INEOS ACETYLS INVESTMENTS LIMITED
(formerly BP Chemicals Investments Limited)
(Registered No.00304682)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

Board of Directors: G J Anderson
D N Brooks

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

STRATEGIC REPORT

Results

The profit for the year after taxation was $367,379,000, which have been added to the retained profit brought forward at 1 January 2020 of $267,003,000. The company has paid dividend of $449,960,000 during the year, which gives a total retained profit carried forward at 31 December 2020 of $184,422,000.

Principal activity and review of the business

On the 31 December 2020, the ultimate parent undertaking of the company changed to INEOS Limited as part of the larger acquisition relating to the purchase of the global Aromatics and Acetyls businesses from BP Plc. As a result of this acquisition, the company (previously known as BP Chemicals Investments Limited) changed its name to INEOS Acetyls Investments Limited on 14 January 2021.

The company acts as an intermediate holding company, holding certain investments in European and Far Eastern chemicals companies. The company had signed a heads of agreement (HoA) with SOCAR Turkey (SOCAR) on 2nd December 2018 to evaluate the formation of a joint venture that would build and operate a world-scale petrochemicals complex in Turkey which was subsequently terminated in 2021.

The key financial and other performance indicators during the year were as follows:

	2020	2019	Variance
	$000	$000	%
Dividend income	447,711	9,801	4,468
Operating profit	368,157	2,467	14,823
Profit for the year	367,379	4,052	8,967
Total equity	241,550	324,131	(25)

Operating profit and profit for the financial year increased mainly due to dividend received from investees as a result of a reorganisation exercise arising from the sale of petrochemicals business to INEOS.

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 an indirect subsidiary of INEOS Quattro Holdings Limited all stakeholder considerations are managed at a group level. Further detail of policies in relation to the section 172(1) duties can be found in the Annual report and financial statements of INEOS Quattro Holdings Limited which may be obtained from the company secretary.

STRATEGIC REPORT

Principal risks and uncertainties

As a holding company, the principal risks and uncertainties of the company are limited. Due to the nature of its investment, the company is exposed to typical risks associated with chemical manufacture. Chemical manufacture operations mean that the business is exposed to risks from changing market demand, adverse changes to raw material prices and increase in competition. These risks are expected from chemicals manufacturer and are continually monitored through reference to the financial performance of the subsidiaries. Operating within the Chemical Industry, the businesses are highly regulated, with Environment, Health and Safety laws and regulations governing our operations and providing our licence to operate. The group places compliance with these laws and regulations as the number one priority.

COVID-19 was classified as a Public Health Emergency of International Concern by the World Health Organisation in March 2020. Overall the company and its subsidiary have not been impacted significantly in terms of results. However, as of the date of these financial statements, despite the availability of vaccines, government measures continue to be imposed around the world as new variants of the COVID-19 virus have been discovered. The company and its subsidiary are therefore continuing to evaluate the situation and monitoring any potential effects on production and deliveries.

The Company does not expect any impact on its operations from Brexit as the majority of its investments have activities based in Asia.

Financial risk management

The company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risks relating to foreign currency exchange rates. As the company is an indirect subsidiary of INEOS Quattro Holdings Limited, all financial risks are managed at group level. Further detail of group policies in relation to external financial risks can be found in the Annual report and financial statements of INEOS Industries Limited which may be obtained from the company Secretary at: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

Authorised for issue on behalf of the Board

G J Anderson
Director

Registered Office:
Hawkslease
Chapel Lane
Lyndhurst
SO43 7FG
United Kingdom

DIRECTORS' REPORT

INEOS ACETYLS INVESTMENTS LIMITED

Directors

The present directors are listed on page 1.

C A McCann and T M Thornton served as directors throughout the financial year. Changes since 1 January 2020 are as follows:

	Appointed	Resigned
R E Griffin	—	1 September 2020
C A McCann	—	31 December 2020
T M Thornton	—	31 December 2020
G J Anderson	31 December 2020	—
D N Brooks	31 December 2020	—

Directors' indemnity

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

Dividends

During the year the company has declared and paid dividends of $449,960,000 (2019 $Nil). The directors do not propose the payment of a final dividend.

Going concern

The COVID-19 pandemic adversely impacted the global economy during 2020. Major economies around the world are now recovering, and the successful development and deployment of multiple vaccines is reducing the threat of the virus. The Company therefore does not expect COVID-19 to have a significant adverse impact on its activities in the next financial year. Nevertheless the company will continue to evaluate the situation and closely monitor any potential effects on its operations, and will continue to follow the World Health Organisation and local governments' advices.

