

Registration number: 09925357

INEOS Acetyls UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2021



INEOS Acetyls UK Limited

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INEOS Acetyls UK Limited

Directors G J Anderson
D N Brooks
G M Stewart
D Sealy

Registered number 09925357

Registered office Hawkslease
Chapel Lane
Lyndhurst
Hampshire
SO43 7FG
United Kingdom

Auditors Deloitte LLP
Statutory Auditor
Newcastle
United Kingdom

INEOS Acetyls UK Limited

Strategic Report

for the year ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Results

The profit for the year after taxation was £17,877k (2020: £nil) which, when added to the profit and loss account reserve brought forward at 1 January 2021 of £nil, gives accumulated profit carried forward at 31 December 2021 of £17,877k (2020: £nil).

Principal activity and review of the business

The Company operates manufacturing assets used in the manufacture and sale of chemical products, as well as conducting related research activities.

The Company has been a dormant company since incorporation in 2015 and wholly owned by Ineos Holdings International Limited. On 24 July 2020, as part of the larger acquisition relating to the purchase of the global Aromatics and Acetyls businesses from BP Plc, the Company (previously known as INEOS 256 GB Limited) changed its name to INEOS Acetyls UK Limited and was re-organised within the wider INEOS group and changed ownership to be wholly owned by INEOS Quattro Holdings UK Limited.

On the 31 December 2020, the Company acquired a portion of the trade and assets of BP International Limited and BP Chemicals Limited.

Conversion of inter-company loan receivables into preference shares

On 31 December 2021, an allotment of 586,268,109 preference shares of €1 each in the capital of the Company was made to the benefit of the sole member of the Company, INEOS Quattro Holdings UK Limited, in consideration for the release by INEOS Quattro Holdings UK Limited of the Company's obligation to repay €586,268k under an inter-company loan (equivalent to £496,862k). The EUR denominated preference shares are classified as a liability as based on the contractual arrangements, there is a mandatory payment clause for both redemption and dividend which cannot be avoided or delayed by the Company.

Review of the business

Revenue for the Company was £398,553k for the year (2020: £nil). Demand was good recovering from the COVID-19 pandemic and there were supply issues throughout the year, leading to tight market conditions. EBITDA before exceptional items for the Company for the year ending 31 December 2021 was £79,302k (2020: nil). Raw Material price and general inflationary pressures noted in the second half of 2021 will be monitored as we progress into 2022.

Key performance indicators ("KPIs")

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

The main financial KPI for the business is earnings before interest, taxation, depreciation, amortisation and exceptional items ("EBITDA before exceptional items").

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

INEOS Acetyls UK Limited

Strategic Report

for the year ended 31 December 2021 (continued)

Section 172 (1) statement

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

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

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

Long term factors (a)

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

- Maintain health, safety, security, and environmental excellence;
- Maintain and grow the Company's leadership positions to enhance competitiveness;
- Reduce costs and realise synergies;
- Maximise utilisation of assets;
- Access advantaged feedstock and energy opportunities; and
- Develop and implement a sustainable business.

The Company aims to operate and develop its business in a way that supports both the current and future needs, taking into account relevant economic, environmental, and social factors. This enables the Company to sustain the business for the long term. The directors strongly believe that sustainable business management and practices will contribute to long-term business success and will strengthen the Company's leading position in the market and also in a circular world. The directors ensure that the Company has sufficient resources to support its long-term growth strategy and to fund its investments. An important element is the Company's long-term cash and operational planning in relation to the capital requirements needed to grow and to extend the life span of the assets. As part of the review to secure funding for future operations, the directors have taken the decision to convert a portion of inter-company loan owed to INEOS Quattro Holdings UK Limited into preference shares. The directors consider available and required funds as a basis for any dividend or preferred dividend distribution.

INEOS Acetyls UK Limited

Strategic Report

for the year ended 31 December 2021 (continued)

Stakeholder considerations (b-e)

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

Key stakeholders contribute to the Company's economic, social, and environmental performance. Stakeholders include customers, suppliers, employees, investors, financial experts and rating agencies, local communities, industry associations, NGOs, scientific institutions, universities, government, and value chain partners. The Company is very conscious of changing attitudes to climate change, and monitors its impact on the environment, including emissions arising from operation of its assets, use of power and feedstocks and the potential impacts of climate change on its business, whether arising from regulatory change, changing weather patterns or other factors. These matters are considered by the directors in making decisions and in assessing the long-term viability of the business.

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

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

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

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

Principal decisions

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

Strategic Report

for the year ended 31 December 2021 (continued)

Principal risks and uncertainties

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

- **The petrochemical industry is cyclical** - changing market demands and prices may negatively affect the Company's operating margins and impair its cash flow which, in turn, could affect its ability to make payments on its debt or to make further investments in the business.
- **Raw materials and suppliers** - if the Company is unable to pass on increases in raw material prices, or to retain or replace its key suppliers, its results of operations may be negatively affected.
- **International operations and currency fluctuations** - the Company is exposed to currency fluctuation risks as well as to economic downturns and local business risks in several different countries that could adversely affect its profitability.
- **Competition** - significant competition in the Company's industries, whether through efforts of new and current competitors or through consolidation of existing customers, may adversely affect its competitive position, sales and overall operations.
- **Inability to maximise utilisation of assets** - the Company may be adversely affected if it is unable to implement its strategy to maximise utilisation of assets.
- **Outbreaks of disease** - the outbreak of contagious diseases may have a negative impact on the Company's business and performance, and an adverse impact on the global economy generally. During the course of 2021 and into 2022, the Company has managed the outbreak of the COVID-19 coronavirus by implementing various measures to ensure the safety of employees and the ongoing operation of the plants.
- **Substantial debt** - the Company's substantial debt could adversely affect its financial position and prevent it from fulfilling its debt obligations.
- **Cyber security** - a cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss.
- **Climate change** - existing and proposed regulations to address climate change by limiting greenhouse gas emissions may cause us to incur significant additional operating and capital expenses.
- **Regulation** - the Company is highly regulated and may have substantial obligations and liabilities arising from health, safety, security and environmental ("HSSE") laws, regulations and permits applicable to our operations.
- **Customers** - the Company is subject to the risk of loss resulting from non-payment or non-performance by our customers. Our credit procedures and policies may not be adequate to minimise or mitigate customer credit risk. Our customers may experience financial difficulties, including bankruptcies, restructurings and liquidations.
- **Employees** - the success of the Company depends on the continued service of certain key personnel and on good relations with our workforce as any significant disruption could adversely affect the Company.

