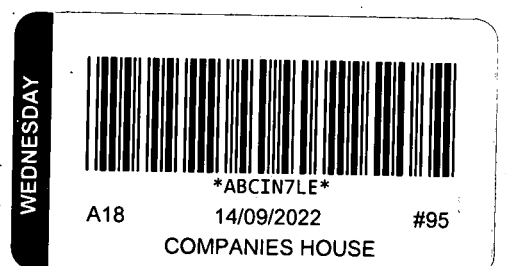


Registration number: 10645161

INEOS Upstream Holdings Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2021



INEOS Upstream Holdings Limited

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INEOS Upstream Holdings Limited

Company Information

Directors	Andrew Pizzey
	David Bucknall
Company secretary	Gemma McLucas
	Cordelia Pace
Registered office	Anchor House 15-19 Britten Street London SW3 3TY
Solicitor	Slaughter and May 1 Bunhill Row London EC1Y 8YY
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP
Independent Auditor	Deloitte LLP Statutory Auditor Union Plaza 1 Union Wynd Aberdeen United Kingdom AB10 1SL

INEOS Upstream Holdings Limited

Strategic Report for the Year Ended 31 December 2021

The Directors present the strategic report of INEOS Upstream Holdings Limited ("the Company") for the year ended 31 December 2021.

Fair review of the business

The Company continues its activities as a holding company carrying on the business of managing its investments and financing developments in its subsidiary companies.

As at 31 December 2021, the Company has net assets of £25,901,000 (2020: net liabilities of £433,111,000).

In January 2021, the Company sold 15% of its shareholding in its subsidiary, INEOS Offshore BCS Limited. Refer to note 11 for further details.

At the year-end, a review of the Company's investments was performed. This review identified that the present value of the investments exceeded the carrying value by £27,190,000 and therefore a reversal of the impairment provision was recognised (2020: impairment charge of £59,312,000). See note 11 for further details.

At the year-end, a review of the recoverability of loans to group undertakings was performed. This review identified that the present value of the loan to INEOS Offshore BCS Limited exceeded the carrying value by £433,285,000 and a reversal of the expected credit loss provision was recognised (2020: impairment charge of £266,500,000). See note 13 for further details.

In the prior year, as part of an internal organisational restructuring, a debt-equity exercise was performed to convert part of the Company's intercompany loan balances held with subsidiaries into equity. An additional share was awarded to INEOS Industries Holdings Limited, issued at a value of £1 plus a premium of £59,311,000. See note 16 for further details.

Section 172(1) statement

The Directors have the duty to promote the success of the Company for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers, investors and the environment. As the Company is a subsidiary of INEOS Industries Limited all stakeholder considerations are managed at a group level, and as such no principal decisions have been made by the Company in the period. Further detail of policies in relation to the section 172(1) duties can be found in the annual report and financial statements of INEOS Industries Limited which may be obtained from the Company Secretary, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, UK, SO43 7FG.

Key performance indicators

Given the Company is a holding company, the Directors view the main KPI as being the management of the Company's investment in subsidiary undertakings. During the year, the Company has made no new investments or any additional investments in either INEOS Energy Trading Limited or INEOS Offshore BCS Limited.

At the year-end, a review of the Company's investments was performed. This review identified that the present value of the investments exceeded the carrying value by £27,190,000 and therefore a reversal of the impairment provision was recognised (2020: impairment charge of £59,312,000). A review was also performed on the recoverability of loans to group undertakings. This review identified that the present value of the loan to INEOS Offshore BCS Limited exceeded the carrying value by £433,285,000 and a reversal of the expected credit loss provision was recognised (2020: impairment charge of £266,500,000). This has resulted in a profit recognised in the year of £459,012,000 (2020: loss of £326,622,000).

INEOS Upstream Holdings Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Principal risks and uncertainties

Climate change and transition to low carbon economy

The Company recognises the scientific consensus on climate change and has committed to reduce its own emissions, and, as part of the wider Oil and Gas industry, will continue to play a vital role in delivering a low-carbon solution. The Company is continuously reviewing its process to improve the environmental performance of its operations and that of its principle operating subsidiaries. The Company acknowledges the global trend to move toward net zero carbon emissions. Depending on the nature and speed of any such changes and the Company's response, this could adversely affect the Company's financial performance and competitiveness.

