INEOS Sales (UK) Limited

Annual report and financial statements

Registered number 7445505

31 December 2018

Contents

Strategic report for the year ended 31 December 2018

The directors present their strategic report on the Company for the year ended 31 December 2018.

Review of business and future developments

The Company is a Limited Risk Distributor (LRD) for petroleum products sold on behalf of other companies within the INEOS group for which it receives a small margin. During 2018, demand for olefins in the year was solid in a tight market with top of cycle margin conditions, particularly in the first half of the year. European polymer demand was firm in a balanced market with good volumes and solid margins during the year, although there was some deterioration in the second half as markets lengthened. The weak Euro compared to other major currencies, together with continued relatively low oil prices, has aided European markets by minimising imports and facilitating export opportunities.

The Company also owns the chemical technology licence and patents. Following the review of the strategy for the Technologies business in 2016 it was decided to restructure the business. The business has continued with polyolefin catalyst activities and no longer enters into new external polyolefin licences. All existing licences continue until the end of their term.

The Company also provides support services to INEOS Europe AG and other companies within the INEOS group.

For 2019 and for future years it is the expectation that the company will continue with its current principal activities.

The Company operates and trades within the EU, purchasing materials as well as selling finished products into European countries. The UK has voted to leave the EU and during the course of 2018/19 the UK government has been negotiating the terms of a deal for BREXIT. The Company has identified the potential impact to the business which would result from the various BREXIT scenarios, assessed the risks that will affect the business and has developed mitigating action plans to be implemented once the outcome of BREXIT is known.

During the year, the Company acquired 1 share in INEOS Manufacturing Belgium II N.V, a Group company registered in Belgium.

Results and dividends

The profit for the financial year before taxation was €14,952,000 (*2017: profit of €5,511,000*). The directors do not propose the payment of a dividend (*2017: €nil*).

Strategy

The longer term objective is to achieve sustained revenue growth for the Limited Risk Distribution activities at a rate consistent with the 2018 level and to generate profits by charging competitive distribution margins and service fees whilst maintaining rigid cost control.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of INEOS Group Holdings S.A. which includes the Company, are discussed in the group's annual report which does not form part of this report.

Strategic report for the year ended 31 December 2018 *(continued)*

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of INEOS Group Holdings S.A. which include those of the Company are discussed in the group's annual report which does not form part of this report.

By order of the board

Y Ali
Company secretary
10 July 2019

Directors' report for the year ended 31 December 2018

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

Principal activities

The Company owns the chemical technology licences and patents and provides support services to INEOS Europe AG and other companies within the INEOS group. The Company is also a Limited Risk Distributor for petroleum products sold on behalf of other companies within the INEOS group for which it receives a small margin.

Results and dividends

Results and dividends are discussed in the strategic report.

Future developments

Future developments are discussed in the strategic report.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of credit 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 funded internally by the INEOS 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 INEOS Group Holdings S.A..

Directors

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

Y S Ali (Resigned 2 June 2018)

L Filippi (Appointed 1 June 2018)

J F Ginns

G W Leask

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

Employees

The Company has developed voluntary practices and procedures for employee involvement appropriate to their own circumstances and needs. The Company encourages this approach to provide information and consultation and believes that this promotes a better understanding of the issues facing the individual business in which the employee works. The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Company by issuing communications on the company intranet, holding information meetings hosted by the board and operating a bonus scheme linked to the business performance. The Company consults employees on their representatives on a regular basis so that the views of employees can be taken into account in making decisions that are likely to affect their interests.

Health & safety

Our facilities and operations are subject to a wide range of health, safety, security and environmental ("HSSE") laws and regulations in all of the jurisdictions in which we operate. These requirements govern, among other things, the manufacture, storage, handling, treatment, transportation and disposal of hazardous substances and wastes, wastewater discharges, air emissions, noise emissions, human health and safety, process safety and risk management and the clean-up of contaminated sites. Many of our operations require permits and controls to monitor or prevent pollution. We have incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future HSSE laws, regulations and permits or the more stringent enforcement of such requirements.

Our operations are currently in material compliance with all HSSE laws, regulations and permits. We actively address compliance issues in connection with our operations and properties and we believe that we have systems in place to ensure that environmental costs and liabilities will not have a material adverse impact on us.

Statement of directors' responsibilities

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

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

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

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

Statement of directors' responsibilities *(continued)*

The directors are 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.

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

Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director 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 section 418 of the Companies Act 2006.

Independent auditors

During the year PricewaterhouseCoopers LLP were reappointed as auditors of the Company.

