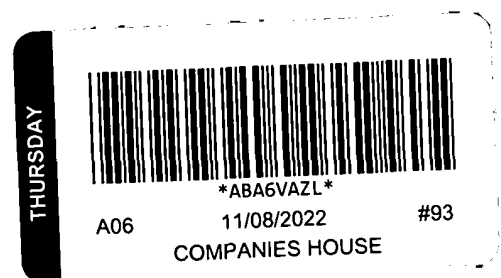


**ANNUAL REPORT AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**FOR**  
**VYNOVA RUNCORN LIMITED**  
**REGISTERED NUMBER: 09117971 (England and Wales)**



**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

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**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**DIRECTORS:**

L E M Leunis  
H M O Mattheeuws

**SECRETARY:**

J A Bailey

**REGISTERED OFFICE:**

Bankes Lane Office,  
Bankes Lane, PO Box 9,  
Runcorn, Cheshire,  
WA7 4JE

**REGISTERED NUMBER:**

09117971 (England and Wales)

**INDEPENDENT AUDITORS:**

PricewaterhouseCoopers LLP  
No 1 Spinningfields  
1 Hardman Square  
Manchester  
M3 3EB

**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

**STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors present their Strategic Report for the year ended 31 December 2021.

**GENERAL INFORMATION**

The company was incorporated on 7 July 2014 under the name Runcom EDC Limited and was renamed VYNOVA Runcom Limited on 1 July 2015 before acquisition by ICIG XII SA on 1 August 2015.

The company commenced trading activities on 1 May 2015 and became the principal entity of Vinyls Wilhelmshaven GmbH (renamed VYNOVA Wilhelmshaven GmbH on 1 July 2015) on the basis of a Toll Manufacturing Agreement and Distribution Agreement.

From 1 January 2017 there was a transfer of the PVC principal arrangement from VYNOVA Runcom Limited to VYNOVA Belgium NV. VYNOVA Runcom Limited now operates under a Toll Manufacturing Agreement with VYNOVA Belgium NV. The Toll Manufacturing Agreement and Distribution Agreement were terminated from 1 January 2017 so that VYNOVA Runcom Limited is only responsible for EDC manufacture.

From 1 January 2018 VYNOVA Runcom Limited and INOVYN ChlorVinyls Limited entered into a Toll Manufacturing Agreement whereby VYNOVA Runcom Limited manufactures EDC from raw materials supplied by INOVYN ChlorVinyls Limited.

**REVIEW OF BUSINESS**

Profit before tax for the year was £16.2m compared to a profit before tax of £6.0m in 2020. The increase in profit is primarily a result of higher realisations from toll manufacturing service to VYNOVA Belgium NV.

Runcom MCP Limited, the 50% shareholding company, has been treated as a joint operation in these financial statements and so the results and KPIs provided below include VYNOVA Runcom Limited's share of the results of the joint operation.

Turnover for the year was £119.6m of which 90.6% (2020: 80.5%) represents the toll manufacturing service to VYNOVA Belgium NV. The remaining 9.4% (2020: 19.5%) of the turnover relates to the toll manufacturing service to INOVYN Chlorvinyls Limited.

The operating profit was £16.9m compared to operating profit of £6.3m in 2020.

At the year-end, gross assets totalled £181.3m (2020 - £69.5m). The increase in gross assets includes amounts invested in Project Summer during the year, an increase in available funds from loan monies, and an increase in trade receivables as a result of the recharge of increased energy costs.

At the year-end, net assets totalled £61.8m (2020 - £28.3m). The increase in creditors due in less than one year is due to increased energy costs. An increase in the creditors due in more than one year is in relation to the loan monies to finance Project Summer.

**KEY PERFORMANCE INDICATORS**

Following the change in business to a toll manufacturing service, the company manages its cost in order to optimise value for its customers; however, given the straightforward nature of the business the company's directors deem the main key performance indicators to be as follows:

**Profit Ratios**

- Gross profit – 38.7% (2020 – 63.6%)
- Net profit – 27.9% (2020 – 22.7%)

**Liquidity Ratios**

- Cover (current assets/current liabilities) – 262.7% (2020 – 191.6%)
- Debtors days – 4.1 days (2020 – 15.3 days)
- Creditor (trade creditors/trade purchases) – 44.2% (2020 – 80.7%)

**Trading Ratios**

- Turnover (stock/cost of sales) 3.2% (2020 – 11.1%)

The significant changes are primarily attributed to the increasing energy costs during 2021.

**STRATEGIC REPORT (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**KEY PERFORMANCE INDICATORS (continued)**

After the change in the nature of the company's trading in 2017 the profit for the financial year is mainly attributable to the toll manufacturing business of the company. Further controllable factors to be considered include the European economy and macro-economic uncertainty that drives demand for caustic and PVC as well as the risks and uncertainty related to COVID 19 and to high and volatile energy prices linked to the global economic situation fuelled by the Ukrainian crisis.

The Directors believe that the company is well positioned to meet the requirements in this tough marketplace.

**SECTION 172 STATEMENT**

The Board of Directors ('The Board') confirm it has performed its duties in respect of S172 of the Companies Act 2006. The Board has engaged with all company stakeholders to assist in the decision-making process and in fulfilling its duty to promote the success of the company as set out in S172.

**Employees**

The company engages with employees both directly and indirectly through all available forums. All relevant information regarding company and Group performance, including financial information, is published on the company intranet with access provided to all employees. Bi-weekly meetings are held by the HR department with employee representatives at which any and all relevant topics are discussed. Employees are encouraged to nominate charitable organisations to benefit from company donations as detailed below.

**Customers**

The company has regular meetings with the external customer – Inovyn Chlorvinyls Limited, and the internal group customer Vynova Belgium N.V. to review and discuss any and all arrangements.

**Suppliers**

The integrity of the supply chain is an essential part of the success of the company and therefore ongoing regular dialogue is maintained with both internal and external suppliers.

**Communities**

The company is committed to making a positive contribution to the local community and the environment. The health and wellbeing of our employees is a priority with training and development programmes in place to support this. A high standard of Health and Safety across the company asset is rewarded by donation to local charities. A number of local charities (as nominated by employees) have benefitted from these donations.

**Shareholders**

The company is a member of a global group. The Board maintains regular and ongoing dialogue with the immediate and ultimate parent companies and with fellow group undertakings.

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Safety, Health and the Environment (SHE)**

The company's manufacturing assets are continually subjected to risks of operation, environmental contamination and safety hazards. Strict SHE performance targets are set by the Company together with a serious commitment to continuously improve all aspects of operations including meeting and exceeding wherever possible all relevant legislative requirements. SHE is managed as an integral part of activities through a formal management system.

**Cyclical nature of chemical and PVC industries**

The operating margins and cash flow of the VYNOVA Group can be negatively affected by ever changing market demands and prices. In turn this could affect business investment decisions. The business is highly affected by the cyclical nature of the PVC industry which is closely linked to economic activity in general and specifically to the construction trade.

As the company's main trading activity is that of a Toll Manufacturer for VYNOVA Belgium NV and INOVYN ChlorVinyls Limited operating margins and cash flow are relatively stable and are not directly affected by changes in the global supply/demand balance of the products.

