

INEOS Enterprises Group Limited

Annual report and financial statements for the year ended 31 December 2020

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INEOS Enterprises Group Limited
Annual report and financial statements
for the year ended 31 December 2020
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INEOS Enterprises Group Limited

Strategic report for the year ended 31 December 2020

The Directors present their strategic report of INEOS Enterprises Group Limited (the “Company”) for the year ended 31 December 2020.

Review of business and future developments

The Company consists of two discrete businesses:

- Salt – The manufacture and supply of various grades of salt for use in various industries from chemical manufacture to food processing.
- Sulphur Chemicals – The manufacture and supply of sulphuric acid and sulphur derivatives.

On 5 March 2019, the Company, along with its subsidiary Keuper Gas Storage Limited was sold to INOVYN Finance plc, a related party, as part of a wider INEOS restructuring. Full details of this can be found in the financial statements of INOVYN Finance plc, which are available from the Company Secretary at Bankes Lane Office, Bankes Lane, P.O. Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom. On the same day, as part of the same restructure, the Company sold its investment in INEOS Sulphur Chemicals Spain SLU to INEOS Enterprises Holdings Limited, the Company’s immediate parent undertaking at the time of the transaction, for its carrying value, €4.1 million (£3.5 million).

On 25 March 2021, the Company announced that the Sulphur Chemicals plant was to be closed following an unexpected interruption of service in October 2020 which caused significant damage to a number of critical plant components.

During the year total turnover decreased by £0.8 million from £56.4 million to £55.6 million. This fall in turnover was driven by an increase in turnover within the salt business of £3.7 million and a decrease in the sulphur chemicals business, largely due to the enforced shutdown in October 2020 of £4.5 million. The rise in turnover within the salt business can be attributed predominantly to an increase in demand for undried vacuum (UV) salt from a fellow group company based in Belgium for use in their production processes.

EBITDA (earnings before interest, tax, depreciation and amortisation) in the year was £2.3 million compared to £6.1 million in 2019. The reduction is predominantly due to the cessation of business in the sulphur chemicals area as referred to above. The EBITDA of the salt business remained broadly consistent with costs rising in line with increased turnover. A reconciliation of operating profit to EBITDA can be found in note 3 to the financial statements.

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 affecting the Company are set out below:

- The chemical industry is cyclical – changing market demands and prices may negatively affect the Company’s operating margins and impair its cash flow which, in turn, could affect its ability to make further investments in the business. The Company aims to operate as a low-cost producer and has a track record of generating positive cash flow through cyclical downturns. Whilst there may be short-term impacts on margins and cash flows, the Company is well placed to withstand bottom of cycle conditions.
- Raw materials and suppliers – if the Company is unable to pass on increases in raw material prices, or to retain or replace its key suppliers, or experience supply chain disruption, the results of its operations may be negatively affected. The Company attempts to match raw material price increases with corresponding product selling price increases. The Company has access, through its fellow group undertakings and related parties, to its own salt production and is not therefore typically reliant on any single external supplier of this input. For all other inputs the Company continually assesses the source of its raw materials and works with key suppliers.
- Competition – significant competition in the Company’s industries, whether through efforts of new and current competitors or through consolidation of existing customers, may adversely affect its competitive position, sales and overall operations. The Company aims to operate as a low-cost producer and is focused on reducing the fixed and variable cost base across the production chain. The Company also positions itself compared to competitors, not only on the basis of price, but on the basis of product innovation, quality and distribution capability.

INEOS Enterprises Group Limited

Strategic report for the year ended 31 December 2020 (continued)

Principal risks and uncertainties (continued)

- Regulation – the Company is highly regulated and may incur significant costs to maintain compliance with or to address liabilities under environmental, health and safety laws and regulations. As a responsible chemical manufacturer, the Company is committed to meeting all of its legal obligations. The Company liaises with various industry bodies to understand and prepare for compliance with new regulations on a timely and cost effective basis.
- Safety, health and the environment – the Company's facilities are subject to operational and other industry risks, including the risk of environmental contamination and safety hazards. The Company sets strict health, safety and environmental performance targets and is committed to continuous improvement in all aspects of operations, with the view to meeting and exceeding all relevant legislation requirements in this area. Safety, health and the environment is managed as an integral part of activities through a formal management system.
- Substitutes – the availability of substitute products and regulatory initiatives that may encourage the use of substitute products may affect demand for certain of the Company's products.
- Existing and proposed regulations to address climate change through reductions of greenhouse gas emissions and restrictions on other air emissions may cause the Company to incur significant costs or affect demand for products.
- Cyber security risks – a cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss. Various IT protocols and programmes are in place to provide availability, confidentiality and an overall security approach to all systems and business processes, including cyber security controls, like intrusion detection/intrusion prevention, firewalls, mobile device management, malware and virus protection, notebook encryption, secure VPN access, network segmentation, industrial control system security monitoring, email and internet security, security information and event management, threat and vulnerability management.
- United Kingdom withdrawal from the European Union – the Company's operations may be adversely affected by the potential withdrawal of the United Kingdom from the European Union. The Company has made significant plans to limit the impact of Brexit on its activities from liaising with employees to contingent planning for inventories and the supply chain.
- Outbreaks of disease – the outbreak of contagious diseases may have a negative impact on the Company's business and performance. During the course on 2020 and into 2021, the Company has managed the outbreak of the COVID-19 coronavirus by implementing various measures to ensure the safety of employees and the ongoing operation of plants.

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 and the environment. The directors focus on engagement with all stakeholders, and uses this when taking decisions.

The likely consequences of any decision in the long-term

The Company's principal objectives are to maintain its position as a key manufacturer of salt and sulphur chemicals and to increase the value of the wider INOVYN group by generating strong, sustainable and growing cash flows across industry cycles. To achieve these objectives, the Company has the following key strategies:

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

The directors believe these are critical long-term factors for the success of the Company. The directors' decision making has supported the implementation of the strategy.

The Company aims to operate and develop its business in a way that supports both the current and future needs, taking into account relevant economic, environmental and social factors. This enables the Company to sustain the business for the long term. The directors strongly believe that sustainable business management and practices will contribute to long-term business success and will strengthen the Company's position in the market.

INEOS Enterprises Group Limited

Strategic report for the year ended 31 December 2020 (continued)

Section 172(1) statement (continued)

Stakeholder considerations

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

Key stakeholders contribute to the Company's economic, social and environmental performance. Stakeholders include customers, suppliers, employees, financial experts and rating agencies, local communities, industry associations, scientific institutions, universities, government and value chain partners.

The Company adopts a holistic approach to looking at its entire value chain – from procurement, development, production to transport, sales, integration into customer processes and final intended use. Together with industry associations and business partners, the Company strives to achieve high and well-acknowledged sustainability standards in the chemical industry.