As at 31 December 2020 the company has net assets of $241.5 million (2019: $324.1 million). The directors have assessed the prospects of the company over a period of at least 12 months. The directors have received confirmation that INEOS Quattro Holdings UK Limited intends to support the company for at least one year after these financial statements are signed. After making these enquiries, the directors have a reasonable expectation that the company has 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.

Future developments

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

Stakeholder statements

Engagement with supplies, customers and other parties

See disclosure in the section 172(1) statement in the Strategic Report.

DIRECTORS' REPORT

Streamlined Energy & Carbon Reporting (SECR)

Disclosures under the Streamlined Energy and Carbon Reporting requirements for the company are contained in the Streamlined Energy and Carbon Reporting in the Strategic Report of the consolidated financial statements of INEOS Industries Limited, an intermediate parent undertaking. This reporting covers the Group's UK operations. The consolidated financial statements of INEOS Industries Limited are available to the public and may be obtained from the company Secretary at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom

Independent auditor

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

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

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

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of the auditor's report of which the company's auditor is unaware; and

- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

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

Authorised for issue on behalf of the Board

G J Anderson
Director

Registered Office:

Hawkslease
Chapel Lane
Lyndhurst
SO43 7FG
United Kingdom

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

INEOS ACETYLS INVESTMENTS LIMITED

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 Financial Reporting Standard 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 estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 confirm that they have complied with these requirements. Details of the directors' assessment of going concern are provided in the directors' report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INEOS ACETYLS INVESTMENTS LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Ineos Acetyls Investement Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its 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"
  "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

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" "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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

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

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

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

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

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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. The key laws and regulations we considered in this context included the UK Companies Act, IFRS and FRS 101; 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 licences and environmental regulations.

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

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

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

INDEPENDENT AUDITOR'S REPORT

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.

Michael Jeffrey

Michael Jeffrey FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Newcastle, United Kingdom
September 27, 2021

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

INEOS ACETYLS INVESTMENTS LIMITED

	Note	2020 $000	2019 $000
Dividend income		447,711	9,801
Administrative expenses		(7,036)	(7,334)
Loss on disposal of investments		(21,334)	—
Impairment of fixed asset investments	10	(13,687)	—
Exploration cost expensed		(37,497)	—
Operating profit	3	368,157	2,467
Interest receivable and similar income	5	774	4,293
Interest payable and similar expenses	6	(854)	(2,218)
Profit before taxation		368,077	4,542
Tax on profit	7	(698)	(490)
Profit for the year		367,379	4,052

The profit of $367,379,000 for the year ended 31 December 2020 was derived in its entirety from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

There is no comprehensive income attributable to the shareholders of the company other than the profit for the year.

BALANCE SHEET

AS AT 31 DECEMBER 2020

INEOS ACETYLS INVESTMENTS LIMITED
(Registered No.00304682)

	Note	2020	2019
		$000	$000
Fixed assets			
Tangible assets	**9**	—	7,657
Investments	**10**	1,015,819	209,615
		1,015,819	217,272
Current assets			
Debtors: amounts falling due within one year	**11**	146	155,363
Creditors: amounts falling due within one year	**12**	(10,148)	(48,504)
Net current (liabilities) / assets		(10,002)	106,859
TOTAL ASSETS LESS CURRENT LIABILITIES		1,005,817	324,131
Creditors: amounts falling due after more than one year	**12**	(764,267)	—
NET ASSETS		241,550	324,131
Capital and reserves			
Called up share capital	**13**	57,128	57,128
Profit and loss account	**14**	184,422	267,003
TOTAL EQUITY		241,550	324,131

Authorised for issue on behalf of the Board

G J Anderson
Director
September 27, 2021

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

INEOS ACETYLS INVESTMENTS LIMITED

	Called up share capital (Note 13)	Profit and loss account (Note 14)	Total
	$000	$000	$000
Balance at 1 January 2019	57,128	262,951	320,079
Profit for the year, representing total comprehensive income	—	4,052	4,052
Balance at 31 December 2019	57,128	267,003	324,131
Profit for the year, representing total comprehensive income	—	367,379	367,379
Dividends paid	—	(449,960)	(449,960)
Balance at 31 December 2020	57,128	184,422	241,550

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

INEOS ACETYLS INVESTMENTS LIMITED

1. Accounting policies

During the year, the company was included in the sale of bp's global petrochemicals business to INEOS and the transaction has been completed on 31 December 2020. Subsequent to the sale to INEOS, the company's name has changed from BP Chemicals Investments Limited to INEOS Acetyls Investments Limited. The company's operation remain unchanged.