**Competition**

The VYNOVA Group is a player in the highly competitive PVC market and seeks to position itself against competitors not only on price but also on product innovation, product quality and distribution capability. Due to the nature of its trade VYNOVA Runcorn Limited is not acting directly on the PVC market, nevertheless the company is continually focussed on reducing both the variable and fixed cost base allowing VYNOVA to be as cost competitive as possible.

**Asset utilisation**

Because of the Toll Manufacturing arrangements of the company which provide a reimbursement of all operating cost the utilisation of its production assets do not immediately adversely affect the company. Nevertheless, sharing best practice using cross group teams ensures plants are fully optimised and teams are in place to react quickly and effectively should an issue arise.

**Raw materials and suppliers**

As all operating cost are reimbursed by the principal within the Toll Manufacturing arrangements of the company operations results would not be adversely affected by price increases to materials and services. Under the Toll agreement, the main feedstocks are purchased by the principal and supplied to the Company free of charge. In addition, continual assessment of material sources and supplier reviews are used to minimise exposure to price and supply.

**Currency fluctuations**

Where possible the company minimises foreign currency risk to protect the value of foreign cash flows, both committed and anticipated, from the negative impact of exchange rate fluctuations.

**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

**STRATEGIC REPORT (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**PRINCIPAL RISKS AND UNCERTAINTIES - continued**

**COVID- 19**

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

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

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

**Regulation**

As a responsible chemical manufacturer, the company is committed to meeting all its legal obligations relating to SHE in what is a highly regulated industry. Significant costs may be incurred to maintain compliance and the company works closely with various industry bodies to understand and prepare for any new regulations that may come into force.

In order to comply with the Environmental Permitting legislation as described in the Best Available Techniques (BAT) Reference Document (BRef), which is now in force, VYNOVA Runcorn Limited has an ongoing project (Project Summer) to invest in new EDC technology. When completed this will result in a new, compliant facility using a new EDC technology. This is funded by the financial assistance provided under the tolling agreement with VYNOVA Belgium NV. The new permit was issued by the Environment Agency (EA) in December 2021 and is therefore already in place. The company had agreed a Local Enforcement Position (LEP) with the EA to allow continued operation of the existing plant until May 2022 without meeting all new permit conditions, following which date the plant production will halt temporarily whilst the project is completed. The directors do not foresee any significant issues with the process.

**'BREXIT'**

On 31 January 2020 the United Kingdom left the European Union; with a transition phase until 31 December 2020. A 'Trade Deal' was agreed at the end of December 2020 detailing the future relationship between the United Kingdom and the European Union. From January 2021, following the end of the Transition period, the Company has robust procedures in place to ensure compliance with Customs and other trading requirements and experienced no disruption to production or delivery schedules. The Directors continue to monitor the situation and will put in place any further measures considered necessary to mitigate any risks to the business.

**Streamlined Energy Carbon Reporting ("SECR")**

The Company is classified as a large unquoted company due to its size and shareholding structure.

The Company owns, operates and maintains a High-Purity Ethylene Dichloride Production Unit based at Runcorn, United Kingdom. This plant uses chlorine and ethylene to produce ethylene dichloride which is then purified in a distillation system.

Energy is supplied as follows:

- a) Electricity is supplied to the Company from INOVYN ChlorVinyls Limited, the Company's landlord.
- b) Steam for process heating of the distillation system and ethylene let-down pre-heaters and effluent stripping, is supplied from:
  1. the Runcorn Boiler Plant ("RBP") owned and operated by INOVYN ChlorVinyls Limited. The majority of the fuel for the RBP is the by-product hydrogen produced by the joint venture Runcorn MCP Limited.
  2. An Energy from Waste (EfW) Plant: the waste for this plant is approximately 45% biomass. The EfW facility consists of two plants: EfW1 and EfW2, the former providing steam and electricity that meets the "good quality" standard as defined by CHP Quality Assurance ("CHPQA") programme, the latter producing electricity only.
  3. Generated internally by a steam raising boiler on the incineration unit.

**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

**STRATEGIC REPORT (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

This SECR report covers the reporting period from 1 January 2021 to 31 December 2021.

	<b>2021</b>	<b>2020</b>
<b>Gross energy consumptions (kWhr)</b>		
Scope 1 energy consumption used to report emissions <sup>1</sup>	<b>33,992,653</b>	39,678,083
Scope 2 energy consumption used to report emissions:	<b>128,902,800</b>	121,708,168
Electricity	22,490,800	23,109,000
Steam	106,412,000	98,599,168
Scope 3 energy used to report emissions (private vehicles)	<b>De Minimis</b>	17,482
Total Scopes 1, 2 and 3 energy consumptions used to report emissions (including exported energy)	<b><u>162,895,453</u></b>	<b><u>161,403,733</u></b>
<b>Scope 1 Emissions (Tt CO<sub>2</sub>e)</b>		
Emissions from the combustion of gas	<b>10,487</b>	12,241
<b>Scope 2 Emissions (Tt CO<sub>2</sub>e)</b>	<b>57,140</b>	50,267
Emissions from purchased electricity <sup>2</sup>	5,244	5,388
Emissions from purchased steam <sup>3</sup>	51,896	44,879
<b>Scope 3 Emissions</b>		
Emissions from business travel in rental cars or employee owned vehicles where company is responsible for purchasing the fuel <sup>3</sup>	<b>De Minimis</b>	De Minimis
Total production (Tt as 100%)	<b>319,615</b>	316,232
<b>Emission Intensities (combined Scopes 1, 2 and 3) (Tt CO<sub>2</sub>e/Tt product)</b>		
Emissions intensity ratio	<b><u>21.16%</u></b>	<b><u>19.77%</u></b>

**Notes:**

1. Scope 1 emissions include static generators and site vehicles.
2. The Streamlined Energy Carbon Reporting (SECR) requires electricity to be reported using the mandatory "location based" conversion factor of 0.23314 kg CO<sub>2</sub>e/kWhr. This factor is applied to the both the grid and EfW electricity.
3. Vynova Runcorn Limited receives steam from the RBP (mainly hydrogen), exothermic heat from the Sulphuric Acid Plant and steam from EfW1. The total carbon dioxide emission value associated with the EfW1 CHP is based on guidance from the UK Government document, "Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance," Annex D: Heat, Steam and CHP, March 2019.

**Calculation Methodology**

The reporting and calculation methodology used to compile this report is based on UK Government report titled "Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019 (Updated Introduction and Chapters 1 and 2)." In addition, reference is made to the Greenhouse Gas ("GHG") Reporting Protocol. Vynova Runcorn Limited is an integral part of the INOVYN Runcorn Site and received its proportional share of the various steam sources based on a detailed heat and mass balance of the whole site steam network.

**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

**STRATEGIC REPORT (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Energy Efficiency**

The Company has a valid Energy Saving Opportunity Scheme (ESOS) report that has been used in the development of energy saving projects. The majority of the energy is consumed by the distillation processes. A significant construction project is underway to renew a significant amount of aging assets; this will reduce energy consumption.