The Company is very conscious of changing attitudes to climate change, and monitors its impact on the environment and the potential impacts of climate change on its business, whether arising from regulatory change, changing weather patterns or other factors. These matters are considered by the directors in making decisions and in assessing the long-term viability of the business.

The need to act fairly between members of the Company

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

Streamlined Energy and Carbon Reporting

The Company is classified as a large unquoted company due to its size and shareholding structure. Disclosures under the Streamlined Energy and Carbon Reporting requirements for the Company are contained in the Streamlined Energy and Carbon Reporting in the Strategic Report of the consolidated financial statements of INOVYN Limited, an intermediate parent undertaking. This reporting covers the Group's UK operations, including those of the Company. The consolidated financial statements of INOVYN Limited are available to the public and may be obtained from the Company Secretary at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE.

Key performance indicators

The Company uses a number of key performance indicators ("KPIs") to monitor performance. These KPIs are monitored for the Company as a whole, compared to budget:

- EBITDA – earnings before interest, tax, depreciation, amortisation, and exceptional items. EBITDA is considered the most appropriate proxy for underlying business performance and is reviewed in more detail on page 3.
- Working capital ratios – debtor days – indicating the average length of time it takes to receive cash from a sale at 39 days in 2020 (2019: 36 days); and creditor days - indicating the average length of time it takes to pay cash for a purchase, at 38 days in 2020 (2019: 35 days).

Strategy and future developments

The Company's corporate strategy is to continue growing profitability and cash flows by optimising the cost base of the businesses, increasing the focus on high margin products and further product diversification, leveraging existing resources to expand sales and keeping the overall management structure of the Company simple.

Going concern

COVID-19 coronavirus

COVID-19 was classified as a Public Health Emergency of International Concern by the World Health Organisation in March 2020.

INEOS Enterprises Group Limited

Strategic report for the year ended 31 December 2020 (continued)

Going concern (continued)

COVID-19 coronavirus (continued)

The INOVYN group is Europe's largest manufacturer of the chlor-alkali and vinyl products of fundamental importance for controlling the spread of COVID-19 and protecting human health. The wider contribution to society that INOVYN can make has been recognised by national governmental bodies and INOVYN's production sites are categorised as critical manufacturing infrastructure and so, in the interests of public safety, it is essential that INOVYN's manufacturing facilities continued to operate. Many of the Group's products have been used in the fight to control COVID-19 from disinfectants to detergents, to the manufacture of pharmaceuticals, to keeping water clean and safe and a vast array of medical and PPE applications.

Except for planned maintenance, the Company's plants, with the exception of the sulphur chemicals plant as previously described, have continued to operate, resources have been maintained and measures implemented to ensure that this remains the case throughout the pandemic, including social distancing, hygiene measures and work from home policies during lockdowns.

In addition, the Company implemented a series of programmes to preserve cash including review of timing of turnarounds, reduction in the levels of non-essential capital expenditure and the cut-back of non-essential fixed cost expenditure. Liquidity has remained strong throughout the crisis so far.

Overall the Company has coped with the shock so far and has not been impacted significantly in terms of results, although it has taken steps to ensure that this was the case.

As of the date of these financial statements, despite the availability of vaccines, government measures continue to be imposed and continued around the world as new strands of the COVID-19 virus have been discovered. The COVID-19 pandemic situation is dynamic, and updates on travel restrictions, shutdowns on non-essential businesses and shelter-in-place/stay-at-home orders are continually evolving. The extent of the COVID-19 outbreak's effects on the Company's operational and financial performance will depend on future developments, including the duration, spread and intensity of the outbreak and the government measures implemented in response, or whether widespread shutdowns return, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. Although the directors cannot predict the extent and duration of COVID-19 crisis, the directors have undertaken a rigorous assessment of the potential impact of COVID-19 on demand for its products and the impact on margins for over 12 months from the date of signing these financial statements.

Whilst there is significant uncertainty due to the COVID-19 crisis, on the basis of the assessment described above, together with a strong balance sheet, access to liquidity and the continued financial support of INOVYN Limited, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Approved on behalf of the Board



D J Horrocks
Director
29 September 2021

INEOS Enterprises Group Limited

Directors' Report for the year ended 31 December 2020

The Directors present their report together with the financial statements and auditor's report of INEOS Enterprises Group Limited ("the Company") for the year ended 31 December 2020.

Results for the year

The results of the Company are set out in the income statement on page 14 which shows a loss before taxation of £14.7 million (2019: £3.4 million).

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate, on the basis of twelve month rolling forecasts, the assessment referred to in the Strategic Report and due to the continued financial support of INOVYN Limited, who's audited financial statements have been subject to review by the Directors and are available from the Company Secretary at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom. The Directors have received confirmation that INOVYN Limited will support the Company for at least one year after these financial statements are signed.

Dividends

During the year the Company paid a dividend of £nil (2019: £28.0 million).

Subsequent events

United Kingdom withdrawal from the European Union ("Brexit")

On 23 June 2016, the UK held an in or out referendum on the UK's membership within the EU, the result of which favoured the exit of the UK from the European Union ("Brexit"). On 31 January 2020, Brexit became effective and the UK entered into a transition period from 31 January 2020 to 31 December 2020 during which the European Union treated the UK as if it were still a member of the European Union (the "Transition Period"). Following the expiry of the Transition Period, the UK ceased to be treated as a member of European Union at 23:00 on 31 December 2020. A trade agreement was signed between the EU and the United Kingdom on 24 December 2020. The Company made significant plans to limit the impact of Brexit on its activities from liaising with employees, contingent planning for inventories and implemented new ways of working for export sales. Whilst there has been additional workload to standard operating processes and some transportation problems, overall the impact to the business has not been significant and process changes have been implemented.

Closure of the Sulphur Chemicals plant

On 25 March 2021, the Company announced that the Sulphur Chemicals plant was to be closed following an unexpected interruption of service in October 2020 which caused significant damage to a number of critical plant components.

Donations

The Company made no political contributions (2019: £nil).

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in price risk, currency fluctuation risk, liquidity risk 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. The Company is exposed to commodity price risk as a result of its operations. However, given the size of the Company's operations, the cost of managing exposure to such risk exceeds any potential benefits. The Company is funded internally by the INOVYN Limited group and therefore has no direct exposure to liquidity or debt market risk. Interest rate exposures are managed on a group basis and are fully disclosed in the consolidated financial statements of INOVYN Limited.

Research and development

The Company's research and development team provides support to the Company's customers and seeks to improve the efficiency of the Company's manufacturing processes. The research and development team also leads the Company's efforts with respect to the development and capacity expansions of plants, together with the maintenance and improvement in safety and environmental standards.