The company is a private company limited by shares incorporated, domiciled and registered in England in the United Kingdom. The registered number is 00304682 and the registered address is Hawkslease, Chapel Lane, Lyndhurst, SO43 7FG, United Kingdom.

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 accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The functional currency and the presentation currency is the US dollars ('$').

The company's intermediate parent undertaking, INEOS Quattro Holdings Limited, includes the company in its consolidated financial statements. The consolidated financial statements of INEOS Quattro Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the company secretary at: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

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

- Cash Flow Statement and related notes;
- 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 Quattro Holdings Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets; 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, throughout the period presented in these financial statements and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies, judgements, estimates and assumptions

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

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

Critical judgements in applying the company's accounting policies

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

Key sources of estimation uncertainty

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

Significant accounting policies

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The financial statements have been prepared on a going concern basis because the shareholders of the company do not request for repayment of the outstanding amounts due to them until the company has adequate financial resources to do so, and the shareholders agreed to provide adequate funds to enable the company to meet in full its financial obligations as they fall due for the foreseeable future.

Foreign currency

The functional and presentation currency of the financial statements is US dollars. The functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

As the company is considered to be an intermediate holding company, and therefore an extension of its parent company, its functional currency is the same as its parent company.

Transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange ruling at the date of the transaction. Where this is not practical and exchange rates do not fluctuate materially the average rate has been used. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot exchange on the balance sheet date. Any resulting exchange differences are included in the profit and loss account, unless hedge accounting is applied. Non-monetary assets and liabilities, other than those measured at fair value, are not retranslated subsequent to initial recognition.

Investments

Fixed asset investments in subsidiaries and joint ventures are held at cost. The company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

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

Investments (continued)

Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

Interests in joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

Significant judgements and estimates: impairment of investments

Determination as to whether, and how much, an investment is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, production profiles, reserves and resources, and future commodity prices, including the outlook for global or regional market supply-and-demand conditions for chemicals industry.

Management judgement is required to determine whether an indicator of potential impairment exists in relation to the company's investments. As indication of impairment was identified in relation to certain investments of the company, an impairment testing has been performed using consistent assumptions in term of cash flows and discount rates than those used to recognize the acquisition of the businesses in the Quattro Group consolidated accounts.

Tangible assets

Tangible assets owned by the company are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management and, for assets that necessarily take a substantial period of time to get ready for their intended use, directly-attributable finance costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

The carrying amounts of tangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss account in the period in which the item is derecognised.

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

Tangible assets (continued)

Significant judgement and estimates: capitalization of pre-joint venture costs and expenses

In December 2018, the company has entered into an agreement to evaluate the formation of a joint venture that would build and operate a world-scale petrochemicals complex in Turkey. Costs incurred which meet the criteria for recognition as tangible fixed assets are recognised as Assets Under Construction. These cost are expected to be reimbursed by the joint venture upon formation of the joint venture. This includes costs relating to technology license and engineering services. It is not unusual to have such costs remaining suspended on the balance sheet for several years while the joint venture is established. As the decision has been taken by management to terminate this agreement at the time of signing these financial statements, all costs have been expensed.

Financial assets

Financial assets are recognised initially at fair value, normally being the transaction price. In the case of financial assets not at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification, as set out below. The company derecognises financial assets when the contractual rights to the cash flows expire or the rights to receive cash flows have been transferred to a third party along with either substantially all of the risks and rewards or control of the asset. This includes the derecognition of receivables for which discounting arrangements are entered into.

The company classifies its financial assets as measured at amortised cost or fair value through profit or loss. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. In the current and prior year, all financial assets were measured at amortised cost.

Financial assets measured at amortised cost

Financial assets are classified as measured at amortised cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortised cost. This category of financial assets includes trade and other receivables.

Impairment of financial assets measured at amortised cost

The company assesses on a forward-looking basis the expected credit losses associated with financial assets classified as measured at amortised cost at each balance sheet date. Expected credit losses are measured based on the maximum contractual period over which the company is exposed to credit risk. As lifetime expected credit losses are recognised for trade receivables and the tenor of substantially all other in-scope financial assets is less than 12 months there is no significant difference between the measurement of 12-month and lifetime expected credit losses for the company. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. The expected credit loss is estimated as the difference between the asset's carrying amount and the present value of the future cash flows the company expects to receive, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is adjusted, with the amount of the impairment gain or loss recognised in the profit and loss account.