INEOS Acetyls UK Limited

Strategic Report

for the year ended 31 December 2021 (continued)

COVID-19 impact

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 plants have continued to operate fully and supply chains have operated without significant disruption. Protecting employees and ensuring that they remain healthy has been the first priority of the Company. All plants have sufficient resources and have implemented measures to ensure that this remains the case throughout the pandemic.

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

Financial risk management

The Company's operations expose it to a variety of financial risks including the effects of currency fluctuation risk, commodity price risk and credit risk. The Company has in place a risk management programme that seeks to limit the adverse effects of the financial performance of the Company where appropriate. The Company manages its credit exposures with a set of policies for ongoing credit checks on potential and current customers or counterparties. The cost of managing exposure against the currency fluctuation and commodity price risks exceeds any potential benefits. This policy is continually reviewed.

Employees

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

The Company uses various forms of communications to ensure all employees are regularly updated on the Company performance as well as wider company initiative. The Company is committed to encourage employees to suggest ways in which working practices can be improved and how the Company can help to contribute to organisational success.

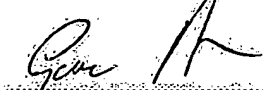
The Company continually strives to meet, and where possible, exceed all relevant legal requirements applying to safety, health and the environment. It is committed to continuous improvement in all aspects of its operations. Through its Safety, Health, Environment and Quality ("SHEQ") Policy, the Company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

INEOS Acetyls UK Limited

Strategic Report

for the year ended 31 December 2021 (continued)

Authorised for issue on behalf of the Board



G.J. Anderson
Director

21 September 2022

Hawkslease
Chapel Lane
Lyndhurst
Hampshire
SO43 7FG
United Kingdom

INEOS Acetyls UK Limited

Directors' Report

for the year ended 31 December 2021

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

Directors

The directors of the Company who were in office during the period and up to the date of signing the financial statements were as follows:

G J Anderson (appointed 19 February 2021)

D N Brooks

G M Stewart (appointed 17 March 2021)

D Smeeton (resigned 19 February 2021)

J F Ginns (resigned 19 February 2021)

G W Leask (resigned 6 September 2022)

D Sealy (appointed 6 September 2022)

Directors' indemnity

The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third-party indemnity provisions for the benefit of the Company's directors remain in force at the date of this report.

Dividends

The directors of the Company did not propose and pay any dividend for 31 December 2021 (2020: nil).

Going concern

The directors have considered the Company's projected future cash flows and working capital requirements. As at 31 December 2021, the Company had net assets of £17,877k (2020: £nil). The Company held cash of £45,838k (2020: £2k) and loans and borrowings of £557,386k (2020: £492,164k). The profit for the year was £17,877k (2020: £nil). The directors have received confirmation that the parent, INEOS Quattro Holdings UK Limited, will continue to support the Company for at least 12 months from the signing of these financial statements.

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

The Company does not have operations in Belarus, Russia or Ukraine. During 2021, no revenue was generated in these countries by the Company. The Company is not currently experiencing any material disruption to its operations and does not foresee any direct impact as a result of the conflict, but will continue to monitor the evolving situation closely. The conflict has led to a significant increase in energy prices, however the Company is currently attempting to manage these increases by passing them onto customers through higher prices. Therefore the Company is not expecting any material indirect impact on its operations or performance as a result of the conflict, but is monitoring this closely.

Future developments

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

INEOS Acetyls UK Limited

Directors' Report

for the year ended 31 December 2021 (continued)

Stakeholder statement

Engagement with suppliers, customers and other parties, see disclosure in the section 172(1) statement in the Strategic Report.

Streamlined Energy and Carbon Reporting (SECR)

The Company is classified as a large unquoted Company due to its size and shareholding structure. Disclosures under the Streamlined Energy and Carbon Reporting requirements for the Company are contained in the Streamlined Energy and Carbon Reporting section in the Strategic Report of the consolidated financial statements of INEOS Industries Limited, the largest consolidation group. The consolidated financial statements of INEOS Industries Limited are available to the public and may be obtained from the Company Secretary.

Financial Risk Management

In accordance with section 414C of the Companies Act 2006 the directors have included information regarding financial instruments as required by Schedule 7 (Part 1.6) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the Strategic Report under Financial risk management.

Subsequent event

As at the date of this report, there have been no subsequent events.