**GOING CONCERN**

The financial statements have been prepared on a going concern basis.

The Directors have considered the company's projected future cash flows and working capital requirements and are confident that the company has sufficient cash flows to meet its working capital requirements for a period of at least twelve months from the date of signing the financial statements. The impact of COVID 19 on the 2021 results is very minimal and well managed; this has little effect on the going concern of the company given the granted financial assistance from VYNOVA Belgium NV. In addition, the Company has received confirmation that VYNOVA Belgium NV will provide adequate financial assistance in order to finance the capital expenditures of VYNOVA Runcorn Limited, especially the capital expenditure related to the new EDC technology for Project Summer and the ongoing costs during the shutdown period as detailed in the Strategic Report. Accordingly, the financial statements have been prepared on the going concern basis.

**FUTURE DEVELOPMENTS**

**COVID-19 Coronavirus**

The Company continues to implement contingency plans for the COVID-19 pandemic, with the primary objective of maintaining the safety of personnel and the reliable operation of the Company's plants. The chemical industry is deemed as essential, critical infrastructure by governments across the world. Throughout the pandemic the plant continued to operate fully, and supply chains have operated without significant disruption. Protecting employees and ensuring that they remain healthy has been the first priority of the Company. The plant has sufficient resources and has implemented measures to ensure that this remains the case throughout the pandemic.

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

**Situation in Ukraine**

The company is aware of the ongoing situation in Ukraine and the impact to energy costs and the wider economy. The directors are monitoring the situation and will put in place any reasonable measures deemed necessary.

**ON BEHALF OF THE BOARD:**



H M O Mattheeuws – Director

Date: 9<sup>th</sup> August 2022



**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report with the audited financial statements of the company for the year ended 31st December 2021.

**PRINCIPAL ACTIVITIES**

The principal activity of the company in the year under review was as a toll manufacturer of EDC and caustic soda for VYNOVA Belgium NV and INOVYN ChlorVinyls Limited. The toll contract with VYNOVA Belgium NV was renewed at the beginning of 2021, with an adjusted remuneration for the service. A toll contract with Inovyn ChlorVinyls Limited is signed for the provision of EDC following the completion of the new plant under Project Summer.

**DIVIDENDS**

No dividends will be distributed for the year ended 31st December 2021.

**FUTURE DEVELOPMENTS**

Future developments are detailed in the Strategic Report.

**POST BALANCE SHEET EVENT**

Historically, under the EU scheme, BEIS would set the compensation in Q1 of the year in question, based on a certain carbon price, and this would remain in force for the year. Under the new UK ETS scheme, BEIS reconcile the difference between the auction reserve price and actual price after the end of financial year and provide compensation for any difference, subject to available budget. Following the significant increase in carbon auction reserve price during 2021, as a result of the reconciliation, additional compensation was awarded to Runcom MCP Limited. Under the Tolling agreement, this credit amount will be repayable to Vynova Belgium BE, with a charge in the Vynova Runcorn accounts of £700K representing the negative mark up under the Tolling agreement.

**DIRECTORS**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:  
L E M Leunis  
H M O Mattheeuws

**GROUP CONSOLIDATION**

The smallest group into which the companies accounts are consolidated is: Vynova Holdings S.A, 2a, Rue Des Capucins, 1313, Luxembourg.

The largest group into which the companies accounts are consolidated is: International Chemical Investors 4 S.E., 2a, Rue Des Capucins, 1313, Luxembourg.

**REGISTERED OFFICE**

The registered office of the company is Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn Cheshire, WA7 4JE. Copies of published financial statements for this company and the parent companies stated above are available, on written request, from the Company Secretary at this address.

**FINANCIAL RISK MANAGEMENT**

The company's operations expose it to a variety of financial risks including the effects of currency fluctuation risk and liquidity 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 currency fluctuation risk as a result of its operations. The company manages its own liquidity position with reference to its shareholder.

**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 is a qualifying third-party indemnity provision, was in force throughout the last financial year and is currently in force.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, Report of the Directors and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;

**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

**REPORT OF THE DIRECTORS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

- 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.

The directors 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.

**POLITICAL DONATIONS**

No political donations were made in 2021 (2020: nil)

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

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

**INDEPENDENT AUDITORS**

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

.....  
H M O Mattheeuws - Director



Date: 9<sup>th</sup> August 2022

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF VYNOVA RUNCORN LIMITED**

# Report on the audit of the financial statements

## Opinion

In our opinion, Vynova Runcorn Limited's financial statements:

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

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2021; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and the Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF VYNOVA RUNCORN LIMITED – (Continued)**

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

**Strategic report and the Report of the Directors**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Report of the Directors for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the Report of the Directors.

**Responsibilities for the financial statements and the audit**

**Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

**Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Environmental Permitting Regulations, Tax Regulations and employment law as applicable in the UK, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to potential for journal entries being recorded in order to manipulate financial performance. Audit procedures performed by the engagement team included:

- Enquired and discussed known and suspected litigation and claims with the appropriate level of management and, where appropriate, those charged with governance, including obtaining an understanding of their responses;
- We also scanned through the legal expenses incurred during the year and tested on sample basis with underlying supporting evidences to identify any actual or potential litigation and claims not previously disclosed to us;
- Identifying and testing what we considered to be higher risk journal entries; and
- Incorporating unpredictability into the nature, timing and /or extent of our testing

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF VYNOVA RUNCORN LIMITED – (Continued)**

**Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

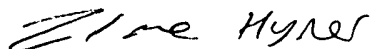
## Other required reporting

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Clare Hyner (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
9<sup>th</sup> August 2022

**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	2	119,595,294	53,609,861
Cost of sales		<u>(73,271,622)</u>	<u>(19,518,265)</u>
Gross profit		46,323,672	34,091,596
Administrative expenses		<u>(30,209,981)</u>	<u>(28,037,317)</u>
Other operating income		<u>777,381</u>	<u>224,000</u>
Operating profit	5	16,891,072	6,278,279
Interest payable and similar expenses	4	<u>(649,990)</u>	<u>(262,598)</u>
Profit before tax		16,241,082	6,015,681
Tax on profit	6	<u>17,167,547</u>	<u>6,150,000</u>
Profit for the financial year		<u><u>33,398,629</u></u>	<u><u>12,165,681</u></u>

The notes on pages 17 – 36 form an integral part of these financial statements.

**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Profit for the financial year</b>		<b>33,398,629</b>	<b>12,165,681</b>
<b>Other comprehensive income/(expense)</b>			
Items that will not be reclassified to profit or loss	18	114,188	(83,786)
Deferred tax pension reserves	6	<u>(3,547)</u>	<u>-</u>
<b>Total other comprehensive income/(expense)</b>		<b>110,641</b>	<b>(83,786)</b>
<b>Total comprehensive income for the year</b>		<b><u>33,509,270</u></b>	<b><u>12,081,895</u></b>

The notes on pages 17 – 36 form an integral part of these financial statements.