A financial asset or group of financial assets classified as measured at amortised cost is considered to be credit-impaired if there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset (or group of financial assets) have occurred. Financial assets are written off where the company has no reasonable expectation of recovering amounts due.

NOTES TO THE FINANCIAL STATEMENTS

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

Financial liabilities

The measurement of financial liabilities is as follows:

Financial liabilities measured at amortised cost
Financial liabilities are initially recognised at fair value, net of directly attributable transaction costs. For interest-bearing loans and borrowings this is typically equivalent to the fair value of the proceeds received net of issue costs associated with the borrowing.

After initial recognition, these financial liabilities are subsequently measured at amortised cost. This category of financial liabilities includes trade and other payables and finance debt.

Offsetting of financial assets and liabilities

Financial assets and liabilities are presented gross in the balance sheet unless both of the following criteria are met: the company currently has a legally enforceable right to set off the recognised amounts; and the company intends to either settle on a net basis or realise the asset and settle the liability simultaneously. If both of the criteria are met, the amounts are set off and presented net. A right of set off is the company's legal right to settle an amount payable to a creditor by applying against it an amount receivable from the same counterparty. The relevant legal jurisdiction and laws applicable to the relationships between the parties are considered when assessing whether a current legally enforceable right to set off exists.

Taxation

Income tax expense represents the sum of current tax and deferred tax.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

Taxation (continued)

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

In respect of deductible temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

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

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

Interest income

Interest income is recognised as the interest accrues.

Dividend income

Dividend income from investments is recognised when the shareholders' right to receive the payment is established.

Finance costs

All finance costs are recognised in the profit and loss account in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

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

Dividends payable

Final dividends are recorded in the financial statements in the year in which they are approved by the company's shareholders. Interim dividends are recorded in the year in which they are approved and paid.

Updates to significant accounting policies

Impact of new International Financial Reporting Standards

INEOS adopted 'Interest Rate Benchmark Reform – Phase I – Amendments to IFRS 9 'Financial instruments' and IFRS 7 'Financial instruments: Disclosures' with effect from 1 January 2020. There are no other new or amended standards or interpretations adopted during the year that have a significant impact on the company's financial statements.

The adoption of 'Interest Rate Benchmark Reform – Phase I – Amendments to IFRS 9 'Financial instruments' and IFRS 7 'Financial instruments: Disclosures' has had no material impact on the company's financial statements.

3. Operating profit

This is stated after charging:

	2020	2019
	$000	$000
Net foreign exchange (gains) / losses[a]	(113)	2
Loss on disposal of investments	21,334	—
Impairment of fixed asset investments[b]	13,687	—
Exploration costs expensed[c]	37,497	—

[a] Amount is included in Administrative expenses.
[b] See Note 10 for details of impairment of investments.
[c] Exploration costs expensed relates to costs incurred in evaluating the formation of a joint venture which had been initially capitalised as Assets Under Construction in prior year. As the decision has been taken by management to terminate this agreement at the time of signing these financial statements, all costs incurred in relation to this project have been recognised as expenses.

4. Auditor's remuneration

	2020	2019
	$000	$000
Fees for the audit of the company	14	14

5. Interest receivable and similar income

	2020	2019
	$000	$000
Interest income from amounts owed by third party	774	4,293

6. Interest payable and similar expenses

	2020	2019
	$000	$000
Interest expense on overdrafts from third party	854	2,218

NOTES TO THE FINANCIAL STATEMENTS

7. Taxation

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

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

	2020	2019
Current tax	$000	$000
Overseas tax on income for the year	698	490
Tax charged on profit	698	490

(a) Reconciliation of the effective tax rate

The tax assessed on the profit for the year is lower than the standard rate of corporation tax in the UK of 19% for the year ended 31 December 2020 (2019 19%). The differences are reconciled below:

	2020	2019
	$000	$000
Profit before tax	368,077	4,542
Profit before taxation multiplied by the standard rate of tax in the UK of 19% (2019 19%)	69,935	863
Effective tax rate	—%	11%

	2020	2019
	%	%
UK corporation tax rate:	19	19
Increase / (decrease) resulting from:		
Non-taxable income	14,520	1,023
Overseas tax	698	490
Free group relief	610	(24)
Dividends not subject to UK tax	(85,065)	(1,862)
Total tax charge	698	490

Change in corporation tax rate
A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. Deferred tax at 31 December 2020 have been calculated at 19% (2019: 17%).

