing the recoverability of trade receivables. The ECL is calculated considering past experiences and management's estimate of future developments. Management expects no considerable change in the future market situation. Consequently, the future credit losses in the ECL model are in the same range as the credit losses experienced in the past years. This is regarded as the future expectation of the inherent credit risk of the not impaired trade and other receivables outstanding. The Company reviews the assumptions of the ECL model on a yearly basis.

Credit risk of trade debtors

	2020 €000	2019 €000
Low	29,873	28,516
Medium	-	-
High	820	915
Impairment Allowance	(820)	(915)
	<hr/>	<hr/>
	29,873	28,516
	<hr/>	<hr/>

During the year the Company has not experienced a significant deterioration in the quality of debtor balances due to the current economic conditions.

There were no allowances made against amounts due from other debtors during the year (2019: *€nil*).

There were no allowances made against amounts due from related parties during the year (2019: *€nil*).

Security

All assets included within trade debtors form security against the Senior Term Loan and Revolving Credit Facilities agreement issued in 2019 (2019: *all assets*).

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

12 Post-employment 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	149,937	133,578
Total defined benefit liability	(145,520)	(140,676)
Net asset/(liability) for defined benefit obligations (see following table)	4,417	(7,098)
Total post-employment benefits	4,417	(7,098)

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	140,676	111,526	(133,578)	(111,005)	7,098	521
Included in profit or loss						
Current service cost	186	190	-	-	186	190
Interest cost/(income)	2,820	3,249	(2,681)	(3,265)	139	(16)
Effect of movements in exchange rates	(7,951)	6,825	7,781	(6,603)	(170)	222
	(4,945)	10,264	5,100	(9,868)	155	396
Included in Other Comprehensive Income						
Remeasurements (gain)/loss:						
- Change in demographic assumptions	(276)	(11)	-	-	(276)	(11)
- Change in financial assumptions	13,580	16,826	-	-	13,580	16,826
- Experience adjustment	50	4,605	-	-	50	4,605
Return on plan asset excluding interest income	-	-	(24,589)	(13,339)	(24,589)	(13,339)
	13,354	21,420	(24,589)	(13,339)	(11,235)	8,081
Other						
Contributions paid by the employer	-	-	(435)	(1,900)	(435)	(1,900)
Benefits paid	(3,565)	(2,534)	3,565	2,534	-	-
Balance at 31 December	145,520	140,676	(149,937)	(133,578)	(4,417)	7,098

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

12 Post-employment benefits (continued)

Plan assets	2020 €000	2019 €000
Cash and cash equivalents	1,365	2,678
Equities (fund manager portfolio)	54,315	48,738
Bonds	74,248	60,659
Real estate	15,030	15,919
Other assets	4,979	5,584
Total	149,937	133,578

The Company operates a defined benefit pension scheme. The scheme covers employees of INEOS Commercial Services UK Limited. The scheme operates under trust law and is managed and administered by Trustees, who are directors of INEOS Chemicals Pension Plan which has a trust deed in favour of INEOS Commercial Services UK Limited. The scheme is now closed to new entrants and frozen to future accrual. The contributions paid to the scheme is set every three years based on a funding agreement between the Company and Trustees after taking actuarial advice.

Pension charges in relation to the INEOS Chemicals Pension Plan have been accounted for under IAS 19 Revised Employee Benefits in these financial statements. The scheme is of a defined benefit type under which benefits are based on employees' years of service and final remuneration.

Actuarial assumptions

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

	2020	2019
Discount rate at 31 December	1.60%	2.10%
Rate of price inflation	2.80%	2.90%
Rate of pension increases (in-payment)	2.70%	2.80%
Rate of increase in deferred benefits	2.80%	2.90%

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 Years	2019 Years
Longevity at aged 65 for current pensioners	22.40-24.23	21.95-22.98
Longevity at aged 65 for future retirees	23.35-25.35	22.94-23.70

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

12 Post-employment benefits (continued)

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 by 1%.

	2020 €000	2019 €000
Discount rate	36,494	35,210
Inflation (RPI, CPI)	11,822	11,396

In valuing the liabilities of the pension fund at €145,520,000 (2019: €140,676,000), 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 would be €149,775,000 (2019: €144,795,000) having increased by €4,255,000 (2019: €4,119,000) 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 2017 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 contribute €439,000 to its closed defined benefit scheme in 2021.

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 €450,000 (2019: €443,000).

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

13 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 €000	2019 €000	2020 €000	2019 €000	2020 €000	2019 €000
Employee benefits	-	1,207	(839)	-	(839)	1,207
Tax value of loss carry-forwards	10,751	7,533	-	-	10,751	7,533
Short term timing differences	16	-	-	-	16	-
Accelerated capital allowances	37	40	-	-	37	40
Net tax assets	10,804	8,780	(839)	-	9,965	8,780

Movement in deferred tax during the year

	1 January 2020 €000	Recognised in income €000	Recognised in equity €000	31 December 2020 €000
Employee benefits	1,207	(445)	(1,601)	(839)
Tax value of loss carry-forwards	7,533	3,218	-	10,751
Short term timing differences	-	16	-	16
Accelerated capital allowances	40	(3)	-	37
	8,780	2,786	(1,601)	9,965

Movement in deferred tax during the prior year

	1 January 2019 €000	Recognised in income €000	Recognised in equity €000	31 December 2019 €000
Employee benefits	89	(256)	1,374	1,207
Losses	9,230	(1,697)	-	7,533
Accelerated Capital Allowances	49	(9)	-	40
	9,368	(1,962)	1,374	8,780

There are no unrecognised deferred tax amounts.