Independent auditor

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

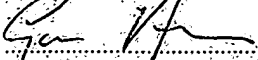
Directors' statement as to the disclosure of information to the auditor

The directors who were members of the Board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of the auditor's report of which the Company's auditor is unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

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

Authorised for issue on behalf of the Board:



G.J. Anderson
Director

21 September 2022

Hawkslease
Chapel Lane
Lyndhurst
Hampshire
SO43 7FG
United Kingdom

INEOS Acetyls UK Limited

Statement of Director's Responsibilities in respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of INEOS Acetyls UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of INEOS Acetyls UK Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 27.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

INEOS Acetyls UK Limited

Independent Auditor's Report to the Members of INEOS Acetyls UK Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Independent Auditor's Report to the Members of INEOS Acetyls UK Limited (continued)

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

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

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

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

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

- Revenue - Occurrence of manual adjustments is significant risk due to fraud. Testing of relevant controls and test of detail procedures performed include, identification of manual journals, testing rational of journals posted and tying it to the underlying supports; and

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

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

INEOS Acetyls UK Limited

Independent Auditor's Report to the Members of INEOS Acetyls UK Limited (continued)

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Michael Jeffrey FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Newcastle, England

21 September 2022

INEOS Acetyls UK Limited

Profit and Loss Account for the year ended 31 December 2021

| | Note | 2021 £ 000 | 2020 £ 000 |
|--|------|------------------|---------------|
| Turnover | 4 | 398,553 | - |
| Cost of sales | | <u>(310,419)</u> | <u>-</u> |
| Gross profit | | 88,134 | - |
| Distribution costs | | (22,728) | - |
| Administrative expenses | | (41,264) | - |
| Other operating income | 6 | 2,957 | - |
| Other operating expenses | 7 | <u>(1,203)</u> | <u>-</u> |
| Operating profit | 8 | 25,896 | - |
| Exceptional administrative costs | 5 | <u>(9,812)</u> | <u>-</u> |
| Total operating profit | | 16,084 | - |
| Interest receivable and similar income | 10 | 31,249 | - |
| Interest payable and similar expenses | 11 | <u>(13,335)</u> | <u>-</u> |
| Profit before taxation | | 33,998 | - |
| Tax on profit | 13 | <u>(16,121)</u> | <u>-</u> |
| Profit for the financial year | | <u>17,877</u> | <u>-</u> |

The above results were derived from continuing operations.

The Company has no other recognised gains or losses for the year other than the results included in the profit and loss account above, and therefore no separate statement of other comprehensive income has been prepared.

INEOS Acetyls UK Limited

Balance Sheet

as at 31 December 2021

Registration number: 09925357

| | Note | 2021 £ 000 | 2020 £ 000 |
|--|------|------------------|-----------------|
| Fixed assets | | | |
| Intangible assets | 14 | 151,269 | 160,974 |
| Tangible fixed assets | 15 | 298,515 | 292,961 |
| Right-of-use assets | 16 | 14,397 | 13,339 |
| | | <u>464,181</u> | <u>467,274</u> |
| Current assets | | | |
| Stocks | 17 | 59,664 | 21,079 |
| Debtors: amounts falling due within one year | 18 | 108,446 | 45,974 |
| Cash at bank and in hand | | 45,838 | 2 |
| | | <u>213,948</u> | <u>67,055</u> |
| Creditors: amounts falling due within one year | 19 | <u>(147,037)</u> | <u>(29,153)</u> |
| Net current assets | | <u>66,911</u> | <u>37,902</u> |
| Total assets less current liabilities | | 531,092 | 505,176 |
| Creditors: amounts falling due after more than one year | 20 | (498,324) | (501,987) |
| Provisions for liabilities | 21 | (1,324) | (1,324) |
| Deferred tax liability | 13 | <u>(13,567)</u> | <u>(1,865)</u> |
| Net assets | | <u>17,877</u> | <u>-</u> |
| Capital and reserves | | | |
| Called up share capital | 22 | - | - |
| Profit and loss account | | <u>17,877</u> | <u>-</u> |
| Total shareholders' funds | | <u>17,877</u> | <u>-</u> |

The financial statements on pages 15 to 42 were approved by the Board on 21 September 2022 and signed on its behalf by:

G J Anderson
Director

21 September 2022

The notes on pages 18 to 42 form an integral part of these financial statements.

INEOS Acetyls UK Limited

Statement of Changes in Equity for the year ended 31 December 2021

| | <i>Called up share capital £ 000</i> | <i>Profit and loss account £ 000</i> | <i>Total shareholders' funds £ 000</i> |
|-------------------------------|--|--|--|
| Balance at 1 January 2020 | - | - | - |
| Profit for the financial year | - | - | - |
| Balance at 31 December 2020 | - | - | - |
| At 1 January 2021 | - | - | - |
| Profit for the financial year | - | 17,877 | 17,877 |
| At 31 December 2021 | - | 17,877 | 17,877 |

The notes on pages 18 to 42 form an integral part of these financial statements.

INEOS Acetyls UK Limited

Notes to the Financial Statements

for the year ended 31 December 2021

1 General accounting policies

INEOS Acetyls UK Limited (the "Company") is a private company limited by shares incorporated, domiciled and registered in England in the United Kingdom. The registered number is 09925357 and the registered address is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

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

These financial statements are prepared on a going concern basis, under the historical cost convention.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The functional currency and the presentation currency is the Pound Sterling ('£') and all values are rounded to the nearest thousand pounds (£000s) except when otherwise indicated.

The smallest group that consolidates the Company's financial statements is INEOS Quattro Holdings Limited. The consolidated financial statements of INEOS Quattro Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company Secretary at: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

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

- (a) Cash Flow Statement and related notes;
- (b) Certain disclosures regarding leases;
- (c) Disclosures in respect of capital management;
- (d) The effects of new but not yet effective IFRSs;
- (e) Disclosures in respect of the compensation of Key Management Personnel; and
- (f) Disclosures of transactions with a management entity that provides key management personnel services to the Company.

