

**INEOS Manufacturing (Hull) Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2018**

**Registered Number 6480046**



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**for the year ended 31 December 2018**

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## Strategic report for the year ended 31 December 2018

The directors present their strategic report of INEOS Manufacturing (Hull) Limited (the “Company”) for the year ended 31 December 2018.

### Review of the business and principal activities

The Company is a toll manufacturer of chemicals for other INEOS group companies and operated the manufacture and supply of ethyl acetate (ETAC) during 2018.

### Results for the year and dividends

Turnover represents fixed toll manufacture fees earned from other group companies. Turnover for the year was £26,732,000 (2017: £20,026,000) and the profit before taxation was £1,805,000 (2017: £53,000). Operating profit was £3,191,000 (2017: £1,006,000) representing an increase of £2,185,000. This increase is due to an increase in turnover in 2018. The results of the Company are set out in the profit and loss account on page 9.

### Principal risks and uncertainties

The management of the business and execution of the Company’s strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to local and national competition factors which would cause a decline in the market. Further discussion of these risks and uncertainties in the context of the group as a whole, is provided in the annual report of parent company INEOS Group Holdings S.A., which does not form part of this report.

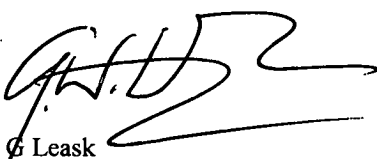
### Financial risk management

The Company’s operations expose it primarily to commodity price risk, foreign exchange and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company where appropriate. Interest rate exposures are not material to the Company as the Company has no outstanding external loan balances. Foreign exchange losses arise from balances with other group companies or normal trading balances.

### Key performance indicators (“KPIs”)

The directors of INEOS Group Holdings S.A. manage the group’s operations on a divisional basis. For this reason, the Company’s directors believe that analysis using performance indicators of the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of INEOS Manufacturing (Hull) Limited. The development, performance and position of the group, including this Company, is discussed in the group’s annual report which does not form part of this report.

Approved and signed on behalf of the board



G Leask  
Director

18 October 2019

## Directors' report for the year ended 31 December 2018

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2018.

### Review of the business

A review of the business is discussed within the strategic report, refer to page 3.

### Dividends

The directors do not recommend the payment of a dividend (2017: £nil).

### Financial risk management

Refer to the strategic report on page 3.

### Future developments

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

### Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continuing financial support of the group company, INEOS Holdings Limited. The directors have received confirmation that INEOS Holdings Limited intends to support the company for at least one year after these financial statements are signed.

### Directors

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

G Leask  
JF Ginns  
PKV Huyck  
GGJ Decadt

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

## **Directors' report for the year ended 31 December 2018 (continued)**

### **Statement of directors' responsibilities (continued)**

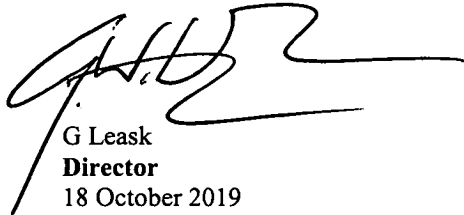
The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

### **Disclosure of information to auditors**

The directors confirm that as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and that they have taken all steps necessary as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved and signed on behalf of the board



G Leask  
**Director**  
18 October 2019

## **Independent auditors' report to the members of INEOS Manufacturing (Hull) Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, INEOS Manufacturing (Hull) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2018; the Profit and loss account, the Statement of comprehensive income, the Statement of changes in equity for the year then ended; the accounting policies and the notes to the financial statements.

#### **Basis for opinion**

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

#### **Independence**

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

#### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

#### **Reporting on other information**

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

## **Independent auditors' report to the members of INEOS Manufacturing (Hull) Limited (continued)**

### **Reporting on other information (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### ***Strategic report and Directors' report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

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

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

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

#### ***Auditors' responsibilities for the audit of the financial statements***

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

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

## **Independent auditors' report to the members of INEOS Manufacturing (Hull) Limited (continued)**

### ***Use of this report***

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

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Michael Jeffrey (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
18 October 2019



**Profit and loss account for the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000
<b>Turnover</b>	1	<b>26,732</b>	20,026
Cost of sales		(22,825)	(18,198)
<b>Gross profit</b>		<b>3,907</b>	1,828
Administrative expenses		(716)	(822)
<b>Operating profit</b>	2	<b>3,191</b>	1,006
Interest receivable and similar income	5	-	41
Interest payable and similar expenses	6	(1,386)	(994)
<b>Profit before taxation</b>		<b>1,805</b>	53
Tax on profit	7	(705)	565
<b>Profit for the financial year</b>		<b>1,100</b>	618

All results in the current year relate to continuing activities.