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered based upon business forecasts.

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

14 Creditors: amounts falling due within one year

	2020 €000	2019 €000
Trade creditors	11,898	7,086
Amounts owed to group undertakings	45,743	94,342
Taxation and social security	13,763	18,004
Other creditors	206	777
Accruals and deferred income	11,575	12,239
Lease liabilities (Note 17)	77	71
	<hr/>	<hr/>
	83,262	132,519
	<hr/>	<hr/>

15 Creditors: amounts falling due after more than one year

	2020 €000	2019 €000
Amounts owed to group undertakings	263,442	238,944
Lease liabilities (Note 17)	115	186
Accruals and deferred income	74	-
	<hr/>	<hr/>
	263,631	239,130
	<hr/>	<hr/>

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

16 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
Creditors falling due after more than one year		
Intercompany loan	263,442	238,944
	<u>263,442</u>	<u>238,944</u>
	<u><u>263,442</u></u>	<u><u>238,944</u></u>

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2020 €000	Carrying amount 2020 €000	Face value 2019 €000	Carrying amount 2019 €000
Intercompany loan	£/€/€	2.25% - 3.25%	2025	263,442	263,442	238,944	238,944
				<u>263,442</u>	<u>263,442</u>	<u>238,944</u>	<u>238,944</u>
				<u><u>263,442</u></u>	<u><u>263,442</u></u>	<u><u>238,944</u></u>	<u><u>238,944</u></u>

17 Lease obligations

	2020 €000	2019 €000
<i>Analysed as:</i>		
Current lease liabilities (Note 14)	77	71
Non-current lease liabilities (Note 15)	115	186
	<u>192</u>	<u>257</u>
	<u><u>192</u></u>	<u><u>257</u></u>

	2020 €000	2019 €000
<i>Maturity analysis - contractual undiscounted cash flows:</i>		
Less than one year	81	78
Between one and five years	118	196
	<u>199</u>	<u>274</u>
Total undiscounted lease liabilities at 31 December	<u><u>199</u></u>	<u><u>274</u></u>

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

18 Called up share capital

	Ordinary shares	
	2020	
On issue at 1 January and 31 December 2020 – fully paid	1	
	2020 €000	2019 €000
<i>Allotted, called up and fully paid</i>		
1 (2019:1) ordinary shares of £1 each	-	-
	-	-

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.

Dividends

The following dividends were recognised during the year:

	2020 €000	2019 €000
€Nil (2019 : €60,000,000) per qualifying ordinary share	-	60,000
	-	60,000

No dividends were proposed by the directors.

As the reporting currency of the Company is the euro the share capital has been converted to euros at the effective rate of exchange ruling at the date of issuance.

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

19 Contingencies

The Company is party to a covenanted agreement dated 14 June 2019. The total outstanding indebtedness under the covenanted agreement at 31 December 2020 was €220,000,000 (2019: €265,000,000). The Company is a guarantor under the covenanted agreement. These obligations are secured by fixed and floating charges over the assets of the Company.

20 Related parties

Other related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow subsidiaries under common ownership.

Transactions entered into, and trading balances outstanding at 31 December with other related parties, are as follows:

	Sales to related party		Purchases from related party	
	2020 €000	2019 €000	2020 €000	2019 €000
Other related parties	26,364	41,140	10,441	6,293
	<u>26,364</u>	<u>41,140</u>	<u>10,441</u>	<u>6,293</u>
	Receivables outstanding		Creditors outstanding	
	2020 €000	2019 €000	2020 €000	2019 €000
Other related parties	5,473	7,657	2,004	912
	<u>5,473</u>	<u>7,657</u>	<u>2,004</u>	<u>912</u>

21 Controlling parties

The immediate parent undertaking is INEOS Grangemouth Limited.

The ultimate parent company at 31 December 2020 was INEOS Limited, a company incorporated in the Isle of Man.

INEOS Grangemouth Limited, a company incorporated in the UK, is the smallest group of undertakings to consolidate these financial statements. Copies of the financial statements of INEOS Grangemouth Limited can be obtained from the Company Secretary at the registered office: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

INEOS Industries Limited, a company incorporated in the UK, is the parent undertaking of the largest group of undertakings to consolidate these financial statements. Copies of the financial statements of INEOS Industries Limited can be obtained from the Company Secretary at the registered office: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

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

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

22 Accounting estimates and judgements

The Company prepares its financial statements in accordance with Financial Reporting Standard 101 “Reduced Disclosure Framework”, which require management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The following areas are considered to involve a significant degree of judgement or estimation.

Critical judgements in applying the Company’s accounting policies

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

Key sources of estimation uncertainty

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

Taxation

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

The Company has, from time to time, contingent tax liabilities arising from trading and corporate transactions. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

Details of amounts recognised with regard to taxation are disclosed in Note 8 and 13.

Post-employment benefits

The Company operates a defined benefit post-employment scheme. 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 is determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- inflation rate projections; and
- discount rate for scheme liabilities.

Details of post-employment benefits are set out in Note 12.