Cyber security

The Company is subject to cyber security risks. A cyber incident could result in information theft, data corruption, operational disruption and/or financial loss. Cyber security imposes an increasing risk on companies. With the growing volume and sophistication of cyber-attacks, the risk is that sensitive business and personal information is not well protected and assets and the Company's security are not safeguarded. The Company has resources dedicated to mitigate the risk of a cyberattack and to recover as soon as possible from any attack that might occur.


The impact of the spread of Coronavirus ("COVID-19")

The Company closely monitored the evolution of the COVID-19 outbreak throughout 2021 and will continue to do so going forward and is following the World Health Organisation and local governments' advice where required. During 2021, the Company took measures where required to mitigate the risk in its subsidiaries and to keep the employees safe and the fields operational, such as introducing social distancing measures on all premises and adopting COVID-19 testing procedures. The Company has not experienced any material adverse impact because of COVID-19.

Regulation and geopolitical instability

Political instability, changes to the regulatory environment or taxation, international trade disputes, international sanctions, expropriation or nationalisation of property, civil strife, strikes, insurrections, acts of terrorism, acts of war and public health situations (including the ongoing military actions in Ukraine and continued impact of the COVID-19 pandemic or a future epidemic or pandemic) may disrupt or curtail the Company's operations or development activities. The Company is actively monitoring any factors and events that could cause adverse effects and mitigating measures are implemented where appropriate.

Approved by the board on 8 August 2022 and signed on its behalf by



Andrew Pizzey
Director

INEOS Upstream Holdings Limited

Directors' Report for the Year Ended 31 December 2021

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

Directors of the Company

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

Andrew Pizzey

Douglas Scott (resigned 3 November 2021)

David Bucknall (appointed 3 November 2021)

Principal activities

The principal activity of the Company is to manage its investments as a holding company and financing developments in its subsidiary undertakings.

Dividends

The Directors do not propose the payment of a dividend (2020: £Nil).

Financial instruments

Objectives and policies

The Company's operations are exposed to a variety of financial risks that includes the effects of credit risk, liquidity and cash flow risk, currency risk and interest rate risk. The Company has in place a risk management programme that seeks to limit any adverse effects on the financial performance of the Company where appropriate.

Interest rate risk, currency risk, price risk, credit risk, liquidity risk and cash flow risk

The main financial risks which could affect the Company are set out below:

- (a) Interest rate risk: Borrowings are intra-group and the interest rate is fixed at 7%.
- (b) Currency risk: The Company undertakes transactions in various currencies. Since many of the transactions are denominated in US Dollars, the Directors review the cost/benefit of currency hedging.
- (c) Credit risk: The majority of the Company's receivables are due from other Group companies. An impairment assessment is performed annually to determine whether the Directors believe the Group entities will be able to meet their obligations as they fall due, see note 13.
- (d) Liquidity and cash flow risk: The Company has exposure to liquidity and cash flow risk as the principal source of income, being interest received on loans and dividends may not be sufficient to meet operating costs and interest payable on loans. The Directors have received confirmation that the parent company intends to support the Company for at least one year after the approval of the financial statements which the Directors believe is adequate to mitigate the liquidity and cash flow risk.

Engagement with suppliers, customers and other relationships

Engaging stakeholders and developing meaningful partnerships is essential for long-term business success. The Company respects the rights, values and dignity of all employees, customers, contractors, vendors and other stakeholders. The Company aims to build enduring relationships with governments, customers, partners, suppliers and communities in the countries where the Company operates.

INEOS Upstream Holdings Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Energy and carbon reporting

GHG emissions comprise CO₂, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride. Disclosures under the streamlined energy and carbon reporting requirements are contained in the strategic report of the consolidated financial statements of the Company's parent, INEOS Industries Limited and therefore the Company is exempt from providing further disclosures.