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

- (a) Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- (b) Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the current period; and
- (c) Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

1 General accounting policies (continued)

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Going concern

The directors have considered the Company's projected future cash flows and working capital requirements. As at 31 December 2021, the Company had net assets of £17,877k (2020: £nil). The Company held cash of £45,838k (2020: £2k) and loans and borrowings of £557,386k (2020: £492,164k). The profit for the year was £17,877k (2020: £nil). The directors have received confirmation that the parent, INEOS Quattro Holdings UK Limited, will continue to support the Company for at least 12 months from the signing of these financial statements.

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

The Company does not have operations in Belarus, Russia or Ukraine. During 2021, no revenue was generated in these countries by the Company. The Company is not currently experiencing any material disruption to its operations and does not foresee any direct impact as a result of the conflict, but will continue to monitor the evolving situation closely. The conflict has led to a significant increase in energy prices, however the Company is currently attempting to manage these increases by passing them onto customers through higher prices. Therefore the Company is not expecting any material indirect impact on its operations or performance as a result of the conflict, but is monitoring this closely.

2 Significant accounting policies, judgements, estimates and assumptions

Significant accounting policies: use of judgements, estimates and assumptions

The Company prepares its financial statements in accordance with Financial Reporting Standard 101 ("FRS 101"), which requires management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The following areas are considered to involve a significant degree of judgement or estimation.

Critical judgements in applying the Company's accounting policies

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

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Significant accounting policies, judgements, estimates and assumptions (continued)

Key sources of estimation uncertainty

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

Impairment tests for goodwill and other non-financial assets

Goodwill impairment testing is performed annually or if there is an indication of impairment. Goodwill impairment tests are based on cash generating units ("CGUs") and compare the recoverable amount of the unit with the respective carrying amount. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs of disposal and its value in use. The value in use is determined using a discounted cash flow method, considering the earnings forecast of the unit. The management of the Group identified the operating segments as CGUs for the purposes of testing goodwill for impairment. Each unit or group of units to which goodwill is allocated to shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. The goodwill is internally monitored at the level of business units. Intangible assets other than goodwill assets and property, plant and equipment are generally valued at cost less amortisation. Impairment losses on intangible assets and property, plant and equipment are recognised when the recoverable amount of the CGU which includes the asset is lower than the respective carrying amount. Since assessment whether goodwill or a non-financial asset is impaired is based on long-term business plans for the CGUs and the determination of an appropriate discount rate, management uses significant estimates and assumptions in making these assessments. Details on the estimates used for the goodwill impairment test are disclosed in note 14.

Significant accounting policies

Measurement Convention

The financial statements are prepared on the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Foreign currency

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

INEOS Acetyls UK Limited

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Significant accounting policies, judgements, estimates and assumptions (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Non-derivative financial instruments comprise trade and other receivables, loans and borrowings, and trade and other payables.

Trade and other receivables

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

Trade and other payables

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

Interest-bearing borrowings

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

Tangible fixed assets

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

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

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Depreciation commences from the date an asset is brought into service. Land is not depreciated. The estimated useful lives are as follows:

| | |
|---------------------|----------|
| Buildings | 26 years |
| Plant and equipment | 8 years |

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

INEOS Acetyls UK Limited

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Significant accounting policies, judgements, estimates and assumptions (continued)

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company.

For business combinations with acquisition dates on or after 1 January 2020, the Company has determined whether a particular set of activities and assets is a business by assessing whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Company has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. This election can be applied on a transaction by transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to CGU. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the period and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

INEOS Acetyls UK Limited

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Significant accounting policies, judgements, estimates and assumptions (continued)

Intangible assets (continued)

Amortisation

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

| | |
|------------------------|----------|
| Customer relationships | 16 years |
| Intellectual property | 8 years |

Stocks

Stock, other than stock held for trading purposes, is stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Net realisable value is determined by reference to prices existing at the balance sheet date, adjusted where the sale of inventories after the reporting period gives evidence about their net realisable value at the end of the period.

Stocks held for short-term trading purposes are stated at fair value less costs to sell and any changes in fair value are recognised in the profit and loss account.

Supplies are valued at the lower of cost on a weighted average basis and net realisable value.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

INEOS Acetyls UK Limited

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies, judgements, estimates and assumptions (continued)

Impairment (continued)

Financial assets

Trade and other receivables

The Company applies the simplified approach to measuring expected credit losses following the requirements of IFRS 9 for its trade receivables and contract assets, being the lifetime expected credit loss model. That means that, beside considering objective evidence (e.g. default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security), the Company takes into account a forecast of future economic conditions in the calculation of the expected loss, which requires a greater extent of judgement.

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

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

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation method as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Significant accounting policies, judgements, estimates and assumptions (continued)

Determination of fair values (continued)

Intangible assets and goodwill

The fair value of patents, trademarks and technologies acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent, trademark or technology being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that contribute to achieve the related cash flows.

The fair value of the cash generating units for goodwill has been determined based on estimated discounted cash flows.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach or cost approaches using quoted market prices for similar items when available or depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence of buildings used for production, machinery and equipment acquired in a business combination. The fair value of land and office and laboratory buildings or warehouses acquired in a business combination is based on discounted cash flows or rental income estimates.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

INEOS Acetyls UK Limited

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies, judgements, estimates and assumptions (continued)

Leases (continued)

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the Balance Sheet.

INEOS Acetyls UK Limited

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Significant accounting policies, judgements, estimates and assumptions (continued)

Leases (continued)

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Cash at bank and in hand

Cash at bank and in hand comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Turnover

Revenue from contracts with customers is recognised when or as the Company satisfies a performance obligation by transferring control of a promised good or service to a customer. The transfer of control of chemical products usually coincides with title passing to the customer and the customer taking physical possession. The Company principally satisfies its performance obligations at a point in time; the amounts of revenue recognised relating to performance obligations satisfied over time are not significant. When, or as, a performance obligation is satisfied, the Company recognises as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services promised.