**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	7	(18,039,216)	(18,809,473)
Property, plant and equipment	8	<u>91,836,208</u>	<u>52,680,435</u>
		<b>73,796,992</b>	<b>33,870,962</b>
<b>Current assets</b>			
Inventories	10	2,369,062	2,161,819
Trade and other receivables	11	28,775,780	10,619,106
Deferred tax assets - due after more than one year	11	34,854,000	17,700,000
Cash and cash equivalents		<u>41,619,203</u>	<u>4,755,203</u>
		<b>107,618,045</b>	<b>35,236,128</b>
<b>Creditors</b>			
Amounts falling due within one year	12	<u>(50,930,910)</u>	<u>(18,622,760)</u>
<b>Net current assets</b>		<b>56,687,135</b>	<b>16,613,368</b>
<b>Total assets less current liabilities</b>		<b>130,384,127</b>	<b>50,484,330</b>
<b>Creditors</b>			
Amounts falling due after more than one year	13	(48,708,849)	(287,225)
<b>Provisions for liabilities</b>	16	(19,863,000)	(21,635,000)
<b>Pension liabilities</b>	18	-	(259,097)
<b>Net assets</b>		<b>61,812,278</b>	<b>28,303,008</b>
<b>Capital and reserves</b>			
Called up share capital	17	201	201
Share premium account		4,328,014	4,328,014
Other reserves		3,316,560	3,316,560
Profit and loss account		<u>54,167,503</u>	<u>20,658,233</u>
<b>Total equity</b>		<b>61,812,278</b>	<b>28,303,008</b>

The financial statements on pages 13-36 were approved by the Board of Directors on 9<sup>th</sup> August 2022 and were signed on its behalf by:

  
.....  
H M O Mattheuws – Director

The notes on pages 17 – 36 form an integral part of these financial statements.



**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Profit and loss account £	Share premium account £	Other reserves £	Total equity £
Balance at 1 January 2020	201	8,576,338	4,328,014	3,316,560	16,221,113
Profit for the financial year	-	12,165,681	-	-	12,165,681
Other comprehensive (expense)	-	(83,786)	-	-	(83,786)
Total comprehensive income for the year	-	12,081,895	-	-	12,081,895
Balance at 31 December 2020	201	20,658,233	4,328,014	3,316,560	28,303,008
Profit for the financial year	-	33,398,629	-	-	33,398,629
Other comprehensive income	-	110,641	-	-	110,641
Total comprehensive income for the year	-	33,509,270	-	-	33,509,270
Balance at 31 December 2021	201	54,167,503	4,328,014	3,316,560	61,812,278

The notes on pages 17 – 36 form an integral part of these financial statements.

**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. ACCOUNTING POLICIES**

**General information**

VYNOVA Runcorn Limited is a private company limited by shares incorporated and domiciled in the UK with a registered office of Bankes Lane Offices, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE.

The company's ultimate parent undertaking, International Chemical Investors 4 S.E. includes the company in its consolidated financial statements. The consolidated financial statements of International Chemical Investors 4 S.E. are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and are available to the public and may be obtained from the Company Secretary at Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire WA7 4JE.

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

**Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and the Companies Act 2006, as applicable to companies using FRS 101. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements as permitted by FRS 101 "Reduced Disclosure Framework".

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - Paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets; and
- the requirements in IAS 8 to disclose the effects of new but not yet effective IFRSs.

New standards, amendments, IFRIC interpretations and new disclosure requirements:

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the company's financial statements. No new standards have been adopted for the year ended December 2021

**Turnover**

Turnover represents the invoiced value of goods and services, net of sales discounts and value added tax. Turnover is recognised upon delivery of goods or completion of services.

Turnover of joint operation, Runcorn MCP Limited, represents the invoiced value of services provided, net of sales discounts and value added tax. Turnover is recognised upon completion of the service provided.

**Business combinations**

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses.

Business combinations are accounted for using the acquisition method, in accordance with IFRS 3. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses. The difference between the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree, and the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination is referred to as "goodwill".

IFRS 11 was amended with effect from 1 January 2016 to provide specific guidance on the acquisition of an interest in joint operation that is a business.

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. ACCOUNTING POLICIES – continued**

**Business combinations (continued)**

An acquisition of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is accounted for in accordance with IFRS 3 and other IFRSs with the exception of those principles that conflict with guidance in IFRS 11. These requirements apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation. Accordingly, a joint operator that is an acquirer of such an interest has to:

- measure most identifiable assets and liabilities at fair value;
- expense acquisition-related costs (other than debt or equity issuance costs);
- recognise deferred taxes; and
- recognise any goodwill or bargain purchase gain.

A "bargain purchase" is a business combination in which the net assets and liabilities acquired exceed the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree. In accordance with FRS 101, any bargain purchase gain is recognised on the balance sheet at the acquisition date as "negative goodwill". For subsequent measurement the following principles apply:

- any gain associated with non-monetary assets is recognised in the profit and loss account in the years in which the non-monetary assets are recovered.
- any excess gain relating to monetary assets acquired is recognised in the profit and loss account in the year expected to be benefited.

**Interest in joint operations**

The company has an interest in a material joint operation, Runcom MCP Limited, which is a 50:50 joint arrangement between INOVYN ChlorVinyls Limited and VYNOVA Runcom Limited. Runcom MCP Limited provides a toll manufacturing service to its two shareholders, converting their raw material brine into chlorine and caustic.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The company, as a joint operator, recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output of the joint operation;
- its share of the revenue from the sale of the output by the joint operation;
- and its expenses, including its share of any expenses incurred jointly.

**Property, plant and equipment**

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

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

The typical useful lives of assets are:

Plant and machinery – between 2 years and 10 years.

The typical useful lives of assets of the joint operation are:

Plant and machinery – between 10 years and 30 years

Major plant overhauls – between 2 years and 4 years

Assets under construction mainly relate to the implementation of the new EDC reactor technology. These assets will only be depreciated when they are brought into use by the company.

**Borrowing cost**

Borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset form the part of the cost of the asset and are capitalized at an interest rate of 3.55%. Other borrowing costs are recognised as an expense.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. ACCOUNTING POLICIES – continued**

**Impairment of non-financial assets**

Non-financial assets not ready to use are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

**Intangible assets**

**Licences**

Licences are initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years. Amortisation of licences is included in administration expenses in the Income Statement.

**Negative goodwill**

Negative goodwill arose on the acquisition of a 50.00% share in a joint operation, Runcom MCP Limited, on 1 August 2015.

The acquisition represented a "bargain purchase" and the negative goodwill is being recognised in the profit and loss account in accordance with FRS 101:

- any gain associated with non-monetary assets is recognised in the profit and loss account in the years in which the non-monetary assets are recovered.
- Any excess gain relating to monetary assets acquired is recognised in the profit and loss account in the year expected to be benefitted.

The non-monetary assets acquired on acquisition of Runcom MCP Limited and the associated gains are as follows:

- Property, plant and equipment – gain recognised in the profit and loss account over the term of the lease of 30 years;
- Deferred tax asset – gain recognised in the profit and loss account over the term of the lease of 30 years; and
- Other non-monetary assets – gain recognised in the profit and loss account over a period of 1 year from the acquisition date.