INEOS Enterprises Group Limited

Directors' Report for the year ended 31 December 2020 (continued)

Directors

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

J D Taylorson

C E Tane (Resigned 1 January 2020)

M J Maher (Resigned 1 March 2021)

F Rourke

A Moorcroft

G Tuft (appointed 1 January 2020, resigned 1 March 2021)

D J Horrocks (appointed 1 March 2021)

Directors' indemnities

As permitted by the Articles of Association, the Company, via a policy maintained by its parent undertaking has maintained cover for its directors and officers under a directors' and officers' liability insurance policy as permitted by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Employees

The Company places considerable importance on communication with employees. This is to ensure that employees at all levels of the organisation are kept aware of key business developments and, in particular, financial performance so as to focus attention on key performance metrics. This is achieved through the monthly distribution to every employee of a business results "snapshot" report covering headline safety, health and environment ("SHE") and financial performance. Town Hall sessions are held at various points in the year that are hosted by members of the Executive Committee and site management. Business news items are also communicated in local language to the organisation either via cascade or direct to individuals via email, Bulletin Boards and Intranet facilities. Work groups in the manufacturing areas have daily "toolbox talks" that cover SHE, critical operational items for the day and business developments.

The Company has regard to employees' interests and take employee views into account when making decisions. For example, during 2019 the INOVYN group has commenced the construction of a new office building at its site in Runcorn, United Kingdom and has proactively considered the views of employees during the design and construction phase. Employees have moved into the new office building in 2021.

The Company operates in full accordance with prevailing employment legislation including information and consultation with employees and their representatives on matters affecting their interests. Outside of any necessary formal consultation process, there are regular briefings between the Company and the Trade Union bodies.

The Company facilitates a number of schemes designed to encourage employees to deliver key business targets. This includes a discretionary Short Term Incentive Plan and a Long Term Incentive Plan, both of which are designed to focus attention on key areas of performance such as SHE, EBITDA, working capital, plant reliability and fixed costs. The Short Term Incentive Plan is a discretionary Business Bonus Scheme which incentivises employees to meet key targets each year through the potential to receive a bonus pay-out. Each individual also has a set of personal review targets that are used as the basis of rewarding individual performance through pay increases or one-off special bonuses.

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

INEOS Enterprises Group Limited

Directors' Report for the year ended 31 December 2020 (continued)

Employees (continued)

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

Comprehensive SHE information and training is provided to all employees, with SHE objectives set for every individual each year through the performance appraisal process. SHE targets also feature in the Company's discretionary Business Bonus Scheme. Appropriate SHE information and training is also provided to other who work for the Company, handle its products or operate its technologies. The Company also participates in industry wide responsible care and sustainable development activities.

Corporate social responsibility

The Company operates in full accordance with all prevailing laws and regulations in each jurisdiction of operation. In addition, it complies fully with any legally established trade sanctions, embargoes or prohibitions that apply from time to time in the markets in which it operates. The Company's Executive Committees and business management teams have access to a comprehensive range of legal advice to ensure that they are kept abreast of and remain compliant with such issues.

The Company's Social Accountability Statement is published on the INOVYN group website and is available to all internal and external audiences. Employees are made aware of the Company's Social Accountability principles via information published in employee handbooks. This Statement covers the Company's position on matters such as child and forced labour, discrimination, employee rights and cultural diversity, amongst others.

The wider INOVYN group is a member of a number of industry trade associations and is instrumental in the funding and ongoing development of specific initiatives designed to reflect the Company's commitment to a sustainable product life cycle. By way of example, the group to which the Company belongs is the single largest sponsor of the European PVC industry's voluntary commitment, VinylPlus, which seeks to address the sustainability challenges of PVC throughout the value chain. Such work is promoted widely across the Company's stakeholders including suppliers and product specifiers.

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INEOS Enterprises Group Limited

Directors' Report for the year ended 31 December 2020 (continued)

Statement of 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. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors

In accordance with Section 487 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.

Registered address

INEOS Enterprises Group Limited
Banks Lane Office
Banks Lane
PO Box 9
Runcorn
Cheshire
WA7 4JE
United Kingdom

Approved on behalf of the Board



D J Horrocks
Director
29 September 2021

INEOS Enterprises Group Limited

Independent auditor's report to the members of INEOS Enterprises Group Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of INEOS Enterprises Group 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the accounting policies; and
- the related notes 1 to 24.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

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.

INEOS Enterprises Group Limited

Independent auditor's report to the members of INEOS Enterprises Group Limited (continued)

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

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud within the impairment of assets. Our specific procedures performed to address the risk are described below:

- An impairment review has been carried out by management which identified a number of non-current and current assets in the Sulphur division showed indications of impairment. A resulting adjustment has been posted through the accounts where the recoverable amount or the value in use was less than the carrying value of the asset recognised. We have reviewed management's assessment and challenged the assumptions used.

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.

INEOS Enterprises Group Limited

Independent auditor's report to the members of INEOS Enterprises Group Limited (continued)

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.

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

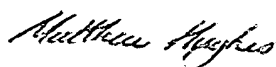
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Matthew Hughes BSc (Hons) ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds
30 September 2021

INEOS Enterprises Group Limited

Income Statement for the year ended 31 December 2020

	Note	2020 £m	2019 £m
Revenue	2	55.6	56.4
Cost of sales		(44.6)	(40.4)
Gross profit		11.0	16.0
Distribution costs		(10.7)	(10.1)
Administrative expenses		(6.0)	(6.8)
Operating loss	3	(5.7)	(0.9)
Loss on disposal of fixed assets	4	(0.5)	-
Impairment of fixed assets	5	(9.3)	-
Loss before finance income/(cost)		(15.5)	(0.9)
Total finance income	7	1.1	1.0
Total finance costs	7	(0.3)	(3.5)
Net finance income/(cost)	7	0.8	(2.5)
Loss before tax		(14.7)	(3.4)
Tax credit	8	3.1	4.4
(Loss)/profit for the financial year		(11.6)	1.0

Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £m	2019 £m
(Loss)/profit for the financial year		(11.6)	1.0
Other comprehensive income/(expense):			
Actuarial gain on post-employment benefit scheme	18	1.7	1.0
Movement in deferred tax relating to pension liability	8	(0.3)	(0.2)
Other comprehensive income for the year		1.4	0.8
Total comprehensive (expense)/income for the year attributable to the owners of the parent		(10.2)	1.8

INEOS Enterprises Group Limited

Statement of financial position as at 31 December 2020

	Note	2020 £m	2019 £m
Non-current assets			
Property, plant and equipment	9	23.0	37.3
Trade and other receivables	11	15.0	16.2
Deferred tax assets	12	2.5	2.8
		40.5	56.3
Current assets			
Inventories	13	5.5	6.3
Trade and other receivables	11	31.2	31.4
Cash and cash equivalents	14	0.9	1.1
		37.6	38.8
Creditors: amounts falling due within one year	15	(15.5)	(13.8)
Net current assets		22.1	25.0
Total assets less current liabilities		62.6	81.3
Creditors: amounts falling due after more than one year	16	(64.9)	(70.1)
Employee benefits	18	(1.9)	(5.2)
Net (liabilities)/assets		(4.2)	6.0
Equity attributable to owners of the parent			
Share capital	19	-	-
Merger reserve	19	(23.5)	(23.5)
Retained earnings		19.3	29.5
Total shareholders' (deficit)/funds		(4.2)	6.0