Future developments

The Directors have undertaken a rigorous assessment of the worldwide oil and gas demand and the working capital requirements of the Company over the 12 months following the date of signing these financial statements. In combination with the financial support of INEOS Industries Limited, the Directors have concluded that the Company will have sufficient cash flow to meet all of its obligations as they fall due.

The Company looks forward to the coming years with optimism in developing near term resources in a safe, reliable and profitable manner.

Going concern

As at 31 December 2021, the Company has net assets of £25,901,000 (2020: net liabilities of £433,111,000). The Directors have assessed the Company's cashflow requirements for the 12 month period following the signing of these financial statements and have confirmed that the Company will continue to meet its day-to-day working capital requirements through using liquidity available from its subsidiaries and its intercompany loan facility.

The Directors have also received confirmation that INEOS Industries Limited will support the Company for at least one year after these financial statements are signed.

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.

The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Important non adjusting events after the financial year

In February 2022, the Company transferred its investment in its subsidiary: INEOS Energy Trading Limited to another group Company, INEOS Offshore BCS Limited. This has no impact on the current financial period.

The Company continues to monitor the ongoing military actions in Ukraine and continued impact of the COVID-19 pandemic that may disrupt or curtail its operations or development activities. The Company is actively monitoring any factors and events that could adversely affect the Company and mitigating measures are implemented where appropriate.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

INEOS Upstream Holdings Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

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.

Approved by the board on 8 August 2022 and signed on its behalf by:


Andrew Pizzey
Director

INEOS Upstream Holdings Limited

Independent Auditor's Report to the Members of INEOS Upstream Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of INEOS Upstream Holdings 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 Income Statement;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Statement of Accounting Policies; and
- the related notes 1 to 19.

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

Basis for opinion

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

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

INEOS Upstream Holdings Limited

Independent Auditor's Report to the Members of INEOS Upstream Holdings Limited (continued)

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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 statement of directors' responsibilities, 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.

INEOS Upstream Holdings Limited

Independent Auditor's Report to the Members of INEOS Upstream Holdings Limited (continued)

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, Health and Safety and tax legislation and the sector it operates in; 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 including significant component audit teams and relevant internal specialists such as tax, valuations, and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

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

INEOS Upstream Holdings Limited

Independent Auditor's Report to the Members of INEOS Upstream Holdings Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

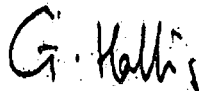
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



.....
Graham Hollis ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom

8 August 2022

INEOS Upstream Holdings Limited

Income Statement for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Revenue	4	11,188	8,241
Administrative expenses		(12,910)	(9,283)
Impairment reversal/(charge)	13, 11	460,475	(325,812)
Operating profit/(loss)		458,753	(326,854)
Finance income	8	30,941	32,649
Finance costs	9	(30,942)	(32,607)
Net financing (costs)/income		(1)	42
Profit/(loss) before tax		458,752	(326,812)
Tax	10	260	190
Profit/(loss) for the financial year attributable to owners of the Company		459,012	(326,622)

The above results were derived from continuing operations.

INEOS Upstream Holdings Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021 £ 000	2020 £ 000
Profit/(loss) for the year	<u>459,012</u>	<u>(326,622)</u>
Total comprehensive income/(loss) for the year attributable to the owners of the Company	<u>459,012</u>	<u>(326,622)</u>

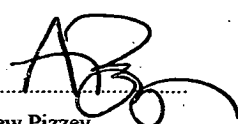
The notes on pages 15 to 31 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