Amortisation of negative goodwill is included in administration expenses in the Income Statement.

**Non-derivative financial instruments**

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

**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.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank.

**Trade and other creditors**

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

**Investments in debt and equity securities**

Investments in joint ventures, associates and subsidiaries are carried at cost less impairment.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. ACCOUNTING POLICIES – continued**

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stock and other costs in bringing it to its existing location and condition. Provision is made for obsolete, slow moving or defective items where appropriate.

**Taxation**

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, adjusted for any tax payable in respect of previous years.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**Foreign currencies**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling (£), which is the company's functional and presentation currency.

Transactions in foreign currencies are translated into the company's functional currency at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are retranslated into 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 at the date of transaction are retranslated to the functional currency at the foreign exchange rate ruling at the date the fair value was determined. Foreign exchange differences arising on translation are recognised in the Income Statement.

Exchange rates used are the rates published by ECB on their website for the last day of a month.

The assets and liabilities of foreign operations are translated to pounds sterling at the exchange rate ruling at the Statement of Financial Position. The revenues and expenses of foreign operations are translated to pounds sterling at the average exchange rate for the year. Gains and losses on foreign exchange are recorded in other operating income/expenses in the Income Statement.

**Leases**

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. ACCOUNTING POLICIES – continued**

If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term. IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (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'). The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated. For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application. The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

**Employee benefit costs**

**Defined benefit plans**

Obligation for contributions to defined contribution pension plans are recognised as an expense in the Income Statement as incurred. Any difference between the amounts charged to the Income Statement and contributions paid to the pension schemes are included in debtors or creditors in the Statement of Financial Position.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting year less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have term to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the year in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset. Past-service costs are recognised immediately in the income statement.

**Going concern**

The Directors have considered the company's projected future cash flows and working capital requirements and are confident that the company has sufficient cash flows to meet its working capital requirements for a period of at least the next twelve months from the date of signing the financial statements. In addition, the Company have received confirmation that the parent company will continue to support the company for at least the next twelve months. Accordingly, the financial statements have been prepared on the going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. ACCOUNTING POLICIES - continued**

**Provisions**

A provision is recognised in the Statement of Financial Position when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in provision due to passage of time is recognised as an interest expense.

**Critical accounting estimates**

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the company; it may later be determined that a different choice would have been more appropriate. Management considers that certain accounting estimates and assumptions relating to taxation, plant and equipment, impairment, provisions and accruals are its critical accounting estimates.

**Taxation**

The company's tax charge is in the sum of the total current and deferred tax charges. The calculation of the total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the tax authorities. The final resolution of some of these items may give rise to material profits, losses and/or cash flows.

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in Note 6.

**Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the company. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the company's financial position and performance.

The useful lives and residual values of the company's assets are determined by management at the time the assets are acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their lives such as changes in technology.

**Impairment of Fixed Assets**

Management undertake an annual test for impairment to determine whether events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including growth rates, future capital expenditure and the selection of discount rates.

**Provisions**

The company exercises judgement in measuring and recognising provisions. Judgement is necessary in assessing the likelihood that a liability will arise and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated amounts.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. ACCOUNTING POLICIES - continued**

**Decommissioning costs**

Provision for future decommissioning costs is made in full when the company has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. The amount recognised is the present value of the estimated future expenditure. An amount equivalent to the discounted initial provision for decommissioning costs is capitalised and amortised over the life of the underlying asset, unless the asset is deemed to be impaired in which case the amount is written off in full. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision.

**2. TURNOVER**

The turnover and profit before taxation of the company are attributable to the caustic and EDC activities and the manufacture under a tolling arrangement which are considered to represent a single business sector.

The turnover and profit before taxation of the interest in the joint operation are attributable to the UK manufacture of chemicals under a tolling arrangement, which is considered to represent a single business segment. All tolling invoices are paid within 30 days of the end of the month in which the invoices are issued.

An analysis of turnover by geographical market is given below:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
United Kingdom	<b>11,209,763</b>	10,430,023
Europe	<b>108,385,531</b>	43,179,838
	<b>119,595,294</b>	<b>53,609,861</b>

**3. EMPLOYEES AND DIRECTORS**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>8,248,538</b>	8,063,162
Social security costs	<b>770,197</b>	757,396
Other pension costs	<b>1,017,747</b>	1,030,800
	<b>10,036,482</b>	<b>9,851,358</b>

The Directors did not receive any emoluments in respect of their services to the company (2020 - nil). No Directors have benefits accruing under a defined contribution or defined benefit pension scheme. There have been no recharges from the group to VYNOVA Runcorn Limited in respect of Directors' services (2020 - nil). It is not possible to determine the amounts or proportion of any Director's salary paid from another entity in relation to this entity.

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

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Operations	<b>52</b>	51
Management	<b>12</b>	10
Maintenance	<b>26</b>	28
Commercial	<b>3</b>	3
Production and distribution	<b>46</b>	47
	<b>139</b>	<b>139</b>

Average employee numbers include a 50.00% share of the joint operation equating to 46 employees (2020 - 47).



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**4. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interest paid on intercompany loan	<b>1,047,379</b>	-
Capitalised interest	<b>(678,000)</b>	-
Interest on leasing	<b>13,180</b>	12,998
Unwinding of discounted provisions	<b>173,000</b>	259,000
Interest on defined benefit pension schemes	<b>(7,000)</b>	(9,400)
Interest on financial liabilities measured at amortised cost	<b>50,000</b>	-
Other external interest	<b>51,431</b>	-
	<b><u>649,990</u></b>	<b><u>262,598</u></b>

**5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cost of inventories recognised as expense	<b>68,666,433</b>	20,501,265
Depreciation - owned assets	<b>4,926,409</b>	4,785,795
Depreciation - assets on finance leases	<b>366,931</b>	366,274
Goodwill amortisation	<b>(773,109)</b>	(773,109)
Licenses amortisation	<b>2,852</b>	4,889
Auditor's remuneration - Audit Fees	<b>77,475</b>	61,646
Foreign exchange differences	<b><u>(526,381)</u></b>	<b><u>25,456</u></b>

No non-audit fees were paid to the company's auditors PwC for 2021 (2020: nil).