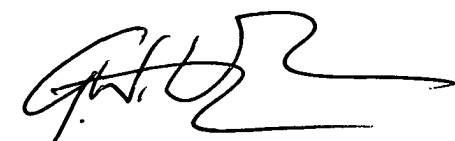
## Statement of comprehensive income for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Profit for the financial year		<b>1,100</b>	618
<b>Other comprehensive income/(expense)</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial gain recognised in the pension scheme	13	55	3,493
Movement in deferred tax relating to pension deficit	7	(9)	(594)
Other comprehensive income for the year		46	2,899
<b>Total comprehensive income for the year</b>		<b>1,146</b>	3,517

**Balance sheet as at 31 December 2018**

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Intangible assets	8	66	82
Tangible assets	9	28,576	13,086
		<b>28,642</b>	<b>13,168</b>
<b>Current assets</b>			
Stocks	10	4,704	4,063
Debtors (including £676,000 (2017: £1,580,000) recoverable after more than one year)	11	13,014	11,124
Cash at bank and in hand		362	793
		<b>18,080</b>	<b>15,980</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(71,226)</b>	<b>(54,446)</b>
<b>Net current liabilities</b>		<b>(53,146)</b>	<b>(38,466)</b>
<b>Total assets less current liabilities</b>		<b>(24,504)</b>	<b>(25,298)</b>
Employee benefits	13	(1,500)	(1,852)
<b>Net liabilities</b>		<b>(26,004)</b>	<b>(27,150)</b>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account		(26,004)	(27,150)
<b>Total shareholders' deficit</b>		<b>(26,004)</b>	<b>(27,150)</b>

The financial statements on pages 9 to 30 were approved by the Board of Directors on 18 October 2019 and signed on its behalf by:



G Leask  
Director

INEOS Manufacturing (Hull) Limited  
Registered number 6480046

## Statement of changes in equity for the year ended 31 December 2018

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' deficit £'000
Balance at 1 January 2017	-	-	(30,667)	(30,667)
Profit for the financial year	-	-	618	618
<b>Other comprehensive income/(expense) for the year:</b>				
Actuarial gain in pension scheme (note 14)	-	-	3,493	3,493
Movement in deferred tax relating to pension liability (note 8)	-	-	(594)	(594)
<b>Total comprehensive income for the year</b>	-	-	3,517	3,517
<b>Balance at 31 December 2017</b>	-	-	(27,150)	(27,150)

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' deficit £'000
Balance at 1 January 2018	-	-	(27,150)	(27,150)
Profit for the financial year	-	-	1,100	1,100
<b>Other comprehensive income/(expense) for the year:</b>				
Actuarial gain in pension scheme (note 14)	-	-	55	55
Movement in deferred tax relating to pension liability (note 8)	-	-	(9)	(9)
<b>Total comprehensive income for the year</b>	-	-	1,146	1,146
<b>Balance at 31 December 2018</b>	-	-	(26,004)	(26,004)

## Accounting policies

### Basis of preparation

Ineos Manufacturing (Hull) Limited (the “Company”) is a private company, limited by shares, incorporated, registered and domiciled in England, part of the United Kingdom. The registered address of the company is Hawkslease, Chapel Lane, Lyndhurst, SO43 7FG, England.

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

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

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

- Business combinations that took place prior to 1 January 2014 have not been restated.
- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

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

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

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

### Impact of New standards and interpretations

IFRS 9 is a new accounting standard that is effective for the year ended 31 December 2018 and has an impact on the company (see Financial assets (including trade and other debtors) on page 15). IFRS 15 also became effective in the year and has an impact on the company (see Turnover on page 14). There are no other amendments to accounting standards that are effective for the year ended 31 December 2018 which have had a material impact on the company.

## Accounting policies (continued)

### Measurement convention

The financial statements are prepared on the historical cost basis.

### Turnover

Turnover represents the sales value of goods and services supplied to customers during the year excluding Value Added Tax and similar sales based taxes. Turnover is recognised at the point at which title passes or services have been provided. The company uses the five step model for the recognition of revenue under IFRS 15, however the impact of the standard is not material.

### Tangible fixed assets and depreciation

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

The typical effective lives of assets are:

Freehold buildings	-	30 to 50 years
Plant and machinery		
Major items of plant	-	10 to 20 years
Major plant overhauls	-	2 to 4 years

Freehold land is not depreciated.