(Registration number: 10645161)
Balance Sheet as at 31 December 2021

	Note	31 December 2021 £ 000	31 December 2020 £ 000
Non-current assets			
Investments	11	27,190	-
Trade and other receivables	13	66	66
		<u>27,256</u>	<u>66</u>
Current assets			
Trade and other receivables	13	470,790	4,185
Cash and bank balances	12	3,292	1,023
		<u>474,082</u>	<u>5,208</u>
Total assets		<u>501,338</u>	<u>5,274</u>
Current liabilities			
Trade and other payables	14	(6,925)	(5,100)
Loans and borrowings	15	(468,512)	(433,285)
		<u>(475,437)</u>	<u>(438,385)</u>
Net current liabilities		<u>(1,355)</u>	<u>(433,177)</u>
Total liabilities		<u>(475,437)</u>	<u>(438,385)</u>
Net assets/(liabilities)		<u>25,901</u>	<u>(433,111)</u>
Equity			
Share capital	16	-	-
Share premium	16	232,994	232,994
Retained deficit		<u>(207,093)</u>	<u>(666,105)</u>
Equity attributable to owners of the Company		<u>25,901</u>	<u>(433,111)</u>

The financial statements on pages 11 to 31 were approved by the Board on 8 August 2022 and signed on its behalf by:


.....
Andrew Pizzey
Director

INEOS Upstream Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Share premium £ 000	Retained deficit £ 000	Total equity £ 000
At 1 January 2021	-	232,994	(666,105)	(433,111)
Profit for the year	-	-	459,012	459,012
Total comprehensive income	-	-	459,012	459,012
At 31 December 2021	-	232,994	(207,093)	25,901

	Share capital £ 000	Share premium £ 000	Retained deficit £ 000	Total equity £ 000
At 1 January 2020	-	173,683	(339,483)	(165,800)
Loss for the year	-	-	(326,622)	(326,622)
Total comprehensive loss	-	-	(326,622)	(326,622)
New share capital subscribed	-	59,311	-	59,311
At 31 December 2020	-	232,994	(666,105)	(433,111)

The notes on pages 15 to 31 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The Company is a private company limited by share capital incorporated in the United Kingdom, registered in England and Wales and domiciled in United Kingdom.

The address of its registered office is:

Anchor House
15-19 Britten Street
London
SW3 3TY
United Kingdom

These financial statements were authorised for issue by the board on 8 August 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with, as applicable, the Companies Act 2006.

The financial statements are prepared on the historical cost basis.

The Company's financial statements are presented in British pound sterling (£), which is also the Company's functional currency. All the amounts in the financial statements unless stated have been rounded to the nearest £'000.

Changes in significant accounting policies

Adoption for new and revised standards for 2021

The Company has adopted the following amendments to accounting standards for the first time in 2021 with effect from 1 January 2021, although none have had a material effect on the Company's financial statements in the year unless otherwise indicated:

- Amendment 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 lessee accounts for rent concessions that are a direct consequence of COVID-19;
- 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 a new alternative benchmark rate.

The notes on pages 15 to 31 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Accounting standards not applied

A number of new standards and amendments are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements. The impact of their adoption is being assessed and is not expected to have a material impact on the Company's financial statements in the period of initial application. The new standards and amendments are as follows:

- Amendments to IAS 37: Onerous Contracts-Cost of Fulfilling a Contract (effective date 1 January 2022).
- Amendments to References to the Conceptual Framework in IFRS 3 (effective date 1 January 2022).
- Amendments to IAS 16: Property, Plant and Equipment-Proceeds before Intended Use (effective date 1 January 2022).
- Annual Improvements to IFRS Standards 2018-2020 (effective date 1 January 2022).
- IFRS 17 Insurance Contracts (effective date 1 January 2023).
- Amendments to IAS 12: Income taxes-deferred tax related to assets and liabilities arising from a single transaction (effective date 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (effective date 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (effective date 1 January 2023).

Going concern

The Directors have assessed the Company's cashflow requirements for the 12 month period following the signing of these financial statements and have confirmed that the Company will continue to meet its day-to-day working capital requirements through using liquidity available from its subsidiaries and its intercompany loan facility. In combination, the Directors have received confirmation that the parent company, INEOS Industries Limited, will support the Company for at least one year after these financial statements are signed.

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.

The Directors therefore believe that preparing the financial statements on the going concern basis is appropriate.