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**6. TAX ON PROFIT**

Analysis of tax (credit)/expense included in profit or loss:

	2021 £	2020 £
Current tax		
Deferred tax	<u>(17,167,547)</u>	<u>(6,150,000)</u>
Total tax credit in income statement	<u>(17,167,547)</u>	<u>(6,150,000)</u>

Factors affecting the tax (credit)/expense)

The tax assessed is higher (2020: higher) than the standard rate of corporation tax in the UK of 19.00% (2020 – 19.00%).  
The difference is explained below:

	2021 £	2020 £
Profit before taxation	<u>16,241,082</u>	<u>6,015,681</u>
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19.00%	3,085,806	1,142,979
Effects of:		
Disallowed expenses	10,090	25,120
Deferred tax not recognised in respect of losses	(905,027)	(928,547)
Deferred tax not recognised in respect of capital allowances and depreciation	(1,797,849)	200,739
Deferred tax not recognised in respect of pension provisions	(3,885)	2,391
Deferred tax not recognised in respect of asset provisions	32,870	(191,291)
Tax charged directly to equity	3,547	-
Rate differences	(5,481,579)	(1,250,000)
Goodwill adjustments for joint operation	(155,655)	(146,891)
Consolidation adjustments for joint operation	-	71,400
Origination and reversal of temporary differences	(23,000)	(75,900)
Recognition of previously unrecognised tax losses	<u>(11,922,865)</u>	<u>(5,000,000)</u>
Tax (credit)	<u>(17,167,547)</u>	<u>(6,150,000)</u>

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities will be settled based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements

**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

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**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6. TAX ON PROFIT - continued**

**Tax effects relating to effects of other comprehensive income/(expense)**

	<b>2021</b>		
	<b>Gross</b>	<b>Tax</b>	<b>Net</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Remeasurement of long term benefits	<b>114,188</b>	<b>(3,547)</b>	<b>110,641</b>

	<b>2020</b>		
	<b>Gross</b>	<b>Tax</b>	<b>Net</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Remeasurement of long term benefits	<b>(83,786)</b>	<b>-</b>	<b>(83,786)</b>

The effective rate of corporation tax in the UK for the year ended 31 December 2021 is 19.00% (2020 – 19.00%).

**7. INTANGIBLE ASSETS**

	<b>Goodwill</b>	<b>Licenses</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
As at 1st January 2021	<b>(24,249,900)</b>	<b>43,517</b>	<b>(24,206,383)</b>
As at 31st December 2021	<b>(24,249,900)</b>	<b>43,517</b>	<b>(24,206,383)</b>
<b>Accumulated amortisation</b>			
As at 1st January 2021	<b>(5,437,576)</b>	<b>40,665</b>	<b>(5,396,910)</b>
Amortisation for the year	<b>(773,109)</b>	<b>2,852</b>	<b>(770,257)</b>
As at 31st December 2021	<b>(6,210,684)</b>	<b>43,517</b>	<b>(6,167,167)</b>
<b>Net book value</b>			
As at 31st December 2021	<b>(18,039,216)</b>	<b>-</b>	<b>(18,039,216)</b>
As at 31st December 2020	<b>(18,812,325)</b>	<b>2,852</b>	<b>(18,809,473)</b>

Negative goodwill arose on the acquisition of a 50.00% share in a joint operation, Runcom MCP Limited, on 1 August 2015. This is a genuine gain resulting from a wider acquisition where there were some potential losses (goodwill) elsewhere in the group. Further details of the joint operation can be found in Note 9.

The acquisition represented a "bargain purchase" and the negative goodwill is being recognised in the profit and loss account in accordance with FRS 101. Amortisation of negative goodwill is recognised within administrative expenses.

Goodwill is amortised over a 30-year period as this is the duration of the land lease.

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**FOR THE YEAR ENDED 31 DECEMBER 2021**

**8. PROPERTY, PLANT AND EQUIPMENT**

	Plant and machinery	Asset under construction	Right of use assets	Totals
	£	£	£	£
<b>Cost</b>				
As at 1st January 2021	49,787,043	25,644,822	1,338,089	76,769,954
Additions	-	46,713,146	669,967	46,383,113
Disposals	(1,945,000)	-	-	(1,945,000)
Transfers	2,000,000	(2,000,000)	-	-
As at 31st December 2021	49,842,043	69,367,968	2,008,066	121,208,067
<b>Accumulated depreciation</b>				
As at 1st January 2021	23,389,668	-	699,861	24,089,519
Disposals	-	-	-	-
Depreciation for the year	4,925,409	-	366,931	5,282,340
As at 31st December 2021	28,315,067	-	1,066,792	29,371,859
<b>Net book value</b>				
As at 31st December 2021	21,526,976	69,367,968	951,264	91,836,208
As at 31st December 2020	26,397,385	25,644,822	638,228	52,680,435

The disposal of £1,945,000 relates to a recalculation due to an increased interest rate of the provision for the removal of fixed assets at the end of the lease. This item is not depreciated.

Further information about right of use assets can be found in note 15.

**9. JOINT OPERATION**

The company has an interest in a material joint operation, Runcom MCP Limited, which is a 50:50 joint operation between INOVYN ChlorVinyls Limited and VYNOVA Runcom Limited. The registered office of Runcom MCP Limited is Bankes Lane Office, Bankes Lane, PO Box 9, Runcom, Cheshire, WA7 4JE.

Runcom MCP Limited provides a toll manufacturing service to its two shareholders, converting raw material brine into chlorine and caustic soda.

The company recognises in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly - £36.99m (2020 - £34.64m)
- its liabilities, including its share of any liabilities incurred jointly - £1.14m (2020 - £5.22m)
- and its income and expenses, including its share of any income and expenses incurred jointly - £5.10m (2020- £1.70m)

The audited financial statements of the joint operation can be obtained from the Company Secretary at Bankes Lane Office, Bankes Lane, PO Box 9, Runcom, Cheshire, WA7 4JE.

**10. INVENTORIES**

	2021	2020
	£	£
Raw material and consumables	3,696,692	3,092,333
Cumulative provision for impairment of engineering spare parts	(1,327,630)	(930,514)
	<u>2,369,062</u>	<u>2,161,819</u>

Raw materials and consumables recognised as cost of sale in the year amounted to £58.7m (2020: £20.5m). Write downs during the year amounted to Nil (2020: Nil). No inventories were or are pledged as securities.

The increase in impairment of £397,016 (2020: £182,835) is charged to the profit and loss account.

**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**11. TRADE AND OTHER RECEIVABLES**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>1,330,480</b>	2,245,253
Amounts owed by group undertakings	<b>18,267,991</b>	789,671
Other debtors	<b>2,901,907</b>	3,751,396
Pension plan surplus	<b>11,091</b>	-
VAT	<b>3,146,302</b>	1,209,475
Prepayments	<b>3,118,009</b>	2,623,311
	<b><u>28,776,780</u></b>	<b><u>10,619,106</u></b>

Amounts owed by group undertakings relate to trading balances between group companies. Payment terms are 30 days from the end of the month of invoice; no interest is incurred.