Precious metals are not normally depreciated, but are subject instead to an annual impairment review.

Any impairment in the value of tangible fixed assets, calculated by discounting estimated future cash flows, is dealt with in the profit and loss account in the year to which the impairment relates.

### Intangible fixed assets

Intellectual property 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.

### 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:

Intellectual property	-	15 years
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## Accounting policies (continued)

### Stocks

Stocks are valued on a first in, first out basis and are stated at the lower of cost and net realisable value. Where necessary provision is made for obsolete, slow moving, and defective stocks.

### Impairment excluding stocks and deferred tax assets

#### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition, the company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

#### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax 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 goodwill, and 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 pre-tax 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 CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss on a *pro rata* basis.

In respect of other assets, 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, net of depreciation or amortisation, if no impairment loss had been recognised.

### Exceptional items

The presentation of the Company's results separately identifies the effect of profits and losses on the disposal of businesses, the impairment and the reversal of impairment of non-current assets, the cost of restructuring acquired businesses and the impact of one off events such as legal settlements as exceptional items. Results excluding disposals, impairments, restructuring costs and one off items are used by management and are presented in order to provide readers with a clear and consistent presentation of the underlying operating performance of the Company's ongoing business.

## Accounting policies (continued)

### 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.

### Pension costs

The Company participates in a defined benefit pension scheme providing benefits based on final pensionable pay and the assets of this scheme are held separately from those of the Company. The pension scheme is a multi-employer pension scheme for employees of the Company and INEOS Enterprises Limited, INEOS ChlorVinyls Limited and INEOS Technologies Limited.

Changes in the defined benefit liability arising from employee service rendered during the period, net interest on defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the defined benefit liability/(asset) is recognised in other comprehensive income in the period in which it occurs.

The method used to split the defined benefit pension scheme results between the Company, INEOS Enterprises Limited, INEOS ChlorVinyls Limited and INEOS Technologies Limited is consistent with the approach used in the financial statements of the other participating companies and is as follows:

- the total active liabilities have been split based on the proportion of their respective payrolls versus the payroll of the Fund in total. As INEOS ChlorVinyls Limited constitutes the largest percentage of the Fund's liabilities, the inactive members' liabilities are allocated to INEOS ChlorVinyls Limited;
- the plan assets are allocated between the entities based on the allocation of the liabilities between the various entities;
- the expected 2018 service cost has been allocated between the various entities based on the ratio of the respective active liabilities versus the total active liability for the Fund;
- the split of the actual 2018 contributions was either provided by the entities or reasonable assumptions were made to split these between the various entities. As all pensioner liabilities are allocated to INEOS ChlorVinyls Limited, all benefit payments are assumed to be paid by INEOS ChlorVinyls Limited.

The Company also participates in a defined contribution scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The amounts charged to the profit and loss account represent the contributions payable to the plans in respect of the accounting period.

### Deferred taxation

Deferred tax is recognised as a liability or asset in respect of all timing differences which have originated but not reversed at the balance sheet date if transactions have occurred at the balance sheet date which give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured at the average tax rates which are expected to apply in the years during which the timing differences are expected to reverse, based on the tax rates and laws which are in place at the balance sheet date. Deferred tax assets and liabilities are not discounted.



## **Accounting policies (continued)**

### **Foreign currencies**

The reporting currency of INEOS Manufacturing (Hull) Limited is the local currency of its principal operating environment. Transactions in other currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in the balance sheet are translated at the prevailing exchange rate at the end of the year. All translation gains or losses on the settlement of monetary assets and liabilities are included in the determination of profit for the year.

### **Leases**

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

### **Critical judgements and estimates in applying the accounting policy**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The directors deem that there are no other critical accounting judgements and estimates that have been made in the preparation of these financial statements.

### **Interest receivable and Interest payable**

Interest payable includes interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

## Notes to the financial statements for the year ended 31 December 2018

### 1 Turnover

All turnover (both by origin and destination), operating profit and total assets less current liabilities is derived from UK activity from the ETAC business.

### 2 Operating profit

Operating profit is stated after charging:

	2018	2017
	£'000	£'000
Auditors' remuneration:		
Audit fees	10	10
Depreciation	1,693	2,119
Amortisation of intangible assets	16	15
Rentals payable under operating leases:		
Other than plant and machinery	118	112

### 3 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the Company (2017: £Nil).

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 4 Staff numbers and costs

There are no persons holding service contracts with the Company. All employees are employed by another Group company, INEOS Oxide Limited, and their costs are recharged in full to INEOS Manufacturing (Hull) Limited.