Exemption from preparing group financial statements

The financial statements contain information about INEOS Upstream Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, INEOS Industries Limited, a company incorporated in United Kingdom.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Revenue recognition

Revenue, which is stated net of value added tax, represents management services provided to other Group companies. The timing of revenue recognition of the Company's sales transactions are at a point in time.

No contract assets and liabilities have been recognised in the balance sheet of the Company. Its impact, if any, was deemed immaterial. Analysis has concluded that the right of payment of the goods and services sold by the Company is unconditional, except for the passage of time. Therefore, all rights of payment have been booked as trade receivables.

No assets related to costs to obtain or fulfil a contract have been recognised. Its impact, if any, was deemed immaterial.

Finance income and expense

Finance expenses comprise interest payable and other finance charges, unwinding of the discount on provisions, and net foreign exchange losses. Finance income includes interest receivable on funds invested and net foreign exchange gains.

Finance income and expense is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

Foreign currency transactions and balances

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

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than on business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the period end date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The notes on pages 15 to 31 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Investments

Investments in subsidiary undertakings are recorded at cost, which is the fair value of the consideration paid, less accumulated impairment losses. At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired by comparing the recoverable amount, being the higher of the value in use and the fair value less costs to sell, with its carrying amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an investment exceeds its estimated recoverable amount. Impairment losses are recognised in the profit and loss account. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the investments carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

Cash and cash equivalents

Cash and cash equivalents 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.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial instruments

Classification and measurement

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

Financial assets at amortised cost

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 satisfy the criteria for the cash flow characteristics test and business model test as per IFRS 9, then they are recognised at amortised cost. If they do not qualify for recognition at amortised cost they are recognised at fair value through profit and loss.

Interest-bearing loans/borrowings

Interest-bearing loans/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. They are included in current assets/liabilities, except for maturities greater than 12 months after the end of the reporting period.

Financial liabilities at amortised cost

Trade and other payables

Trade payables are obligations to pay for products or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as amounts falling due after more than one year.

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

Impairment of financial assets

Measurement of Expected Credit Losses

The expected credit loss model is applied for recognition and measurement of impairments in financial assets measured at amortised cost. The Company applies the simplified approach when providing for expected credit losses prescribed by IFRS 9 for its trade receivables and contract assets. This approach requires the Company to recognise the lifetime expected loss provision for all trade receivables taking in consideration historical as well as forward looking information.

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

An impairment loss in respect of a 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.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

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

- The requirements of IFRS 7 'Financial Instruments: Disclosures' as the relevant disclosures have been made in the consolidated financial statements of the parent company, INEOS Industries Limited.
- Paragraph 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - I. paragraph 79(a)(iv) of IAS 1;
 - II. paragraph 73(e) of IAS 16 Property, plant and equipment;
 - III. paragraph 118(e) of IAS 38 Intangible assets (reconciliation between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases'.
- The requirements of paragraph 58 of IFRS 16 'Leases'
- The requirements of paragraph 114 of IFRS 15
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets' as the relevant disclosures have been made in the consolidated financial statements of the parent company, INEOS Industries Limited.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The Company prepares its financial statements in accordance with FRS 101, which requires management to make judgements, estimates and assumptions which affect the application of accounting policies, and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates change and in any future periods. There are not critical judgements.

The following areas are considered to involve a significant degree of estimation:

Estimates - Expected loss allowance on amounts owed by group undertakings

The Company applies the simplified approach when providing for expected credit losses prescribed by IFRS 9 for its trade debtors. Under the simplified approach, an expected credit loss is recognised for all possible default events over the expected life of the trade debtors and intercompany loans where management have assessed the recoverable amount to be less than the previously recognised asset.

The Company has assessed the expected credit loss for the loan to Group undertakings and as a result of a higher gas price environment compared to 2020, the present value of the loan exceeded its carrying value. The Company has identified the need for a reversal of the previously recognised provision of £433,285,000 (2020: additional provision of £266,500,000 recognised) to be recognised in respect of the loan to INEOS Offshore BCS Limited. See note 13 for further details.