The pension plan surplus from 2020 has been reclassified for better presentation purposes

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Employee benefits	<b>153,547</b>	150,000
General provisions	<b>188,000</b>	
Arising from accelerated capital allowances	<b>21,745,000</b>	11,750,000
Unused tax losses	<b>12,767,453</b>	5,800,000
	<b><u>34,854,000</u></b>	<b><u>17,700,000</u></b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. TRADE AND OTHER RECEIVABLES continued**

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

	Relating to tax losses carried forward	Relating to accelerated capital allowances	Relating to general provisions	Relating to employee benefits	Total
	£	£	£	£	£
At 1 January 2020	1,600,000	10,600,000	-	150,000	12,350,000
Charged to income statement	4,200,000	1,150,000	-	-	5,350,000
Credited to equity	-	-	-	-	-
At 31 December 2020	5,800,000	11,750,000	-	150,000	17,700,000
Charged to income statement	6,967,453	9,995,000	188,000	-	17,150,453
Credited to equity	-	-	-	3,547	3,547
<b>At 31 December 2021</b>	<b>12,767,453</b>	<b>21,745,000</b>	<b>188,000</b>	<b>163,547</b>	<b>34,854,000</b>

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits, accelerated capital allowances and pension provisions is probable on an assessment of expected future profits modelled against the gross tax losses available. The amount of unrecognised deferred income tax asset is as follows:

	2021	2020
	£	£
<b>Unrecognised deferred income tax asset:</b>		
Excess of depreciation over capital allowances	733,000	3,484,370
Pension and asset provision	-	4,042,811
	<b>733,000</b>	<b>7,527,181</b>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£	£
Trade creditors	32,366,764	15,743,761
Amounts owed to group undertakings	11,737,297	-
Social security and other taxes	261,834	254,273
Leases (see note 15)	349,771	359,457
Other creditors	1,174,670	548,613
Accruals and deferred income	6,061,574	1,716,656
	<b>50,930,910</b>	<b>18,622,760</b>

Amounts owed to group undertakings in relation to normal trading are repayable within 30 days of end of month of invoice, are unsecured and interest free.

Amounts owed to group undertakings in relation to the loan for Project Summer are repayable under the terms detailed below.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2021	2020
	£	£
Amounts owed to group undertakings	48,097,512	-
Leases (see note 15)	<u>611,337</u>	<u>287,226</u>
	<u><b>48,708,849</b></u>	<u><b>287,226</b></u>

No securities are given by any of the entities involved in relation to these amounts.

The amounts owed to group undertakings are related to the loan monies to finance Project Summer.

Terms of the loan are:

Facility value:

70 m EUR

Repayment terms:

Every 6 months starting March 2022

Interest rate and payable terms:

2.55 % Every 6 months starting March 2022.

Last payment date:

2025

**14. FINANCIAL LIABILITIES – BORROWINGS**

	2021	2020
	£	£
Current		
Leases (see note 15)	<u>349,771</u>	<u>359,457</u>
	<u><b>349,771</b></u>	<u><b>359,457</b></u>
Non-current		
Leases (see note 15)	<u>611,337</u>	<u>287,226</u>
	<u><b>611,337</b></u>	<u><b>287,226</b></u>

**Terms and debt repayment schedule**

	1 year or less	1-5 years	>5 years	Totals
	£	£	£	£
At 31 December 2021	<u>349,771</u>	<u>611,337</u>	<u>-</u>	<u><b>961,108</b></u>

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**15. LEASING**

**Right-of-use assets**

**Plant and equipment**

	2021	2020
	£	£
<b>Cost</b>		
1 January	1,338,089	1,000,190
Additions	-	372,435
Disposals	<u>669,967</u>	<u>(34,536)</u>
31 December	2,008,056	1,338,089
<b>Accumulated depreciation</b>		
1 January	699,862	368,123
Disposals	-	(34,536)
Charge for the year	<u>356,931</u>	<u>366,274</u>
31 December	1,056,793	699,861
<b>Net book value</b>		
At 31 December	<u><u>951,263</u></u>	<u><u>638,228</u></u>

**Lease liabilities**

**Minimum lease payments fall due as follows:**

	2021	2020
	£	£
<b>Gross obligation repayable:</b>		
Within one year	349,771	359,457
Between one and five years	<u>611,337</u>	<u>287,226</u>
	<u>961,108</u>	<u>646,683</u>
<b>Finance charges repayable:</b>		
Within one year	17,238	9,265
Between one and five years	<u>11,390</u>	<u>2,357</u>
	<u>28,628</u>	<u>11,622</u>
<b>Net obligation repayable:</b>		
Within one year	332,533	350,192
Between one and five years	<u>699,947</u>	<u>284,869</u>
	<u><u>932,480</u></u>	<u><u>635,061</u></u>

The following lease expenses are not included in the measurement of lease liabilities:

- The amount of £4,417 in relation to low value leases (2020: £6,624).
- The amount of £108,100 in relation to short-term leases (2020: nil).

The total cash outflow in relation to leases in the year is £355,542 (2020: £367,510).



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**FOR THE YEAR ENDED 31 DECEMBER 2021**

**16. PROVISIONS FOR LIABILITIES**

	2021	2020
	£	£
Other provisions		
Removal of fixed assets	<b>19,863,000</b>	21,635,000
	<b>19,863,000</b>	21,635,000
		<b>Removal of</b>
		<b>fixed assets</b>
		£
At 1 January 2021		21,635,000
Additions		-
Disposals		<b>(1,945,000)</b>
At 31 December 2021		<b>19,690,000</b>
Utilisation of provision		-
Unwinding of discount		<b>173,000</b>
At 31 December 2021		<b>19,863,000</b>

The provision for removal of fixed assets relates to a lease agreement between INEOS ChlorVinyls Limited and VYNOVA Runcorn Limited for the lease of land and buildings for a term of 30 years. VYNOVA Runcorn Limited has an obligation to remove all assets on site at the end of the lease agreement. The provision has been calculated as the present value of the future cost of removal of the assets at the date they were installed.

In addition, during the year 2021 the provision was revalued and decreased by £1,945,000 with a corresponding entry to plant and machinery which is being depreciated over the remaining lifetime of the assets. The decrease is related to an increase in the interest rate used to discount the provision.

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

		Nominal	2021	2020
Number	Class	value	£	£
201 (2020: 201)	Ordinary	£ 1	201	201

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**18. PENSION LIABILITIES**

**Defined benefit schemes – VYNOVA Runcorn Limited**

On 1 August 2015 International Chemical Investors XII S.A. completed the acquisition of VYNOVA Runcorn Limited. In connection with this the INEOS Chlor Pension Fund (the "Chlor Fund") and the EVC UK Plan (the "EVC Plan") were divided into three separate sections, the INEOS section, the VYNOVA section and the MCP section.

VYNOVA Runcorn Limited participates only in the VYNOVA section of each plan and is solely responsible for funding and making employer decisions in relation to that section.

Runcorn MCP Limited participates only in the MCP section of each plan and is solely responsible for funding and making employer decisions in relation to that section.

The VYNOVA section and the MCP section of each plan has its own legally ring-fenced assets and liabilities. All assets of Chlor Fund and EVC Plan as at 1 August 2015 have been retained in the INEOS section.

The benefits of VYNOVA and MCP members in respect of pensionable service before 1 August 2015 were provided by the INEOS section. From 1 August 2015 benefits for service for these members were provided from the VYNOVA and MCP section.

The UK defined plans are final salary in nature. The plans are either closed to new entrants or frozen to future accrual. The plans operate under trust law and are managed and administered by Trustees in accordance with the terms of each plan's Trust Deed and Rules and relevant legislation. INEOS Chlor Trustees Limited and EVC Pension Trustees Limited, as trustees of the Chlor Fund and the EVC Plan, will continue to look after the interest of the members in the VYNOVA sections. This includes investing the assets of the section, collecting contributions from VYNOVA Runcorn Limited, Runcorn MCP Limited and active members and the payment of the benefits in accordance with the Trust Deed and Rules. The contributions paid to the UK plans are set every three years based on a funding agreement between VYNOVA Runcorn Limited, Runcorn MCP Limited and the Trustees after taking actuarial advice.