The average monthly number of people recharged to the Company (including directors) during the year was as follows:

Analysis by function	2018	2017
	Number	Number
Production	31	30
Administration	3	3
	<b>34</b>	<b>33</b>

The aggregate payroll costs of these people were as follows:

	2018	2017
	£'000	£'000
Wages and salaries	2,199	1,925
Social security costs	329	293
Other pension costs	162	148
	<b>2,690</b>	<b>2,366</b>

### 5 Interest receivable and similar income

	2018	2017
	£'000	£'000
Exchange gain	-	41
	-	<b>41</b>

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 6 Interest payable and similar expenses

	2018 £'000	2017 £'000
Interest payable on loans from group undertakings	838	853
Exchange losses	501	-
Pension scheme interest	47	141
	<b>1,386</b>	<b>994</b>

### 7 Tax on profit

#### (a) Analysis of the charge/(credit) for the year

	2018 £'000	2017 £'000
UK corporation tax – current year	(651)	(426)
Adjustments in respect of prior years	461	(74)
<b>Current taxation credit</b>	<b>(190)</b>	<b>(500)</b>
Deferred taxation:		
Origination and reversal of timing differences	1,000	442
Adjustments in respect of prior years	(105)	(507)
<b>Deferred taxation</b>	<b>895</b>	<b>(65)</b>
<b>Tax charge/(credit) on profit</b>	<b>705</b>	<b>(565)</b>

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 7 Tax on profit (continued)

#### (b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2017: lower) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
<b>Profit before taxation</b>	<b>1,805</b>	53
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	343	10
<i>Effects of:</i>		
Expenses not deductible for tax purposes	6	6
Adjustments in respect of prior years	356	(581)
<b>Total tax charge/(credit) for year</b>	<b>705</b>	(565)

#### (c) Factors which may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

#### (d) Deferred taxation

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

	2018 £'000	2017 £'000
Arising from accelerated capital allowances	421	1,265
Employee Benefits	255	315
<b>Total</b>	<b>676</b>	1,580

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 7 Tax on profit (continued)

#### Deferred tax asset relating to pension deficit

	<b>2018</b>	2017
	<b>£'000</b>	£'000
At 1 January	<b>315</b>	939
Deferred tax charge in profit and loss account	<b>(51)</b>	(30)
Deferred tax (charged) to statement of comprehensive income	<b>(9)</b>	(594)
At 31 December	<b>255</b>	315

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

	<b>2018</b>
	<b>£'000</b>
At 1 January	<b>1,580</b>
Arising during the year	
In profit and loss account	<b>(895)</b>
In statement of comprehensive income	<b>(9)</b>
At 31 December	<b>676</b>

The movement on deferred tax is due to a decrease in accelerated capital allowances (£844,000) (2017: increase of £95,000) and an increase in pension provision (£60,000) (2017: decrease of £624,000).

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 8 Intangible assets

	Intellectual property £'000
<b>Cost</b>	
<b>At 1 January 2018 and 31 December 2018</b>	<b>234</b>
<b>Accumulated amortisation</b>	
At 1 January 2018	(152)
Charge for the year	(16)
<b>At 31 December 2018</b>	<b>(168)</b>
<b>Net Book Value</b>	
<b>At 31 December 2018</b>	<b>66</b>
At 31 December 2017	82

### 9 Tangible assets

	Land and buildings £'000	Plant and machinery £'000	Assets under Construction £' 000	Total £'000
<b>Cost</b>				
At 1 January 2018	1,465	33,597	3,871	38,933
Additions	-	462	16,721	17,183
<b>At 31 December 2018</b>	<b>1,465</b>	<b>34,059</b>	<b>20,592</b>	<b>56,116</b>
<b>Accumulated depreciation</b>				
At 1 January 2018	164	25,683	-	25,847
Charge for year	17	1,676	-	1,693
<b>At 31 December 2018</b>	<b>181</b>	<b>27,359</b>	<b>-</b>	<b>27,540</b>
<b>Net book value</b>				
<b>At 31 December 2018</b>	<b>1,284</b>	<b>6,700</b>	<b>20,592</b>	<b>28,576</b>
At 31 December 2017	1,301	7,914	3,871	13,086

Included within land and buildings is £962,000 (2017: £962,000) in relation to land which is not depreciated. All figures reported under land and buildings is related to freehold.