Impairment and impairment reversal of investments

An impairment test requires an assessment as to whether the carrying value of an asset can be supported by its recoverable amount. Management calculates the recoverable amount based on the net present value of future cash flows derived from the relevant assets, using cash flow projections which have been discounted at an appropriate discount rate of 7.45% (2020: 8.39%). Estimations of the future cash flows require application of judgements and actual cash flows can differ from the estimate due to changes in assumptions.

The Company has assessed the carrying value of investments in subsidiaries and has identified the need for a provision reversal of £27,190,000 (2020: impairment charge of £59,312,000).

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

4 Revenue

The analysis of the Company's revenue for the year from continuing operations, consisting of management fees charged to other Group companies is as follows:

	2021 £ 000	2020 £ 000
Rendering of services	<u>11,188</u>	<u>8,241</u>

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

	2021 £ 000	2020 £ 000
UK	<u>11,188</u>	<u>8,241</u>

The timing of revenue recognition of the Company's sales transactions are at a point in time.

No contract assets and liabilities have been recognised in the balance sheet of the Company. Its impact, if any, was deemed immaterial. Analysis has concluded that the right of payment of the goods and services sold by the Company is unconditional, except for the passage of time. Therefore, all rights of payment have been booked as trade receivables.

No assets related to costs to obtain or fulfil a contract have been recognised. Its impact, if any, was deemed immaterial.

5 Auditor's remuneration

	2021 £ 000	2020 £ 000
Audit of the financial statements	<u>22</u>	<u>21</u>

6 Directors and employees

The Directors received no remuneration for their services to the Company (2020: none). There were no employees with contracts of employment in the name of the Company during the year (2020: none).

7 Staff costs

The Company operates as a holding company and is charged central costs relating to the management of its investments and financing developments. These costs are recharged back to its subsidiary companies.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

8 Finance income

	2021 £ 000	2020 £ 000
Interest income from Group undertakings	30,940	31,252
Foreign exchange gains	1	1,397
	<u>30,941</u>	<u>32,649</u>

9 Finance costs

	2021 £ 000	2020 £ 000
Interest paid to Group undertakings	30,942	31,175
Foreign exchange losses	-	1,432
	<u>30,942</u>	<u>32,607</u>

10 Tax

Tax credited in the income statement

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax	(325)	(190)
UK corporation tax adjustment to prior periods	65	-
	<u>(260)</u>	<u>(190)</u>

The notes on pages 15 to 31 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

10 Tax (continued)

The tax on profit/(loss) before tax for the year is lower than the standard rate of corporation tax in the UK (2020: lower than the standard rate of corporation tax in the UK) of 19% (2020: 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit/(loss) before tax	458,752	(326,812)
Corporation tax at standard rate	87,163	(62,094)
(Decrease)/increase from effect of income not taxable and expenses not deductible in determining taxable profit tax loss	(87,488)	61,904
Increase in current tax from adjustment for prior periods	65	-
Total tax credit	(260)	(190)

In the 2021 Budget, the Government announced that the main rate of corporation tax will increase to 25% from 1 April 2023. Given that the Company is not providing any deferred tax at that rate this change will not have any impact on the recorded tax position.

Deferred tax assets have not been recognised as the directors consider there is insufficient certainty over the future utilisation of underlying tax losses. As at 31 December 2021, the Company has unrecognised losses of approximately £21,000 (non trading loan relationship loss of £1,000 and excess management expenses of £20,000) (2020: £21,000).

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Investments

Subsidiaries	£ 000
Cost	
At 1 January 2021	<u>232,995</u>
At 31 December 2021	<u>232,995</u>
Impairment provision	
At 1 January 2021	232,995
Impairment reversal	<u>(27,190)</u>
At 31 December 2021	<u>205,805</u>
Carrying amount	
At 31 December 2021	<u>27,190</u>
At 31 December 2020	<u>-</u>

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Investments (continued)