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The impact on deferred tax has not been calculated as the company has no deferred tax, recognised or unrecognised, within its balance sheet.

(b) Provision for deferred tax

Deferred tax has not been recognised on excess management expenses of $332,202 (2019 $332,202) with no fixed expiry date on the basis that they are UK tax attributes that are not expected to give rise to any future tax benefit.

8. Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for qualifying services as a director of the company during the financial year (2019 $Nil).

(b) Employee costs

The company had no employees during the year (2019 None).

9. Tangible assets

	Plant & machinery	Total	Of which AUC[a]
Cost	$000	$000	$000
At 1 January 2020	7,657	7,657	7,657
Impairment	(7,657)	(7,657)	(7,657)
At 31 December 2020	—	—	—
Depreciation			
At 1 January 2020	—	—	—
At 31 December 2020	—	—	—
Net book value			
At 31 December 2020	—	—	—
At 31 December 2019	7,657	7,657	7,657

[a] AUC = assets under construction. Assets under construction are not depreciated.

Costs incurred in evaluating the formation of a joint venture which had met the criteria for recognition as tangible fixed assets and capitalised as Assets Under Construction in prior year has been fully impaired in current year following the termination of the agreement to form the joint venture at the time of signing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

10. Investments

	Investment in subsidiaries	Investment in joint ventures/associates	Total
Cost	$000	$000	$000
At 1 January 2019	134,526	75,089	209,615
At 31 December 2019	134,526	75,089	209,615
At 1 January 2020	134,526	75,089	209,615
Additions	807,033	50,153	857,186
Disposals	(37,295)	—	(37,295)
At 31 December 2020	904,264	125,242	1,029,506
Impairment losses			
At 1 January 2020	—	—	—
Charge for the year	—	(13,687)	(13,687)
At 31 December 2020	—	(13,687)	(13,687)
Net book amount			
At 31 December 2020	904,264	111,555	1,015,819
At 31 December 2019	134,526	75,089	209,615

The investments in subsidiaries and joint ventures are all stated at cost less provision for impairment.

Impairment

The ongoing COVID-19 pandemic in 2020 is seen as an indication of impairment and therefore the company has reviewed the carrying value of its investments.

Management calculates the recoverable amount of each investment based on the net present value of future cash flows derived from the relevant assets. The cash flow projections are based on a detailed planning period of five years and a consistent terminal growth rate of 2% for each unit for the periods thereafter. The main assumptions for the preparation of the five-year business plans are the production volumes and margins. The margin assumptions are based on external market data as well as internal assessments. The volume assumptions are based on the expectation of improvement of assets reliability programme and approved increase of production projects.

As a result of the impairment assessment performed, an impairment charge of $13.7 million was recognised in relation to the ownership held in China American Petrochemical Company Limited.

10. Investments (continued)

Acquisition

During 2020, the company has acquired shared in a number of fellow subsidiaries as presented in the table below.

The investments in the subsidiary undertakings, joint ventures and associates are unlisted.

The subsidiary and other undertakings of the company at 31 December 2020 and the percentage of equity capital held set out below are the investments which principally affected the profits or net assets of the company. The principal country of operation is generally indicated by the company's country of incorporation or by its name.

All voting rights are equal to percentage of share capital owned unless otherwise noted below.

Subsidiary undertakings

Company name	Class of share held	Ownership 2020	Ownership 2019	Registered address	Principal activity
INEOS Aromatics Holdings Limited (formerly BP Aromatics Holding Limited)	Ordinary shares	100	100	Hawkslease, Chapel Lane, Lyndhurst, England, SO43 7FG	Holding company
INEOS Zhuhai Chemical Company Ltd (formerly BP Zhuhai Chemical Company Limited)	Ordinary shares	82	—	Lingang Industrial Zone Nanshui Town Zhuhai, 519050 China	Chemicals
INEOS Acetyls (Korea) Ltd (formerly BP Chemicals (Korea) Limited	Ordinary shares	100	100 (Indirect)	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	Holding company
INEOS World-Wide Technical Services Limited (formerly BP World-wide Technical Services Limited)	Ordinary shares	100	100 (Indirect)	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	Licensing services
INEOS Acetyls Americas Ltd (formerly Exploration Service Company Limited)	Ordinary shares	100	—	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	Holding company
INEOS Aromatics Asia Ltd (formerly BP Asia Limited)	Ordinary shares	100	—	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong	Sales office
PT INEOS Aromatics Indonesia (formerly PT BP Petrochemical Indonesia)	Ordinary shares	50	—	GD Summitmas LT. 20/F JL Jend Sudirman Kav 61-62, Senayan, Kebayoran Baru.	Chemicals