These financial statements on pages 14 to 39 were approved by the Board of Directors on 29 September 2021 and signed on its behalf by:



D J Horrocks
Director

INEOS Enterprises Group Limited

Registered Number 04687714

INEOS Enterprises Group Limited

Statement of changes in equity for the year ended 31 December 2020

	Share capital £m	Merger reserve £m	Retained earnings £m	Total shareholders' (deficit)/funds £m
Balance at 1 January 2019	-	(23.5)	55.7	32.2
Profit for the financial year	-	-	1.0	1.0
Other comprehensive income/(expense):				
Actuarial gain on post-retirement benefit scheme	-	-	1.0	1.0
Movement in deferred tax on pension liability	-	-	(0.2)	(0.2)
Total comprehensive income for the year	-	-	1.8	1.8
Transactions with owners, recorded directly in equity:				
Dividends paid (note 20)	-	-	(28.0)	(28.0)
Balance at 31 December 2019	-	(23.5)	29.5	6.0
Loss for the financial year	-	-	(11.6)	(11.6)
Other comprehensive income/(expense):				
Actuarial gain on post-retirement benefit scheme	-	-	1.7	1.7
Movement in deferred tax on pension liability	-	-	(0.3)	(0.3)
Total comprehensive income for the year	-	-	(10.2)	(10.2)
Balance at 31 December 2020	-	(23.5)	19.3	(4.2)

The merger reserve, created across two accounting periods, 2014 and 2015 was driven by the acquisition of the Salt, Sulphur Chemicals and Esters businesses from the Company's then subsidiary INEOS Enterprises Limited (now INOVYN Enterprises Limited). The difference between the book value and the consideration paid of £23.5 million was taken directly to the merger reserve as, at the time, both companies were under common control.

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting policies

INEOS Enterprises Group Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom, under the Companies Act 2006 and registered in England and Wales. The address of the Company's registered office is shown on page 10.

These financial statements were prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101, on a going concern basis. The Directors believe that preparing the financial statements on the going concern basis is appropriate, despite the significant uncertainty due to the COVID-19 crisis, on the basis of the assessment referred to in the Strategic Report and due to the continued financial support of INOVYN Limited. The Directors have received confirmation that INOVYN Limited will support the Company for at least one year after these financial statements are signed.

The functional and presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £0.1 million.

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 have been taken.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Until 5 March 2019 the Company's parent undertaking was INEOS Enterprises Holdings Limited which includes the Company in its consolidated financial statements. From 5 March 2019, INOVYN Limited became an intermediate parent undertaking and subsequently included the Company in its consolidated financial statements. The consolidated financial statements of INEOS Enterprises Holdings Limited are prepared in accordance with International Financial Reporting Standards (IFRS), are available to the public and can be obtained from INEOS Enterprises Holdings Limited, Unit 14 Evenwood Close, Runcorn, WA7 1LZ, United Kingdom. The consolidated financial statements of INOVYN 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 Runcorn Site HQ, South Parade, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom.

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

- a Cash Flow Statement and related notes;
- 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.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements under the historic cost convention.

Judgements made by directors in application of these accounting policies that have significant effect on the financial statements and estimates with significant risk of material adjustment in the next year are discussed in note 23.

Changes in accounting policies

From 1 January 2019 the Company has applied IFRS 16 Leases for the first time in the financial statements in the year ended 31 December 2019 along with a number of other new standards, although only IFRS 16 has had a material effect, note 1.3 provides the detail behind this change.

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

1. Accounting policies (continued)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Foreign currencies

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

1.3 IFRS 16 Leases

IFRS 16 replaces previous leasing guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

The Company has applied IFRS 16 on 1 January 2019, using the 'modified retrospective approach' which allowed the measurement of the right of use asset to equal the lease liability. The details of the changes in accounting policies are disclosed below.

i) Adjustments recognised on adoption of IFRS 16 in which the Company is a lessee

The Company has recognised new right-of-use assets and lease liabilities for lease contracts previously classified as operating leases, which include land and plant and machinery. The nature of expenses related to those leases has changed because the Company recognises a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. In addition, the Company no longer recognises provisions for operating leases that it assesses to be onerous. Instead, the Company now includes the payments due under the lease in its lease liability, and recognises any required impairment of the corresponding right-of-use asset.

At commencement or on modification of a contract that contains a lease and non-lease component, the Company allocates the consideration in the contract to each component on the basis of its relative stand-alone price.

On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

1. Accounting policies (continued)

1.3 IFRS 16 Leases (continued)

As at 1 January 2019, the Company has recognised additional lease liabilities of £1.1 million. The table below provides a reconciliation between operating lease commitments disclosed as at 31 December 2018 and the lease liability recognised as at 1 January 2019:

	£m
Operating lease commitments as at 31 December 2018	2.7
Less: impact of discounting	(1.6)
Lease liabilities recognised as at 1 January 2019	1.1
<i>Of which are:</i>	
Current lease liabilities	0.1
Non-current lease liabilities	1.0
	1.1

ii) *Adjustments recognised on adoption of IFRS 16 in which the Company is a lessee (continued)*
The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.5%.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Land and Buildings – increase of £1.0 million.
- Plant & Machinery – increase of £0.1 million.
- Right of use lease liabilities – increase of £1.1 million. From 1 January 2019, lease liabilities have been categorised within Right of use lease liabilities within Creditors on the balance sheet.

The net impact on retained earnings at 1 January 2019 was £nil.

The impact on the income statement for the year ended 31 December 2019 was as follows:

- Depreciation of right of use assets – increase of £0.1 million.
- Interest payable – increase of £0.1 million.
- Other operating expenses – decrease of £0.1 million.
- Profit for the year – decrease of £0.1 million.

(ii) *Practical expedients applied*

The Company had a number of arrangements that were not in the legal form of a lease, for which it concluded that the arrangement contained a lease under IFRIC 4. On transition to IFRS 16, the Company did not apply the practical expedient to grandfather the definition of a lease on transition. Therefore, the new definition of a lease under IFRS 16 has been applied to all of the contracts in place on transition.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the Company has elected to apply the following practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- reliance on previous assessments on whether leases are onerous,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the accounting for leases with a lease term of 12 months or less as short term leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term,
- the accounting for leases for which the underlying asset is of low value when it is new as low value leases. The lease payments associated with them will be recognised as an expense on a straight-line basis over the lease term,

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

1. Accounting policies (continued)

1.3 IFRS 16 Leases (continued)

(ii) Practical expedients applied

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(iii) Adjustments in respect of leases where the Company is a lessee and the leases were previously classified as finance leases under IAS 17

For leases classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policies applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into on or after 1 January 2019.