Exceptional items

In order to provide readers with a clear and consistent presentation of the underlying operating performance of the Company's ongoing business it separately identifies those profits and losses which because of their size or nature, are outside the normal course of business so are expected to be non-recurring. This may include the impairment of non-current assets, the cost of restructuring acquired or existing businesses and the impact of one off events such as legal settlements.

Interest income

Interest receivable is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Interest payable

Interest payable is recognised using the effective interest rate method. In calculating interest payable, the effective interest rate is applied to the amortised cost of the liability.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Significant accounting policies, judgements, estimates and assumptions (continued)

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

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 and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Income tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is recognised in other comprehensive income or directly in equity.

Current tax is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it is determined in accordance with the rules established by the applicable taxation authorities. It therefore excludes items of income or expense that are taxable or deductible in other periods as well as items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the balance sheet method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred tax liability arises on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised. An exception is where the deferred tax asset relates to the deductible temporary difference arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

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

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Significant accounting policies, judgements, estimates and assumptions (continued)

Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. *Deferred tax assets and liabilities are not discounted.*

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax 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 current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

Where tax treatments are uncertain, if it is considered probable that a taxation authority will accept the Company's proposed tax treatment, income taxes are recognised consistent with the Company's income tax filings. If it is not considered probable, the uncertainty is reflected within the carrying amount of the applicable tax asset or liability using either the most likely amount or an expected value, depending on which method better predicts the resolution of the uncertainty.

Judgement is required when determining whether a particular tax is an income tax or another type of tax (for example a production tax). Accounting for deferred tax is applied to income taxes as described above, but is not applied to other types of taxes; rather such taxes are recognised in the profit and loss account in accordance with the applicable accounting policy such as Provisions and contingent liabilities.

Updates to significant accounting policies

The financial statements have been prepared using accounting policies that are consistent with those of the previous financial year. The Company has adopted the following amendments to accounting standards for the first time in 2021, with effect from 1 January 2021, although there has been no material effect on the Company's financial statements:

- Amendments to IFRS 16- COVID-19- Related Rent Concessions - beyond 30 June 2021 (effective date 1 April 2021). The amendment introduces an optional practical expedient that simplifies how a lease accounts for direct rent concessions that are a direct consequence of COVID-19; and
- Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform - Phase 2 has been adopted and has been applied retrospectively. The amendments introduce a practical expedient relating to modifications of financial instruments and lease contracts and specific hedge accounting requirements which is triggered by a replacement of a benchmark interest rate in a contract with new alternative benchmark rate.

INEOS Acetyls UK Limited

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

3 Acquisition of a business

On 31 December 2020, the Company acquired the trade and assets of BP International Limited and BP Chemicals Limited for £492,610k. The trade and assets of the companies acquired operate chemicals and plastics manufacturing. This was part of the larger acquisition relating to the purchase of the global Aromatics and Acetyls businesses from BP Plc as disclosed in the consolidated financial statements of INEOS Quattro Holdings Limited for the year ended 31 December 2020.

During 2021, the completion accounts settlement process was finalised, leading to a £4,879k cash inflow from BP. During the year ended 31 December 2021, the Company reviewed the provisional fair values. A revision to the fair values of identifiable assets and liabilities acquired, purchase consideration and goodwill was updated as shown in the table below.

Effect of acquisition

The acquisition had the following effect on the Company's assets and liabilities.

| | 2020 | | 2021 |
|---|--|--------------------|---|
| | <i>Recognised fair values on acquisition</i> | <i>Revaluation</i> | <i>Final values recognised on acquisition</i> |
| | £ 000 | £ 000 | £ 000 |
| Tangible fixed assets | 306,300 | - | 306,300 |
| Intangible assets | 94,041 | - | 94,041 |
| Stocks | 21,079 | - | 21,079 |
| Debtors | 45,974 | - | 45,974 |
| Cash at bank and in hand | 2 | - | 2 |
| Creditors (including leases due after more than one year) | (38,526) | (2,512) | (41,038) |
| Deferred tax liabilities | (1,865) | - | (1,865) |
| Provisions for liabilities | (1,324) | - | (1,324) |
| | 425,681 | (2,512) | 423,169 |
| Consideration paid: | | | |
| Cash price paid | 492,614 | (4,879) | 487,735 |
| Goodwill on acquisition | 66,933 | (2,367) | 64,566 |

The fair value of acquired debtors was £23,277k. The gross contractual amounts receivable is £26,844k and, at the acquisition date, £nil of contractual cash flows were not expected to be received.

INEOS Acetyls UK Limited

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

4 Turnover

The analysis of the Company's turnover for the year is as follows:

| | 2021 £ 000 | 2020 £ 000 |
|---------------|---------------|---------------|
| Sale of goods | 398,553 | - |

The analysis of the Company's turnover for the year by market is as follows:

| | 2021 £ 000 | 2020 £ 000 |
|---------------|---------------|---------------|
| UK | 113,156 | - |
| Europe | 252,872 | - |
| Rest of world | 32,525 | - |
| | 398,553 | - |

5 Exceptional administrative costs

In 2021, the Company incurred £9,812k of exceptional charges in respect of manpower reorganisations and various information technology ("IT") related costs following the cessation of the IT transitional service agreement with BP.

| | 2021 £ 000 | 2020 £ 000 |
|----------------------------------|---------------|---------------|
| Exceptional administrative costs | 9,812 | - |