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 10 Stocks

	2018	2017
	£'000	£'000
Raw materials and consumables	4,704	4,063

During the year £1,629,000 (2017: £1,688,000) has been recognised as expense.

### 11 Debtors

	2018	2017
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade debtors	656	387
Amounts owed by group undertakings	6,270	4,155
Other debtors	2,480	1,517
Prepayments and accrued income	2,932	3,485
<b>Total due within one year</b>	<b>12,338</b>	<b>9,544</b>
<b>Amounts falling due after more than one year</b>		
Deferred taxation (note 8)	676	1,580
<b>Total due after more than one year</b>	<b>676</b>	<b>1,580</b>

Amounts owed by group undertakings are unsecured, interest free and are either subject to standard trading terms or are repayable on demand.



## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 11 Debtors (continued)

#### *Credit quality of financial assets and impairment losses*

The ageing of trade debtors and amounts owed by group undertakings at the end of the reporting period and the expected credit loss rate (ECLR) was:

	Amounts owed by trade debtors			Amounts owed by group undertakings		
	Gross	Impairment	ECLR	Gross	Impairment	ECLR
	2018	2018	2018	2018	2018	2018
	£'000	£'000	%	£'000	£'000	%
Not past due	1,896	-	-	6,312	-	-

	Amounts owed by group undertakings			Amounts owed by related parties		
	Gross	Impairment	ECLR	Gross	Impairment	ECLR
	2017	2017	2017	2017	2017	2017
	£'000	£'000	%	£'000	£'000	%
Not past due	387	-	-	4,155	-	-

The amounts not yet due after impairment losses as of the end of the reporting year are deemed to be collectible on the basis of established credit management processes such as regular analyses of the credit worthiness of our customers. At 31 December 2017 and 2018 there were no significant trade, amounts from group undertakings or other receivable balances not past due that were subsequently impaired. There were no allowances made against amounts due from other receivables during the years ended 31 December 2018 and 2017.

The impairment account is used to record any impairment losses unless the Company is satisfied that no recovery of the amount owing is probable; at that point the amounts considered irrecoverable are written off against the gross balances directly. As of January 1, 2018, IFRS 9 replaced the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model in assessing the recoverability of trade receivables. The impact was calculated considering past experience and management's estimate of future developments. Management expects no considerable change in the future market situation. Consequently, the future credit losses in the ECL model are in the same range as the credit losses experienced in the past years. This is regarded as the future expectation of the inherent credit risk of the not impaired receivables outstanding. The Company will review the assumptions of the ECL model on a yearly basis.

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 12 Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	556	4,639
Amounts owed to group undertakings	68,566	47,688
Accruals and deferred income	2,084	2,119
	<b>71,226</b>	<b>54,446</b>

Amounts owed to group undertakings are unsecured, attract interest at commercial rates and are either subject to standard trading terms or are repayable on demand.

### 13 Employee benefits

The Company participates in a defined contribution pension scheme. The pension contributions payable by the Company to this scheme amounted to £362,000 (2017: £346,000). Contributions amounting to £nil (2017: £nil) were outstanding at the year end.

The majority of the employees participate in the INEOS Chlor Pension Fund ("The Fund"). The Fund is administered by a group of trustees with assets being held separately from the Company. Members receive defined benefit pensions that are based on their length of service and average final remuneration with the Company.

The information disclosed below is, in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the years shown.

	2018	2017
	£'000	£'000
Total defined benefit asset	8,577	8,647
Total defined benefit liability	(10,077)	(10,499)
Net liability for defined benefit obligations	(1,500)	(1,852)

#### Pension plan assumptions

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

	2018	2017
Rate of inflation	3.2%	3.2%
Discount rate at 31 December	2.9%	2.7%
Future salary increases	N/A	N/A
Future pension increases	3.0%	3.0%

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 13 Employee benefits (continued)

#### Pension plan assumptions (continued)

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

	2018	2017
	Years	Years
Longevity at age 65 for current pensioners:		
Male	21.8	21.8
Female	24.1	24.1
Longevity at age 65 for future pensioners:		
Male	23.1	23.1
Female	25.5	25.5