Company as a lessee

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease payments include fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date), amounts expected to be paid under residual value guarantees less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are expensed in the period on which the event or condition that triggers the payment occurs.

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

1. Accounting policies (continued)

1.3 IFRS 16 Leases (continued)

Company as a lessee (continued)

Lease liabilities (continued)

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the lease liability is measured at amortised cost using the effective interest method. The amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments a change in the assessment of whether the Company is reasonably certain to exercise an option to purchase the underlying asset, a change in future lease payments arising from a change in an index or rate, or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee.

When the lease liability is remeasured in this way and there has been no change in the scope of the lease, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to all leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Company also applies the lease of low-value assets recognition exemption (Group policy) to leases of assets that are valued below €10,000 (converted to sterling at the prevailing exchange rate at the time of review). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

1.5 Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

1.6 Trade and other payables

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

1.7 Investments equity

Investments are stated at amortised cost less impairment.

1.8 Cash at bank and in hand

Cash at bank and in hand comprise cash balances.

1.9 Interest-bearing borrowings

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

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

1. Accounting policies (continued)

1.10 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may include the cost of materials, labour and other costs directly attributable to bringing the assets to a working condition for their intended use. Cost may also include the cost of dismantling and removing items and restoring the site on which they are located.

Capital work in progress is held as assets under construction until fully commissioned and transferred into active use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation commences from the date an asset is brought into service. Land and assets in the course of construction are not depreciated.

The estimated useful lives are as follows:

Freehold buildings	- 30 to 50 years
--------------------	------------------

Plant and machinery:

- | | |
|------------------------------------|------------------|
| • Major items of plant | - 10 to 20 years |
| • Major plant overhauls | - 2 to 4 years |
| • Motor vehicles | - 5 years |
| • Fixtures, fittings and equipment | - 5 to 10 years |
| • Computer hardware | - 2 to 5 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, the Company makes an estimate of the recoverable amount, which is the higher of the asset's fair value less cost to sell and value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Assets are 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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the income statement in the period in which the item is derecognised.

1.11 Inventories

Inventories are stated at the lower of average cost and net realisable value. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Provision is made for obsolete, slow-moving or defective items where appropriate.

Items owned by the Company that are held on consignment at another entity's premises are included as part of the Company's inventory.

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

1. Accounting policies (continued)

1.12 Impairment excluding inventories and deferred tax assets

Financial assets (including trade and other receivables)

The Company applies the simplified approach when providing for expected credit losses prescribed by IFRS 9 for its trade receivables and contract assets. This approach requires the Company to recognise the lifetime expected loss provision for all trade receivables taking in consideration historical as well as forward-looking information.

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

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

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are assessed at the end of the reporting period to determine whether there is any indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount is the greater of fair value less cost to sell and value in use. 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and 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.

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

1. Accounting policies (continued)

1.13 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and contribution pension plans.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an *expense* in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan that is not a defined contribution plan. The Company operates a defined benefit plan for certain employees. The plan operates under trust law and is managed and administered by Trustees in accordance with the terms of each plan's Trust Deed and Rules and relevant legislation. The assets of the scheme are held separately from those of the Company.

The Company's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted.

The liability discount rate is the yield at the reporting date on AA credit rated bonds denominated in the currency of, and that have maturity dates approximating to the terms of, the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income statement as a 'finance expense'. When the benefits of a plan are amended or curtailed, the portion of the increased or decreased benefit relating to past service by employees is recognised as an expense immediately in the income statement. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between:

- cost of sales and administrative expenses,
- net finance costs and,
- in net expense recognised directly in the statement of comprehensive income, the remeasurements of post-employment benefit obligations.

The Company recognises actuarial gains and losses in the period they occur directly in the statement of comprehensive income.

The cost of the defined benefit plan, recognised in the income statement as employee costs, except where included in the cost of an asset, comprises:

- (a) The increase in pension benefit liability arising from employee service during the period; and
- (b) The cost of plan introductions, benefit changes, curtailments and settlements.

1.14 Provisions

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

Restructuring provisions

Estimated costs to be incurred in connection with restructuring measures are provided for when the Company has a constructive obligation, which is generally the announcement date. The announcement date is the date at which the plan is announced in sufficient detail to enable employees to estimate the redundancy payments to which they are entitled.

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

1. Accounting policies (continued)

1.15 Share capital

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

1.16 Revenue

Revenue represents the invoiced value of products sold or services provided to third parties net of sales discounts, value added taxes and duties. Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and it can be reliably measured. The pricing for products sold is determined by market prices (market contracts and arrangements) or is linked by a formula to published raw material prices plus an agreed additional amount (formula contracts).

Revenue arising from the sale of goods is recognised when the goods are either dispatched or delivered depending on the relevant delivery terms and the point at which risks and rewards have been transferred to the buyer when the prices are determinable and when collectability is considered probable.

1.17 Finance income and expenses

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method. Foreign exchange gains and losses are reported on a gross basis.

Finance costs comprise interest payable, unwinding of the discount on provisions, and foreign exchange losses that are recognised in the income statement. Finance income comprise interest receivable on funds invested and from related party loans, interest on the defined benefit plan assets and foreign exchange gains.

1.18 Taxation

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

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

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

1.19 Exceptional items

The presentation of the Company's results separately identifies the effect of profits and losses on the disposal of businesses, the impairment of non-current and 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.

1.20 Business combinations

Acquisitions under common control are accounted for at book value. The difference in the book value of the assets acquired and consideration paid is recognised in equity as a merger reserve.

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

2. Revenue

Analysis by location of customers:

	2020 £m	2019 £m
UK	55.6	55.3
Rest of Europe	-	1.1
Total	55.6	56.4

3. Operating (loss)/profit

Included in operating (loss)/profit are the following:

	2020 £m	2019 £m
Depreciation (note 9)		
Owned assets	8.0	6.9
Right of use assets	-	0.1
Auditors' remuneration:		
Audit of these financial statements *	-	0.1

*No non-audit services have been provided to the company (2019: £nil).

Reconciliation of operating profit to earnings before interest, tax, depreciation and amortisation (EBITDA):

	2020 £m	2019 £m
Operating loss	(5.7)	(0.9)
Depreciation and amortisation	8.0	7.0
EBITDA	2.3	6.1

4. Loss on disposal of non-current assets

During the year a number of capital projects that had been sanctioned and upon which work had commenced were ceased and the company decided to halt further progress. As such costs of £0.5 million were written off to the income statement.