NOTES TO THE FINANCIAL STATEMENTS

10. Investments (continued)

Joint ventures / Associates

Company name	Class of share held	Ownership 2020	Ownership 2019	Registered address	Principal activity
BP YPC Acetyls Company (Nanjing) Limited (formerly BP YPC Acetyls Company (Nanjing)	Ordinary shares	50	50	9# Huo Ju Road, Liu He District, Nanjing, Jiangsu Province, China	Chemicals
Yangtze River Acetyls Co., Ltd	Ordinary shares	51	51	97 Weijiang Road (in the Petrochemical Park), Changshou District, Chongqing, China	Chemicals
China American Petrochemical Company Ltd	Ordinary shares	10	—	6 th Floor, No. 413 Section 2 Ti-Ding Blvd., Neihu, Taipei, 11493, Taiwan	Chemicals
Tricoya UK Ltd (formerly Tricoya Ventures UK Ltd)	Ordinary shares	30	30	Highdown House Yeoman Way Worthing, West Sussex, United Kingdom, BN99 3HH	Chemicals

Significant holdings in undertakings other than subsidiary undertakings

In accordance with Section 409 of the Companies Act 2006, disclosed below is a full list of related undertakings in which the company holds an interest of 20% or greater not already disclosed above.

Related undertaking	Ownership 2020	Ownership 2019	Registered address	Direct / indirect
INEOS Aromatics Limited (formerly BP Aromatics Limited)	100	100	Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG	Indirect
Atlas Methanol Company Unlimited	37	—	Maracaibo Drive, Point Lisas Industrial Estate, Point Lisas, Trinidad and Tobago	Indirect
LOTTE INEOS Chemical Co., Ltd (formerly LOTTE BP Chemical Co., Ltd)	51	51	2-2 Sangnam-ri, Chungryang-myun, Ulju-gun, Ulsan 689-863, Republic of Korea	Indirect
Tricoya UK Limited (formerly Tricoya Ventures UK Ltd)	62	31	Highdown House Yeoman Way Worthing, West Sussex, United Kingdom, BN99 3HH	Indirect

11. Debtors

Amounts falling due within one year:

	2020	2019
	$000	$000
Trade debtors	79	93
Amounts owed from parent undertakings	—	155,165
Other debtors	67	105
	146	155,363

12. Creditors

Amounts falling due within one year:

	2020	2019
	$000	$000
Trade creditors	5,674	104
Amounts owed to fellow subsidiaries	—	47,793
Other creditors	—	55
Accruals and deferred income	4,474	552
	10,148	48,504

Amounts falling due after more than one year:

	2020	2019
	$000	$000
Amounts owed to group undertakings	764,267	—
Total creditors	774,415	48,504

Materially all of the company's trade payables have payment terms in the range of 30 to 60 days and give rise to operating cash flows.

Amounts owed to group undertakings are priced on an arm's length basis. All amounts owed to group undertakings are unsecured, attract interest at arm's length, and are repayable on 31 December 2025.

13. Called up share capital

	2020	2019
	$000	$000
Issued and fully paid:		
37,122,000 ordinary shares of £1 each for a total nominal value of £37,122,000	57,128	57,128

NOTES TO THE FINANCIAL STATEMENTS

14. Reserves

Called up share capital
The balance on the called up share capital account represents the aggregate nominal value of all ordinary shares in issue.

Profit and loss account
The balance held on this reserve is the retained profits of the company.

In 2020, the company paid interim ordinary dividends of $367,379,000 (2019 $0). The dividend per share was $9.89 (2019 $0).

15. Related party transactions

The company has taken advantage of the exemption contained within paragraphs 8(k) and (j) of FRS 101, and has not disclosed transactions entered into with wholly-owned group companies or key management personnel.

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

Related party	Dividend income
	$000
Yangtze River Acetyls Co., Ltd	
Joint venture	
Chemicals	
2020	13,969
2019	9,801

16. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is INEOS Aromatics Holdings Limited, a company registered in England and Wales.

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

The smallest group that consolidated the company's financial statements as at 31 December 2020 was INEOS Quattro Holdings Limited. The largest group that consolidated the company's financial statements as at 31 December 2020 was INEOS Industries Limited. The consolidated financial statements of INEOS Quattro Holdings Limited and INEOS Industries Limited are available to the public and may be obtained from the company secretary at their registered office: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

17. Subsequent event

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