Details of the subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
INEOS Offshore BCS Limited*	A holding company that has investments in subsidiary undertakings operating in the oil and gas industry	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	85%	100%
INEOS Upstream Services Limited*	Support service provider for onshore and offshore exploration	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	100%	100%
INEOS Upstream Limited*	Exploration and evaluation of land leading to development and ultimately production of shale gas	Anchor House, 15-19 Britten Street, London SW3 3TY United Kingdom	100%	100%
INEOS Energy Trading Limited*	Market and add value to physical natural gas positions	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG United Kingdom	100%	100%
INEOS UK E&P Holdings Limited	A holding company that has investments in subsidiary undertakings operating in the oil and gas industry	Brodie's House, 31-33 Union Grove, Aberdeen, Scotland, AB10 6SD United Kingdom	85%	100%
INEOS Clipper South B Limited	Exploration, development and production of gas	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	85%	100%
INEOS Clipper South C Limited	Exploration, development and production of gas	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	85%	100%
INEOS UK SNS Limited	Exploration, development and production of gas	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	85%	100%
INEOS 120 Energy Limited**	Dormant	Anchor House, 15-19 Britten Street, London SW3 3TY United Kingdom	100%	100%

The notes on pages 15 to 31 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
INEOS 120 Power Limited**	Dormant	Anchor House, 15-19 Britten Street, London SW3 3TY United Kingdom	100%	100%
INEOS 120 Exploration Limited	Exploration and evaluation of PEDL 120 leading to development and ultimately production of shale gas	Anchor House, 15-19 Britten Street, London SW3 3TY United Kingdom	100%	100%
INEOS E&P Norge AS	Exploration, development and production of oil and gas	Inovyn Norge AS Rafnes, 3966, Stathelle, Norway Norway	85%	100%
INEOS E&P A/S	Explore and develop hydrocarbons in Denmark and around the North Sea	Teknikerbyen 5, 1, 2830 Virum Denmark	85%	100%
INEOS E&P DK A/S	Explore and develop hydrocarbons as well as ancillary activities.	Teknikerbyen 5, 1, 2830 Virum Denmark	85%	100%
INEOS E&P Føroyar P/F**	Explore and develop hydrocarbons and related activities in the Faroe Islands	J.H. Schrøters Gøta 7, 100 Tórshavn, Faroe Islands	0%	100%
INEOS E&P Grønland A/S	Explore and develop hydrocarbons and related activities in Greenland	Advokatfirmaet Malling & Hansen Damm, Hans Egedesvej 3. Postboks 1046. 3900 Nuuk, Greenland	85%	100%
INEOS E&P (Siri) UK Limited	Oil and gas exploration, development and production within Denmark.	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	85%	100%
INEOS E&P (UK) Limited	Oil and gas exploration, development and production within the UK	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	85%	100%

The notes on pages 15 to 31 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2021	2020
INEOS E&P Services (UK) Limited*	Service provider to other group companies	Anchor House, 15-19 Britten Street, London, SW3 3TY United Kingdom	85%	100%
INEOS Energy (Syde Arne) ApS***	Oil and gas exploration, development and production within Denmark.	Teknikerbyen 5, 1., 2830 Virum Denmark	85%	0%
INEOS E&P (Petroleum Denmark) ApS	Development of oil and gas around the North Sea	Teknikerbyen 5, 1., 2830 Virum Denmark	85%	100%
INEOS E&P (Norge) Petroleum DK AS	Development of oil and gas around the North Sea	Veritasveien 25, 4007 Stavanger Norway	85%	100%

* indicates direct investment of the Company.

** Subsidiary dissolved post year-end

***Subsidiary acquired in the year

In January 2021, the Company sold 15% of its shareholding in its direct subsidiary, INEOS Offshore BCS Limited to a member of key management personnel. The proportion of ownership interest and voting rights held by the Company has therefore decreased to 85% for INEOS Offshore BCS Limited and its subsidiaries.

At the year-end, a review of the Company's investments was performed. This review identified that the carrying value of the investments exceeded the present value by £27,190,000 and therefore a reversal of the previous impairment provision was recognised.

During the prior year, as part of an internal restructure, the Company subscribed for an additional share in INEOS Offshore BCS Limited (UK) for a consideration of £59,311,000, which was subsequently impaired in full at year end following an impairment assessment.