5. Impairment of non-current assets

During the year an unexpected interruption of service occurred on the Sulphur Chemicals plant causing an immediate and necessary shut down. Following a full review of the carrying value and recoverability of the associated assets and liabilities, carried on at the balance sheet date, an impairment was recognised through the income statement as follows:

	2020 £m
Impairment of plant & equipment, fixtures & fittings -	
Cost	13.9
Depreciation	(7.4)
	6.5
Impairment of Assets under construction	1.2
Impairment of inventories	1.6
	9.3

Subsequent to the balance sheet date, on the 25 March 2021 the company took the decision to close the sulphur chemicals plant as a result of the significant damage caused by this unexpected shutdown.

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

6. Staff numbers and costs

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

	2020	2019
	Number of employees	
Administration	28	28
Production, engineering and distribution	98	99
	126	127

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£m	£m
Wages and salaries	6.8	7.2
Social security costs	0.7	0.8
Other pension costs	1.0	1.0
	8.5	9.0

Directors' remuneration:

	2020	2019
	£m	£m
Aggregate remuneration	0.1	0.1
Total Emoluments	0.1	0.1
Amounts recharged to other INEOS companies	-	-
Emoluments related to Company	0.1	0.1

Highest paid director information:

	2020	2019
	£m	£m
Aggregate remuneration	-	-
Amounts recharged to other INEOS companies	-	-
Emoluments related to Company	-	-

One director has retirement benefits accruing under a defined benefit pension scheme (2019: one).

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

7. Finance income and expense

Recognised in the statement of comprehensive income:

	2020 £m	2019 £m
Finance income:		
Interest income from related parties	0.3	1.0
Exchange movements	0.8	-
	1.1	1.0
Finance costs:		
Interest charged by related parties	(0.1)	(0.6)
Other finance charges	-	(0.4)
Interest on employee benefits	(0.1)	(0.2)
Exchange movements	-	(2.2)
Right of use lease interest	(0.1)	(0.1)
	(0.3)	(3.5)
Net finance income/(cost)	0.8	(2.5)

8. Tax

Recognised in the income statement:

	2020 £m	2019 £m
Current tax:		
UK corporation tax	(3.2)	(1.5)
Adjustments in respect of prior periods	0.1	(3.2)
Total current tax	(3.1)	(4.7)
Deferred tax:		
Origination and reversal of temporary differences	0.4	0.9
Impact of rate change	(0.1)	(0.1)
Adjustments in respect of prior periods	(0.3)	(0.5)
Total deferred tax	-	0.3
Tax credit	(3.1)	(4.4)

Reconciliation of effective tax rate:

	2020 £m	2019 £m
Loss before taxation	(14.7)	(3.4)
Tax on above using the UK corporation tax rate of 19% (2019: 19%)	(2.8)	(0.6)
Impact of rate change	-	(0.1)
Over provided in prior years	(0.3)	(3.7)
Total tax credit	(3.1)	(4.4)

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

Taxation recognised in the statement of comprehensive income:

	2020 £m	2019 £m
Deferred tax:		
Remeasurements of defined benefit liability	(0.3)	(0.2)

Factors affecting future tax (credits)/charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020.

In the 2020 budget it was announced that the corporation tax main rate would remain at 19% for the financial year beginning 1 April 2020, rather than reducing it to 17% from 1 April 2020. The charge to corporation tax and the main rate will also be set at 19% for the financial year beginning 1 April 2021. On 11 March 2021, the Finance Bill 2021 was announced which increased the rate of Corporation Tax to 25% on profits over £250,000 from April 2023, deferred tax assets have not been restated for this change.

9. Property, plant and equipment

	Land and buildings £m	Plant & equipment Fixtures & fittings £m	Assets under construction £m	Initial direct costs £m	Total £m
Cost					
Balance at 1 January 2019	3.3	63.0	3.8	1.2	71.3
Impact of adoption of IFRS 16	1.0	0.1	-	-	1.1
Additions	-	-	7.9	-	7.9
Transfers	-	9.5	(9.5)	-	-
Balance at 31 December 2019	4.3	72.6	2.2	1.2	80.3
Additions	-	0.1	1.9	-	2.0
Transfers	-	1.5	(1.5)	-	-
Disposals	-	-	(0.5)	-	(0.5)
Amortisation	-	-	-	(0.1)	(0.1)
Impairment	-	(13.9)	(1.2)	-	(15.1)
Balance at 31 December 2020	4.3	60.3	0.9	1.1	66.6
Accumulated depreciation					
Balance at 1 January 2019	0.5	35.5	-	-	36.0
Depreciation charge for the year	0.1	6.9	-	-	7.0
Balance at 31 December 2019	0.6	42.4	-	-	43.0
Depreciation charge for the year	0.1	7.9	-	-	8.0
Impairment	-	(7.4)	-	-	(7.4)
Balance at 31 December 2020	0.7	42.9	-	-	43.6
Net book value					
At 31 December 2020	3.6	17.4	0.9	1.1	23.0
At 31 December 2019	3.7	30.2	2.2	1.2	37.3

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

Property, plant and equipment under construction

No borrowing costs were capitalised during the year (2019: £nil).

Included within the above are right of use assets as follows:-

	Land and buildings £m	Plant & equipment Fixtures & fittings £m	Total £m
Cost	1.0	0.1	1.1
Additions	-	0.1	0.1
Balance at 31 December 2020	1.0	0.2	1.2
Accumulated depreciation	-	0.1	0.1
Depreciation charge for the year	-	-	-
Balance at 31 December 2020	-	0.1	0.1
Net book value			
At 31 December 2020	1.0	0.1	1.1
At 31 December 2019	1.0	-	1.0

10. Investments

Investments in subsidiaries are carried at cost. The subsidiary and undertakings of the Company and the percentage of equity share capital held are set out below. The principal country of operation is generally indicated by the Company's country of incorporation or by its name.

The following information relates to the subsidiary undertakings of the Company.

Company	Class of shares held	Registered address	Ownership 2020	Ownership 2019	Principal activities
Keuper Gas Storage Limited	Ordinary	Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom	100%	100%	Gas storage

	Subsidiaries £m
Balance at 1 January 2019	3.5
Business disposals	(3.5)
Balance at 31 December 2019	-
Business disposals	-
Balance at 31 December 2020	-

On 5 March 2019, the Company sold its shareholding in INEOS Sulphur Chemicals Spain SLU to INEOS Enterprises Holdings Limited, an intermediate parent company for its carrying value €4.1 million (£3.5 million), as part of a wider INEOS restructuring.

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

11. Trade and other receivables

	2020 £m	2019 £m
Non-Current		
Amounts due from Group undertakings	-	2.1
Amounts due from related parties	15.0	14.1
	15.0	16.2
Current		
Trade receivables	4.0	4.7
Amounts due from Group undertakings	20.9	22.9
Amounts due from related parties	0.1	0.9
Other receivables and prepayments	6.2	2.9
	31.2	31.4

Non-current amounts due from Group undertakings represent loans receivable from fellow INOVYN Limited undertakings, interest is charged at 12% in line with the loan agreement. Non-current amounts due from related parties represent loans receivable from affiliated parties. The amounts are recorded at amortised cost and management do not view them as impaired.