Full actuarial valuations were carried out by Mercer UK, a firm of qualified independent actuaries.

As at 31 December 2021 there were contributions payable relating to the defined benefit schemes of £Nil (2020 - £Nil).

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**18. PENSION LIABILITIES – Continued**

**Defined benefit schemes**

The amounts recognised in the statement of financial position are determined as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Present value of the defined benefit obligation	<b>6,137,609</b>	5,665,997
Fair value of scheme assets	<b>(5,148,700)</b>	(5,406,900)
Net pension (surplus)/deficit	<b>(11,091)</b>	259,097

The amounts recognised in the profit and loss are as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Current service cost	-	50,000
Interest expenses	<b>99,400</b>	116,800
Administrative expenses	<b>171,000</b>	121,200
Interest income	<b>(106,400)</b>	(129,800)
	<b>164,000</b>	158,200

Changes in the present value of the defined benefit obligation are as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Opening defined benefit obligation	<b>6,665,997</b>	5,990,503
Interest expenses	<b>99,400</b>	116,800
Benefits paid	<b>(669,500)</b>	(1,015,300)
Assets ceiling	<b>23,808</b>	189,340
Actuarial (losses)/ gains from changes in demographic assumptions	<b>(10,481)</b>	39,049
Actuarial gains from changes in financial assumptions	<b>18,386</b>	345,605
	<b>6,137,609</b>	5,665,997

Changes in the fair value of the scheme assets are as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Opening fair value of the scheme assets	<b>6,406,900</b>	5,728,300
Current service cost	-	(50,000)
Administrative expenses paid from plan assets	<b>(171,000)</b>	(121,200)
Contribution by employer	<b>320,000</b>	433,000
Interest income	<b>106,400</b>	129,800
Benefit paid	<b>(669,500)</b>	(1,015,300)
Return on plan assets (excluding interest income)	<b>145,900</b>	302,300
	<b>6,148,700</b>	5,406,900

**Note:** All assets are unquoted assets

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**18. PENSION LIABILITIES - Continued**

The amounts recognised in other comprehensive income are as follows:

	2021	2020
	£	£
Actuarial gains/(losses) from changes in demographic assumptions	10,481	(39,049)
Actuarial (losses) from changes in financial assumptions	(18,386)	(345,605)
Return on plan assets	145,900	302,300
Assets ceiling	(23,808)	(51,432)
	<u>114,188</u>	<u>(133,786)</u>

The major categories of scheme assets are as follows:

	2021	2020
	£	£
Cash and cash equivalents	118,700	267,000
Debt instruments	3,757,100	3,712,000
Other (diversified growth)	<u>1,272,900</u>	<u>1,377,900</u>
	<u>5,148,700</u>	<u>5,356,900</u>

Weighted average assumption to determine the defined benefit obligation:

	2021	2020
Discount rate	1.80%	1.60%
Future salary increases	n/a	n/a
Future pension increases	3.10%	2.70%
Price inflation (RPI)	3.20%	2.80%
Price inflation (CPI)	2.60%	2.10%

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 several years as follows:

- 1/ Retiring today (male member age 65) – 22.1 (2020 – 22.1)
- 2/ Retiring in future (male member currently aged 45) – 23.8 (2020 – 23.7)

A sensitivity analysis of the principal assumptions used to measure the present value of the defined benefit obligation is:

	2021	2020
	£	£
Discount rate - 25 basis points	5,211,670	5,784,212
Discount rate + 25 basis points	4,595,363	5,134,698
Salary increase rate + 25 basis points	4,871,361	5,476,657
Pension increase rate + 25 basis points	5,099,964	5,717,051
Post retirement mortality assumption + 90% weighting	5,066,991	5,630,976

**VYNOVA RUNCORN LIMITED (REGISTERED NUMBER: 09117971)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**18. PENSION LIABILITIES – Continued**

Expected total routine benefit payments:	2021	2020
	£	£
Year 1	25,800	25,700
Year 2	35,000	34,600
Year 3	43,900	43,300
Year 4	51,400	50,600
Year 5	57,400	56,400
Next 5 years	396,600	392,500

**Defined contribution scheme – VYNOVA Runcorn Limited**

The company operates defined contribution schemes whereby a regular fixed percentage of the employee's salary is paid into their personal pension plans. Contributions payable by the company to the funds during the year amounted to £648,921 (2020 - £569,418) and are included in pension costs. As at 31 December 2021 there were contributions payable relating to the defined contribution schemes of £84,394 (2020 - £84,655).

**Defined contribution scheme – Runcorn MCP Limited (50.00% share)**

Runcorn MCP Limited operates a defined contribution pension plan. The total expense relating to these plans in the current year was £200,000 (2020 - £350,000). As at 31 December 2021 there were contributions payable relating to defined contribution schemes of £Nil (2020 - £Nil).

**19. CONTINGENT LIABILITIES**

There exists a cross guarantee dated 1 August 2015 between VYNOVA Runcorn Limited, VYNOVA Tessenderlo NV, INEOS ChlorVinyls Limburg BV, VYNOVA Wilhelmshaven GmbH, VYNOVA France Holding SAS and VYNOVA Mazingarbe SAS in respect of the Share Purchase Agreement, Ethylene Supply Agreements, Brine Supply Agreement, Toll Manufacturing Agreement, Site Services Agreement for the site in Runcorn and the Shareholders' Agreement. The beneficiaries are Kerling Limited, INEOS Commercial Services UK Limited, INOVYN Enterprises Limited, INEOS Sales Belgium NV, INOVYN ChlorVinyls Limited and INEOS Sales (UK) Limited. The guarantors have agreed, on a joint and several bases, to guarantee the guaranteed obligations for the benefit of beneficiaries. Guaranteed obligations are defined as all present and future obligations, duties, warranties, undertakings and liabilities (whether actual or contingent and whether owned jointly or severally or in any capacity whatsoever).

**20. CAPITAL COMMITMENTS**

	2021	2020
	£	£
Contracted for future capital expenditure not provided for in the financial statements	57,293,000	10,962,000

**21. ULTIMATE CONTROLLING PARTY**

The company is a wholly owned subsidiary of VYNOVA Holding S.A. which in turn is a wholly owned subsidiary of International Chemical Investors 4 S.E. the ultimate parent company of the group and therefore the ultimate controlling party.

The smallest group in which the results of the company are consolidated is that headed by VYNOVA Holdings S.A. ("VYNOVA Group"). The largest group in which the results of the company are consolidated is that headed by International Chemical Investors 4 S.E. The consolidated financial statements are available to the public and may be obtained from the Company Secretary at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE

**22. FINANCIAL INSTRUMENTS**

The company has no assets or liabilities measured at fair value through profit and loss account.

**23. RELATED PARTIES**

During the year the company entered transactions, in the ordinary course of business, with other related parties. Transactions with Directors are disclosed in note 3. The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. There were no transactions with related parties outside of the group to report.