12 Cash and bank balances

	31 December 2021 £ 000	31 December 2020 £ 000
Cash at bank	<u>3,292</u>	<u>1,023</u>

The notes on pages 15 to 31 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

13 Trade and other receivables

	31 December 2021 £ 000	31 December 2020 £ 000
Receivables from related parties	23	-
Amounts owed by Group undertakings	470,337	4,005
Other receivables	496	246
	<u>470,856</u>	<u>4,251</u>
Less non-current portion	(66)	(66)
Total current trade and other receivables	<u>470,790</u>	<u>4,185</u>

The Company has a loan agreement with its subsidiary, INEOS Offshore BCS Limited, for US\$632,287,000 (£468,512,000) (2020: US\$589,664,000). The loan is unsecured and bears interest of 7% and the interest is payable on a quarterly basis or is capitalised into the principal amount if unpaid.

The Company has assessed the expected credit loss on the loan to Group undertakings and identified the need for a full reversal of the previously recognised provision of £433,285,000 on the loan to INEOS Offshore BCS Limited (2020: an additional expected credit loss provision of £266,500,000). The total expected credit loss as at 31 December 2021 is £nil (2020: £433,285,000, a provision for the loan in full).

Amounts owed by Group undertakings also include a balance of £1,758,000 (2020: £3,939,000) owed by INEOS E&P Holdings Limited that represents internal cash accounts. They are due on demand and bear interest at LIBOR plus a margin of 0.05% (2020: 0.05%).

14 Trade and other payables

	31 December 2021 £ 000	31 December 2020 £ 000
Trade payables	9	5
Accrued expenses	6,075	4,413
Amounts due to Group undertakings	841	682
Total current trade and other payables	<u>6,925</u>	<u>5,100</u>

15 Loans and borrowings

	31 December 2021 £ 000	31 December 2020 £ 000
Current loans and borrowings		
Amounts due to Group undertakings	<u>468,512</u>	<u>433,285</u>

The notes on pages 15 to 31 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

15 Loans and borrowings (continued)

Borrowings

The Company has an outstanding loan balance of US\$632,287,000 (2020: US\$589,633,000) with INEOS Industries Holdings Limited and is payable on demand. The loan bears interest of 7% and is payable on a quarterly basis, or is accrued into the principal amount if unpaid.

16 Called up share capital

Allotted, called up and fully paid shares

	No.	31 December 2021 £	No.	31 December 2020 £
Ordinary Shares of £1 each	9	9	9	9

In the prior year, an additional share was awarded to INEOS Industries Holdings Limited as part of an internal restructuring process. The share was issued at a value of £1 plus a premium of £59,311,000.

17 Related party transactions

During the year the Company entered into transactions, in the ordinary courses of business, with related parties. The nature and terms of the transactions have been disclosed in notes 11, 13, 14 and 15. The Company has also taken advantage of the exemption under paragraph 8 of Financial Reporting Standard 101 not to disclose transactions with the fellow subsidiaries under common ownership and paragraph 17 of IAS 24 to not disclose key management compensation.

18 Parent and ultimate parent undertaking

The Company's immediate parent is INEOS Industries Holdings Limited.

The ultimate parent is INEOS Limited, a company incorporated in the Isle of Man.

The most senior parent entity producing publicly available financial statements, and the smallest and largest group to consolidate these financial statements is INEOS Industries Limited. These financial statements are available upon request from Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

The ultimate controlling party is Mr J A Ratcliffe.

The notes on pages 15 to 31 form an integral part of these financial statements.

INEOS Upstream Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

19 Non adjusting events after the financial period

In February 2022, the Company transferred its investment in its subsidiary: INEOS Energy Trading Limited to another group Company, INEOS Offshore BCS Limited. This has no impact on the current financial period.

The Company continues to monitor the ongoing military actions in Ukraine and continued impact of the COVID-19 pandemic that may disrupt or curtail its operations or development activities. The Company is actively monitoring any factors and events that could adversely affect the Company and mitigating measures are implemented where appropriate.