6 Other operating income

The analysis of the Company's other operating income for the year is as follows:

| | 2021 £ 000 | 2020 £ 000 |
|-----------------------------|---------------|---------------|
| Recharge of utilities costs | 2,791 | - |
| Royalty income | 166 | - |
| | 2,957 | - |

INEOS Acetyls UK Limited

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

7 Other operating expenses

The analysis of the Company's other operating expenses for the year is as follows:

| | 2021 £ 000 | 2020 £ 000 |
|--------------------------|---------------|---------------|
| Other operating expenses | 1,203 | - |

8 Operating profit

This is stated after charging:

| | 2021 £ 000 | 2020 £ 000 |
|---------------------------------------|---------------|---------------|
| Research and development cost | 6,470 | - |
| Amortisation on intangible assets | 7,338 | - |
| Depreciation on tangible fixed assets | 41,282 | - |
| Depreciation on right-of-use assets | 4,784 | - |

9 Auditor's remuneration

| | 2021 £ 000 | 2020 £ 000 |
|-----------------------------------|---------------|---------------|
| Fees for the audit of the Company | 88 | 88 |

10 Interest receivable and similar income

| | 2021 £ 000 | 2020 £ 000 |
|---|---------------|---------------|
| Interest income from amounts owed by group undertakings | 15 | - |
| Foreign exchange gains | 31,234 | - |
| | 31,249 | - |

INEOS Acetyls UK Limited

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

11 Interest payable and similar expenses

| | 2021 £ 000 | 2020 £ 000 |
|--|---------------|---------------|
| Bank charges | 75 | - |
| Interest payable on lease liability | 132 | - |
| Interest payable on amounts owed to group undertakings | 13,128 | - |
| | <u>13,335</u> | <u>-</u> |

12 Directors and employees

Employees' and directors' remuneration

In the prior year, the number of employees transferred to the Company as part of the acquisition was 300.

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

| | 2021 No. | 2020 No. |
|--------------------------|-------------|-------------|
| Operations | 180 | 186 |
| Administration | 57 | 44 |
| Research and development | 60 | 70 |
| | <u>297</u> | <u>300</u> |

The aggregate payroll costs were as follows:

| | 2021 £ 000 | 2020 £ 000 |
|--|---------------|---------------|
| Wages and salaries | 23,235 | - |
| Social security costs | 2,820 | - |
| Pension costs, defined contribution scheme | 1,507 | - |
| | <u>27,562</u> | <u>-</u> |

No director received any fees or remuneration in respect of their services as a director of the Company during the financial year ended 31 December 2021.

INEOS Acetyls UK Limited

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

13 Taxation

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010.

The taxation charge in the profit and loss account is made up as follows:

| | 2021 £ 000 | 2020 £ 000 |
|--|---------------|---------------|
| Current taxation | | |
| UK corporation tax on profits for the year | 4,419 | - |
| Deferred taxation | | |
| Arising from origination and reversal of temporary differences | 2,041 | - |
| Arising from changes in tax rates and laws | 1,234 | - |
| Adjustments in respect of prior years | 8,427 | - |
| Total deferred taxation | 11,702 | - |
| Tax expense in the profit and loss account | 16,121 | - |

(a) Reconciliation of the effective tax rate

The tax assessed on the profit for the year is higher than the standard rate of corporation tax in the UK of 19% for the year ended 31 December 2021 (2020: 19%). The differences are reconciled below:

| | 2021 £ 000 | 2020 £ 000 |
|--|---------------|---------------|
| Profit before taxation | 33,998 | - |
| Loss before taxation multiplied by the standard rate of tax in the UK of 19% (2020: 19%) | 6,460 | - |
| Underprovided in prior years | 8,427 | - |
| Increase in tax rate on deferred tax balances | 1,234 | - |
| Total tax charge | 16,121 | - |

The reconciling items shown above are those that arise for UK corporation tax purposes, rather than overseas tax purposes.

INEOS Acetyls UK Limited

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

13 Taxation (continued)

Change in corporation tax rate

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. Deferred tax at 31 December 2021 have been calculated at 19% (2020: 19%).

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will increase the Company's future current tax charge accordingly, the impact on deferred tax has not been calculated as the unrecognised deferred tax asset relates to tax attributes that are not expected to have a future tax benefit.

Deferred tax liability

Movement in the deferred tax liability:

| | 2021 £ 000 |
|--|---------------|
| Balance at 1 January 2021 | 1,865 |
| Deferred tax charge to profit and loss account | 11,702 |
| Balance at 31 December 2021 | 13,567 |

14 Intangible assets

| | <i>Goodwill</i> £ 000 | <i>Customer relationships</i> £ 000 | <i>Intellectual property</i> £ 000 | <i>Total</i> £ 000 |
|--|--------------------------|--|---|-----------------------|
| Cost | | | | |
| At 1 January 2021 | 66,933 | 74,184 | 19,857 | 160,974 |
| Acquired through business combinations | (2,367) | - | - | (2,367) |
| At 31 December 2021 | 64,566 | 74,184 | 19,857 | 158,607 |
| Amortisation and impairment | | | | |
| At 1 January 2021 | - | - | - | - |
| Amortisation charge | - | 4,946 | 2,392 | 7,338 |
| At 31 December 2021 | - | 4,946 | 2,392 | 7,338 |
| Carrying amount | | | | |
| At 31 December 2021 | 64,566 | 69,238 | 17,465 | 151,269 |
| At 31 December 2020 | 66,933 | 74,184 | 19,857 | 160,974 |

INEOS Acetyls UK Limited

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

14 Intangible assets (continued)

Separable intangible assets for customer relationships and intellectual property rights were recognised on 31 December 2020 as part of the acquisition of the Acetyls businesses. These represent value attributed to customer relationships arising from contractual rights and non-contractual relationships (£74,184k) and to intellectual property mainly in relation to the right to use patents (£19,857k). The amortisation period is set based on the remaining customer life of the acquired customer relationships (16 years) and of the acquired intellectual property rights (8 years).