Current amounts due from Group undertakings represent unsecured loans, charged at competitive interest rates. Current amounts due from related parties represent trading balances.

Trade receivables are stated after provisions for impairment of £nil (2019: £nil).

12. Deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	2020 £m	2019 £m
Accelerated capital allowances	2.1	1.9
Employee benefits	0.4	0.9
Deferred tax assets	2.5	2.8

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable based on an assessment of expected future profits modelled against the gross tax losses available over a period of 5 years.

13. Inventories

	2020 £m	2019 £m
Raw materials and consumables	3.0	3.5
Work in progress	0.4	0.4
Finished goods	2.1	2.4
	5.5	6.3

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £17.3 million (2019: £19.3 million). The write-down of slow-moving stocks to net realisable value amounted to £nil (2019: £nil). The reversal of write-downs amounted to £nil (2019: £nil). The replacement cost of stock is not significantly different to the carrying value. The provision in place for slow moving stock is £nil (2019: £nil).

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

14. Cash and cash equivalents

	2020	2019
	£m	£m
Cash on hand	0.9	1.1
	0.9	1.1

15. Creditors: amounts falling due within one year

	2020	2019
	£m	£m
Trade payables	3.2	3.7
Amounts due to related parties	-	0.2
Amounts due to group undertakings	4.3	3.1
Other payables	1.2	1.5
Deferred income	3.1	3.1
Accruals	3.7	2.2
	15.5	13.8

Amounts due to related parties include wider INEOS Group fellow subsidiary undertakings and comprise trading balances. Amounts due to group undertakings include fellow INOVYN Limited undertakings and comprise trading balances.

16. Creditors: amounts falling after more than one year

	2020	2019
	£m	£m
Amounts due to related parties	-	2.1
Right of use lease liabilities	1.1	1.1
Deferred income	63.8	66.9
Balance at 31 December	64.9	70.1

Amounts due to related parties include wider INEOS Group undertakings and comprise loan balances. Related party loans are denominated in Sterling and interest is charged at 12% in line with the loan agreement.

17. Interest bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2020	2019
	£m	£m
Loans to subsidiary undertakings – amounts falling due within one year	4.4	4.4
Loans to group undertakings – amounts falling due within one year	16.2	18.5
Loans to related parties – amounts falling due after more than one year	15.0	14.1
Loans to group undertakings – amounts falling due after more than one year	-	2.1
Loans from related parties – amounts falling due after more than one year	-	(2.1)
Right of use lease liabilities – amounts falling due after more than one year	(1.1)	(1.1)
	34.5	35.9

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

Right of use lease liabilities are payable as follows:

	Minimum lease payments		Interest		Principal	
	2020	2019	2020	2019	2020	2019
	£m	£m	£m	£m	£m	£m
Less than one year	0.1	0.1	-	0.1	0.1	-
Between one and five years	0.2	0.2	0.1	0.2	0.1	-
More than five years	2.2	2.3	1.3	1.2	0.9	1.1
	2.5	2.6	1.4	1.5	1.1	1.1

18. Employee benefits

Defined Contribution plans

The Company operates a defined contribution pension plan. The total expense relating to these plans in the current year was £1.0 million (2019: £1.0 million)

Defined Benefit plans

The majority of the UK employees of the Company participate in the funded 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. Provision is made in the financial statements for the benefits accruing to members of this pension scheme in accordance with the advice of independent actuaries. A full actuarial valuation has also been undertaken with an effective date of 5 April 2019, the results of this valuation have been incorporated into the financial statements for the year ended 31 December 2020. The valuation of the scheme used the projected unit method and was carried out by professionally qualified actuaries. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies with the board of trustees. The board of trustees must be comprised of representatives of the company and plan participants in accordance with the plan's regulations. The Fund was closed in early 2018. The principal assumptions for the Company made by the actuaries were:

Pension plan assumptions

The principal actuarial assumptions (expressed as weighted averages or ranges) at the year-end were as follows:

	2020	2019
	%	%
Rate of increase to pension payments	2.7	2.8
Discount rate for scheme liabilities	1.6	2.1
Inflation	2.8	2.9

The assumptions relating to longevity underlying the pension liabilities at the reporting 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:

- Current pensioner aged 65: male 21.5 years (2019: 21.5 years), female 23.9 years (2019: 23.8 years)
- Future retiree upon reaching 65 (member currently aged 50): male 22.7 years (2019: 22.7 years), female 25.2 years (2019: 25.2 years)

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

Pension plan assumptions (continued)

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 period would have increased / (decreased) as a result of a change in the respective assumptions.

	2020	2019
Discount rate	1.6%	2.1%
Discount rate – 100 basis points	22.73%	22.81
Underlying inflation rate	2.8%	2.9%
Underlying inflation rate – 50 basis points	7.55%	7.57
Mortality		
One year increase in life	4.27%	4.29

The sensitivity to the inflation assumption change includes corresponding changes to the future salary increase and future pension increase assumptions where these assumptions are set to be linked to the inflation assumption. The type of assumptions used in preparing the sensitivity analysis remains unchanged from prior years.

History of plans

The history of the plans for the current and prior years is as follows:

Statement of financial position:

	2020 £m	2019 £m
Present value of the defined benefit obligation in respect of pension plans	(57.5)	(55.6)
Fair value of plan assets in respect of pension plans	55.6	50.4
Deficit	(1.9)	(5.2)

The net liability in respect of defined benefit obligations is as follows:

	2020 £m	2019 £m
Recognised liability for defined benefit obligations	(1.9)	(5.2)

Expense recognised in the income statement:

	2020 £m	2019 £m
Current service cost	0.1	-
Net interest cost on net defined benefit liability	0.1	0.2
	0.2	0.2

Current service cost is recognised within Cost of sales and administrative expenses and the Net interest cost within finance cost in the income statement.

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

History of plans (continued)

Movements in the present value of defined benefit obligation:

	Total £m
Balance at 1 January 2019	55.3
Current service cost	-
Interest cost on the defined benefit obligation	1.0
Disbursements from plan assets	(2.1)
Actuarial gain – experience	(4.4)
Actuarial gain – demographic assumptions	(0.5)
Actuarial loss – financial assumptions	6.3
Balance at 31 December 2019	55.6
Current service cost	0.1
Interest cost on the defined benefit obligation	1.1
Disbursements from plan assets	(4.5)
Actuarial gain – demographic assumptions	(0.1)
Actuarial loss – financial assumptions	5.3
Balance at 31 December 2020	57.5

Of the above obligation £nil (2019: £nil) relates to active employees, £44.8 million (2019: £43.0 million) relates to vested terminees and £12.7 million (2019: £12.6 million) relates to retirees at the last valuation date.