#### Reconciliation of scheme assets and liabilities

	Defined benefit obligations	Fair value of plan assets	Net defined benefit liability
	£'000	£'000	£'000
<b>At 1 January 2018</b>	(10,499)	8,647	(1,852)
Current service cost	(18)	-	(18)
Interest (expense)/income	(283)	236	(47)
Actuarial (loss)/gain arising from:			
Change in experience on BDO	(17)	-	(17)
Change in demographic assumptions	74	-	74
Change in financial assumptions	541	-	541
Disbursements from plan assets	125	(125)	-
Return on plan assets less than discount rate	-	(543)	(543)
Employer contributions	-	362	362
<b>At 31 December 2018</b>	<b>(10,077)</b>	<b>8,577</b>	<b>(1,500)</b>

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 13 Employee benefits (continued)

#### Plan assets

	2018	2017
	£'000	£'000
Cash and cash equivalents	210	165
Equity instruments	2,398	3,646
Debt instruments e.g. Government bonds		
Corporate	662	484
Real estate	86	85
Other securities	5,221	4,267
	<b>8,577</b>	<b>8,647</b>

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

#### Sensitivity analysis

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

	2018	2017
	£'000	£'000
Discount rate (1% increase)	3,011	3,111
Inflation (RPI, CPI) (0.5% increase)	1,093	1,129
Mortality rate (1 year increase in longevity for a member currently aged 65)	344	355

In valuing the liabilities of the pension fund at 31 December 2018, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2018 would have increased by £344,000 before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 December 2018 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

#### Funding

The Company expects to pay £191,000 in contributions to its defined benefit plans in 2019. The weighted average duration of the defined benefit obligation at the end of the reporting period is 26.5 years (2017: 26.5 years).

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 13 Employee benefits (continued)

#### Total cost recognised as an expense

	2018	2017
	£'000	£'000
Current service cost	(18)	(26)
Interest cost	(283)	(398)
Interest income	236	257
	(65)	(167)

### 14 Called up share capital

Ordinary shares of £1 each	2018		2017	
	Number	£	Number	£
Allotted, issued and fully paid	1	1	1	1

### 15 Commitments and contingent liabilities

#### (a) Annual operating lease commitments

The Company had annual operating lease commitments of less than £1,000 as at 2017 and 2018 year end.

#### (b) Other contingent liabilities

The Company is party to a Senior Secured Term Loans agreement dated 27 April 2012 (as amended). The total outstanding indebtedness under the Senior Secured Term Loans agreement at 31 December 2018 was €3,476.7 million (2017: €3,450.5 million). The Company is a guarantor under the Senior Secured Term Loans agreement. These obligations are secured by fixed and floating charges over the assets of the Company.

#### (b) Other contingent liabilities (continued)

The Company is party to a Senior Secured Term Loans agreement dated 27 April 2012 (as amended). The total outstanding indebtedness under the Senior Secured Term Loans agreement at 31 December 2018 was €3,476.7 million (2017: €3,450.5 million). The Company is a guarantor under the Senior Secured Term Loans agreement. These obligations are secured by fixed and floating charges over the assets of the Company.

The Company is party to the Senior Secured Notes due 2023 Indenture dated 05 May 2015 and the Senior Secured Notes due 2025 Indenture dated 03 November 2017. The total outstanding indebtedness under the Senior Secured Notes at 31 December 2018 was €1,320.0 million (2017: €1,320.0 million). The Company is a guarantor under the Senior Secured Notes Indentures. These obligations are secured by fixed and floating charges over the assets of the Company.

## **Notes to the financial statements for the year ended 31 December 2018 (continued)**

### **15 Commitments and contingent liabilities (continued)**

The Company is party to the Senior Notes due 2024 Indenture dated 9 August 2016. The total outstanding indebtedness under the Senior Notes at 31 December 2018 was €1,087.3 million (2017: €1,068.8 million). The Company is a guarantor under the Senior Notes Indentures. These guarantees are on an unsecured senior subordinated basis.

### **16 Related party transactions**

Related parties comprise parent companies and their subsidiaries that are not included within the consolidated financial statements of INEOS Group Holdings S.A., the smallest and largest group that consolidate the Company's financial statements.

### **17 Ultimate parent company and ultimate controlling party**

The Company's immediate parent undertaking is INEOS European Holdings Limited, a company registered in England and Wales, parts of the United Kingdom. The Company's ultimate parent company is INEOS Limited, a company registered in Isle of Man.

The smallest and largest group that consolidates the Company's financial statements is INEOS Group Holdings S.A., a subsidiary of INEOS Limited. The consolidated financial statements of INEOS Group Holdings S.A. are available to the public and may be obtained from the Company Secretary at 58, Rue Charles Martel, Luxembourg, L-2134, Luxembourg.

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