The goodwill acquired reflects the expected synergies from combining operations and intangible assets that do not qualify for separate recognition.

Goodwill impairment testing

The goodwill has been allocated to one CGU. No impairment charge has been recorded in these financial statements as a result of the annual impairment test.

The recoverable amount, being value in use, is calculated on a long-term business plan for the CGUs with a detailed planning period of between three and five years and a consistent terminal growth rate of 2.0% for the periods thereafter. The terminal growth rate of 2.0% represents the average expected growth rates in the United Kingdom. The main assumptions for the preparation of the three-year business plans are the production volumes and margins. The margin assumptions are based on external market data as well as internal assessments. The volume assumptions are based on historical run rates of the assets and approved increase of production projects. A discount rate of 7.8% was applied to determine the cash flow projection before taxes.

15 Tangible fixed assets

| | <i>Buildings</i> £ 000 | <i>Plant and equipment</i> £000 | <i>Assets under construction</i> £ 000 | <i>Total</i> £ 000 |
|------------------------------------|---------------------------|--|---|-----------------------|
| Cost | | | | |
| Balance at 1 January 2021 | 11,854 | 252,030 | 29,077 | 292,961 |
| Additions | - | - | 44,344 | 44,344 |
| Disposals | - | (178) | - | (178) |
| Transfers | 1,537 | 67,609 | (66,476) | 2,670 |
| Balance at 31 December 2021 | 13,391 | 319,461 | 6,945 | 339,797 |
| Depreciation and impairment | | | | |
| Balance at 1 January 2021 | - | - | - | - |
| Charge for the year | 705 | 40,577 | - | 41,282 |
| Balance at 31 December 2021 | 705 | 40,577 | - | 41,282 |
| Net book value | | | | |
| At 31 December 2021 | 12,686 | 278,884 | 6,945 | 298,515 |
| At 31 December 2020 | 11,854 | 252,030 | 29,077 | 292,961 |

INEOS Acetyls UK Limited

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

16 Right-of-use assets

| | <i>Plant and equipment £ 000</i> |
|----------------------------------|--|
| Cost | |
| At 1 January 2021 | 13,339 |
| Reclassification | (284) |
| Right-of-use assets modification | 1,726 |
| Acquisitions | 4,483 |
| Disposals | (404) |
| At 31 December 2021 | <u>18,860</u> |
| Depreciation | |
| At 1 January 2021 | - |
| Charge for the year | 4,784 |
| Eliminated on disposal | (321) |
| At 31 December 2021 | <u>4,463</u> |
| Carrying amount | |
| At 31 December 2021 | <u>14,397</u> |
| At 31 December 2020 | <u>13,339</u> |

17 Stocks

| | <i>2021 £ 000</i> | <i>2020 £ 000</i> |
|-------------------------------|-----------------------|-----------------------|
| Raw materials and consumables | 33,915 | 9,905 |
| Finished goods | <u>25,749</u> | <u>11,174</u> |
| | <u>59,664</u> | <u>21,079</u> |

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £304,503k.

INEOS Acetyls UK Limited

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

18 Debtors: amounts falling due within one year

| | 2021 £ 000 | 2020 £ 000 |
|------------------------------------|----------------|---------------|
| Trade debtors | 44,438 | 23,277 |
| Amounts owed by group undertakings | 6,388 | 2,365 |
| Amounts owed by related parties | 6,295 | 3,563 |
| Other debtors | 37,141 | 9,387 |
| Prepayments and accrued income | 14,184 | 7,382 |
| | <u>108,446</u> | <u>45,974</u> |

Amounts owed by related parties relate to intercompany balances not within the INEOS Quattro Limited Group but within the wider INEOS Group.

Amounts owed by group undertakings and related parties are unsecured, priced on an arm's length basis and settled on a monthly basis.

19 Creditors: amounts falling due within one year

| | 2021 £ 000 | 2020 £ 000 |
|-------------------------------------|----------------|---------------|
| Lease liabilities (note 23) | 2,896 | 3,966 |
| Trade creditors | 25,027 | 19,063 |
| Other creditors | 13,395 | 709 |
| Accruals and deferred income | 36,057 | 5,415 |
| Amounts owed to parent undertakings | 65,243 | - |
| Corporation tax payable | 4,419 | - |
| | <u>147,037</u> | <u>29,153</u> |

Amounts owed to the parent undertaking include an inter-company loans of £14,407k which attract interest at a commercial rates and have repayment terms ranging from October 2022 to December 2022. Other amounts owed to the parent undertakings are priced on an arm's length basis, are unsecured, and are settled on a monthly basis.

INEOS Acetyls UK Limited

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

20 Creditors: amounts falling due after more than one year

| | 2021 £ 000 | 2020 £ 000 |
|------------------------------------|----------------|----------------|
| Lease liabilities (note 23) | 6,181 | 9,373 |
| Amount owed to parent undertakings | 492,143 | 492,614 |
| | <u>498,324</u> | <u>501,987</u> |

On 31 December 2021, an allotment of 586,268,109 preference shares of €1 each in the capital of the Company was made to the benefit of the sole member of the Company, INEOS Quattro Holdings UK Limited, in consideration for the release by INEOS Quattro Holdings UK Limited of the Company's obligation to repay €586,268k under an inter-company loan (equivalent to £496,862k). The EUR denominated preference shares are classified as a liability as based on the contractual arrangements, there is a mandatory payment clause for both redemption and dividend which cannot be avoided or delayed by the Company.