Movements in the fair value of plan assets:

	Total £m
Balance at 1 January 2019	47.1
Interest income on plan assets	0.8
Return on plan assets less the discount rate	2.4
Employer contributions	2.2
Disbursements	(2.1)
Balance at 31 December 2019	50.4
Interest income on plan assets	1.0
Return on plan assets less the discount rate	6.8
Employer contributions	1.9
Disbursements	(4.5)
Balance at 31 December 2020	55.6

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

19. Capital and reserves

Share capital	2020 £	2019 £
Fully paid		
Allotted 222,039 (2019: 222,039) shares of £0.01 each	2,220	2,220

Merger reserve

The merger reserve, created across two accounting periods, 2014 and 2015 was driven by the acquisition of the Salt, Sulphur Chemicals and Esters businesses from the Company's then subsidiary INEOS Enterprises Limited (now INOVYN Enterprises Limited). The difference between the book value and the consideration paid of £23.5 million was taken directly to the merger reserve as, at the time, both companies were under common control.

20. Dividends paid

The following dividends were recognised during the year:

	2020 £m	2019 £m
Dividend paid	-	28.0

On 5 March 2019, the Company declared an interim dividend of £17,149,238 (£91.67 per share). Subsequently, the Company paid a further dividend of £10,878,698 (£58.16 per share).

21. Related parties

Until 5 March 2019 related parties comprised parent entities and their subsidiaries not included within the INEOS Enterprises Holdings Limited group. INEOS Enterprises Holdings Limited being, up until this point the smallest and largest Group that consolidated the Company's financial statements.

Subsequent to the 5 March 2019, related parties refer to parent entities and their subsidiaries not included within the INOVYN Limited group, INOVYN Limited, from this point onwards being the smallest and largest group within which the company's financial statements are consolidated.

Entities controlled by the shareholders of INEOS Limited, the ultimate parent company; joint ventures and associated undertakings held by INEOS Limited and its subsidiaries are also considered to be related parties.

Mr J A Ratcliffe, Mr A C Currie and Mr J Reece are the shareholders of INEOS Limited. INEOS AG a subsidiary of INEOS Limited provides operational management services to the Company through a management services agreement.

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

Material trading transactions with these entities are as follows:

2020				
	Sales and cost recoveries £m	Purchases £m	Debtors £m	Creditors £m
INEOS Commercial Services Limited	-	(0.3)	-	-
INEOS Nitriles UK Limited	0.1	-	-	-
INEOS Enterprises Holdings Limited	0.6	(0.2)	0.1	-
INEOS Europe AG	0.2	-	-	-
INEOS Enterprises Holdings II Limited	0.4	-	-	-
Petroineos Trading Limited	0.1	-	-	-
INEOS Holdings Limited	0.1	(0.1)	-	-
INEOS Sulphur Chemicals Spain SL	-	(1.2)	-	-
	1.5	(1.8)	0.1	-
2019				
	Sales and cost recoveries £m	Purchases £m	Debtors £m	Creditors £m
INOVYN ChlorVinyls Limited	0.2	(1.3)	-	-
INOVYN Enterprises Limited	-	(1.4)	-	-
INEOS Commercial Services Limited	-	(0.2)	-	-
INEOS Nitriles UK Limited	1.1	-	-	-
INEOS Enterprises Holdings Limited	6.0	(0.2)	0.9	-
INEOS Europe AG	0.3	(0.5)	-	(0.1)
INEOS Solvents SA	0.3	-	-	-
INEOS Compounds Aycliffe Limited	0.2	-	-	-
INEOS Olefins & Polymers	-	(0.4)	-	-
INEOS Holdings Limited	-	(0.1)	-	-
INEOS Sulphur Chemicals Spain SL	0.2	(0.1)	-	(0.1)
	8.3	(4.2)	0.9	(0.2)

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

22. Ultimate parent undertaking and controlling party

Until 5 March 2019, the immediate parent undertaking was INEOS Enterprises Group Holdings (Jersey) Limited, a company registered in Jersey. From this date onwards the immediate parent undertaking became INOVYN Finance plc. Throughout the year and up to the date of signing the Company's ultimate parent company was INEOS Limited, a company registered in Isle of Man. The Directors regard Mr JA Ratcliffe to be the ultimate controlling party by virtue of his majority shareholding in INEOS Limited.

Until 5 March 2019, the smallest and largest Company that consolidated the Company and Company's financial statements was INEOS Enterprise Holdings Limited. The consolidated financial statements of INEOS Enterprise Holdings Limited are available to the public and may be obtained from the Company Secretary at Unit 14 Evenwood Close, Runcorn, WA7 1LZ, United Kingdom, which is the Company's registered office.

The smallest group that consolidates the Company's financial statements is that headed by INOVYN Limited. The consolidated financial statements of INOVYN Limited are available to the public and may be obtained from the Company Secretary at Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom. The largest group in which the results of the Company are consolidated is that headed by INEOS Quattro Holdings Limited. The consolidated financial statements of INEOS Quattro Holdings Limited are available to the public and may be obtained from the Company Secretary at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

The registered address of INOVYN Limited is Bankes Lane Office, Bankes Lane, PO Box 9, Runcorn, Cheshire, WA7 4JE, United Kingdom. The registered address of INEOS Quattro Holdings Limited is Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom.

23. Critical accounting estimates and key sources of estimation uncertainty

The Company prepares its financial statements in accordance with the 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 change and in any future periods.

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 discussed below.

Post-retirement benefits

The Company operates a number of defined benefit post-employment schemes. Under IAS 19 Revised Employee Benefits, management is required to estimate the present value of the future defined benefit obligation of each of the defined benefit schemes. The costs and year end obligations under defined benefit schemes are determined using actuarial valuations. The actuarial valuations involve making numerous assumptions, including:

- Inflation rate projections; and
- Discount rate for scheme liabilities;

Details of post-retirement benefits are set out in Note 18.

Impairment of assets

The Company conducts an impairment test where there is an indication of impairment of an asset. Where such an indication exists, management will consider the recoverable amount, that is the higher of the asset's fair value less costs of disposal and its value in use in comparison to its carrying value. In determining the recoverable amount, management is required to estimate the fair value an possible disposal costs of the asset or the future cashflows deemed to be receivable from the operation of the asset, the robustness of those cashflows as well as factors such as the time value of money.

INEOS Enterprises Group Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

24. Post balance sheet events

United Kingdom withdrawal from the European Union ("Brexit")

The withdrawal agreement under which the United Kingdom will leave the European Union was ratified on 31 January 2020. This has started a transition period until the end of December 2020. The Company has made significant plans to limit the impact of Brexit on its activities.

Closure of the Sulphur Chemicals plant

On 25 March 2021, the Company announced that the Sulphur Chemicals plant was to be closed following an unexpected interruption of service in October 2020 which caused significant damage to a number of critical plant components.