21 Provisions for liabilities

| | Asset retirement obligations £ 000 | Supplier dispute £ 000 | Total £ 000 |
|-------------------------------------|--|---------------------------|----------------|
| Balance at 1 January 2020 | - | - | - |
| Acquisitions (note 3) | 824 | 500 | 1,324 |
| Balance at 31 December 2020 | 824 | 500 | 1,324 |
| Provisions used | - | - | - |
| Balance at 31 December 2021 | 824 | 500 | 1,324 |
| Due within one year | - | - | - |
| Due after more than one year | 824 | 500 | 1,324 |

Environmental

Environmental provisions represent the expected cost of remediation works where there is a legal or constructive obligation for the works to be carried out and a reasonable estimate of the cost can be made. In the current period an Asset Retirement Obligation provision of £824k has been recognised. The provision is in relation to a boiler for which the decommissioning activities are expected to commence in early 2022. The provision is based on management's best estimate of expected costs of decommissioning the boiler.

Other provisions

Other provisions includes a provision of £500k relating to a dispute with a supplier.

INEOS Acetyls UK Limited

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

22 Called up share capital

| | 2021 £ | 2020 £ |
|---|------------|------------|
| Authorised, allotted, called up and unpaid: | | |
| 100 ordinary shares of £1 each for a total nominal value of 100 | <u>100</u> | <u>100</u> |

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

23 Leases

In the prior year, the Company acquired a number of leases relating to plant and equipment with a lease commencement date the same as the date of acquisition (i.e. 31 December 2020).

Lessee arrangements

The balance sheet shows the following lease liabilities:

| | 2021 £ 000 | 2020 £ 000 |
|---|----------------|----------------|
| Maturity analysis (undiscounted): | | |
| Within 1 year | 1,772 | 4,506 |
| Between 1 and 5 years | 2,603 | 4,087 |
| Over 5 years | <u>9,071</u> | <u>9,448</u> |
| Total undiscounted lease liabilities at 31 December | 13,446 | 18,041 |
| Less: effect of discounting | <u>(4,369)</u> | <u>(4,702)</u> |
| Total discounted lease liabilities | <u>9,077</u> | <u>13,339</u> |
| | 2021 £ 000 | 2020 £ 000 |
| Due within one year | 2,896 | 3,966 |
| Due after more than one year | <u>6,181</u> | <u>9,373</u> |
| | <u>9,077</u> | <u>13,339</u> |

The Company has entered into a number of significant lease arrangements relating to off-site storage capacity, rail cars and land and buildings.

INEOS Acetyls UK Limited

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

23 Leases (continued)

The lease liability was calculated by discounting contractually escalated lease payments over the lease term at the incremental borrowing rate derived from a market related borrowing rate at the date of acquisition. The range of incremental borrowing rates used is 2.65% to 5.51%.

The lease commitment costs in relation to leases not recognised in the balance sheet is as below:

| | 2021 £ 000 | 2020 £ 000 |
|--|---------------|---------------|
| Lease commitment costs | | |
| Due within 1 year | - | 32 |
| Between 2 and 5 years | - | 81 |
| Greater than 5 years | - | 129 |
| | - | 242 |
| | 2021 £ 000 | 2020 £ 000 |
| Total cash outflow for amounts included in lease liabilities: | | |
| Lease capital payments | 9,940 | - |
| Lease interest payments | 135 | - |

24 Commitments

Capital commitments

Details of the Company's commitments in relation to capital expenditure projects for which contracts had been in place as at the end of the financial period amounted to approximately £21,868k (2020: £11,133k).

25 Related party transactions

Identity of related parties with which the Company has transacted

The Company has taken advantage of the exemption contained within paragraphs (k) and (j) of FRS 101, and has not disclosed transactions entered into with wholly-owned group companies or key management personnel.

Transactions with key management personnel

Directors of the Company and their immediate relatives control none of the voting shares of the Company.

INEOS Acetyls UK Limited

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

25 Related party transactions (continued)

Transaction with jointly controlled entities and associated undertakings held within the INEOS Limited group

Material trading and non-trading transactions with the related parties during the year were as follows:

| | 2021 | | 2020 | |
|-----------------------------|---|------------------------|---|------------------------|
| | Transaction value - income/(expense) | Balance outstanding | Transaction value - income/(expense) | Balance outstanding |
| | £ 000 | £ 000 | £ 000 | £ 000 |
| Sale of products | 8,763 | - | - | - |
| Trade and other receivables | - | 179 | - | 5,928 |

In general, all outstanding balances with these related parties are priced based on contractual arrangements and are to be settled in cash within two months of the reporting date. None of the balances are secured. The transactions were made on terms equivalent to those that prevail in an arm's length transaction. There were no provisions for doubtful debts related to these entities as at 31 December 2021 (2020: £nil).

26 Immediate and ultimate controlling parent undertaking

During the prior year, as part of the larger BP acquisition, the Company was re-organised and became a direct subsidiary undertaking of INEOS Quattro Holdings UK Limited incorporated in England and Wales.

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

The smallest group that consolidates the Company's financial statements as at 31 December 2021 was INEOS Quattro Holdings Limited. The largest group that consolidated the Company's financial statements as at 31 December 2021 was INEOS Industries Limited. The consolidated financial statements of INEOS Quattro Holdings Limited and INEOS Industries Limited are available to the public and may be obtained from the Company Secretary at their registered office: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

27 Subsequent event

As at the date of this report, there have been no subsequent events.