By order of the board

Y Ali
Company secretary
10 July 2019
Registration number 7445505

Independent auditors' report to the members of INEOS Sales (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, INEOS Sales (UK) Limited's financial statements:

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

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Profit and Loss Account, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Independent auditors' report to the members of INEOS Sales (UK) Limited *(continued)*

Conclusions relating to going concern *(continued)*

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditors' report to the members of INEOS Sales (UK) Limited *(continued)*

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Ian Marsden

Ian Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
10 July 2019

Profit and Loss Account

For the year ended 31 December 2018

	Note	2018 €000	2017 €000
Turnover	2	**2,009,181**	1,545,044
Cost of sales		**(1,973,845)**	(1,519,576)
Gross profit		**35,336**	25,468
Distribution costs		**(19)**	(206)
Administrative expenses		**(14,226)**	(12,992)
Other operating (expense)/income	3	**(22)**	6
Operating profit	4	**21,069**	12,276
Other interest receivable and similar income	7	**5,138**	6,644
Interest payable and similar expenses	8	**(11,255)**	(13,409)
Profit before taxation		**14,952**	5,511
Tax on profit	9	**(3,300)**	(2,853)
Profit for the financial year		**11,652**	2,658

All activities of the Company relate to continuing operations.

The Company has no recognised other comprehensive income and therefore no separate statement of other comprehensive income has been presented.

Balance Sheet

As at 31 December 2018

	Note	**2018** **€000**	2017 €000
Fixed assets			
Intangible assets			
Negative goodwill	*10*	**-**	-
Other intangibles	*10*	**-**	-
		-	-
Tangible assets	*11*	**4**	29
Investments	*12*	**2**	1
		6	30
Current assets			
Stocks	*13*	**672**	466
Debtors (including €27,896,000 (2017: €23,804,000) due after more than one year)	*14*	**178,839**	168,166
Deferred tax asset	*15*	**53,973**	55,437
Cash at bank and in hand		**2,077**	8,482
		235,561	232,551
Creditors: amounts falling due within one year	*16*	**(189,831)**	(198,190)
Net current assets		**45,730**	34,361
Total assets less current liabilities		**45,736**	34,391
Provisions for liabilities			
Other provisions	*17*	**-**	(307)
Net assets		**45,736**	34,084
Capital and reserves			
Called up share capital	*19*	**-**	-
Profit and loss account		**45,736**	34,084
Total equity		**45,736**	34,084

These financial statements on pages 9 to 33 were approved by the board of directors on 10 July 2019 and were signed on its behalf by:

G W Leask

Director

Company registered number: 7445505

Statement of Changes in Equity
For the year ended 31 December 2018

	Called up share capital €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2017	-	31,426	31,426
Total comprehensive income for the year, comprising:			
Profit for the financial year	-	2,658	2,658
Balance at 31 December 2017	-	34,084	34,084

	Called up share capital €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2018	-	34,084	34,084
Total comprehensive income for the year, comprising:			
Profit for the financial year	-	11,652	11,652
Balance at 31 December 2018	-	**45,736**	**45,736**

Notes to the financial statements for the year ended 31 December 2018
(Forming part of the financial statements)

1 Accounting policies

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

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

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

The financial statements are expressed in euros as the Company primarily generates income, incurs expenditure and has the majority of its assets and liabilities denominated in euros. The exchange rate as at 31 December 2018 was €1.10939/£1 *(2017: €1.12575/£1)*.

INEOS Group Holdings S.A. is the parent undertaking that includes the Company in its consolidated financial statements. The consolidated financial statements INEOS Group Holdings S.A. can be obtained from the Company Secretary, 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

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;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

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

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

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

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

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

(Forming part of the financial statements) (continued)

1 Accounting policies *(continued)*

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as financial instruments classified as fair value through other comprehensive income.

1.2 Going concern

The Company meets its day-to-day working capital requirements through its intercompany current account facility. The Company's forecasts and projections, taking into account any reasonable changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Foreign currency

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

1.4 Non-derivative financial instruments

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

Trade and other debtors

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

Trade and other creditors

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

Interest-bearing borrowings

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

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

(Forming part of the financial statements) (continued)

1 Accounting policies *(continued)*

1.5 Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on subsequent remeasurement to fair value is recognised immediately in profit or loss.

1.6 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1.7 Tangible fixed assets

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

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

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

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

- fixtures and fittings 5 years

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

1.8 Intangible assets and negative goodwill

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

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

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

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the non-monetary assets arising on the acquisition are recovered, whether through depreciation or sale. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Notes to the financial statements for the year ended 31 December 2018
(Forming part of the financial statements) (continued)

1 Accounting policies *(continued)*

1.8 Intangible assets and negative goodwill (continued)

Amortisation

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

- Intellectual property 5 years
- Other intangible assets 3 years

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.10 Impairment of financial assets

Trade and other debtors

The Company applies the simplified approach when providing for expected credit losses prescribed by IFRS 9 for its trade debtors 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 debt 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.

1.11 Impairment of non-financial assets excluding inventories and deferred tax 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.

For goodwill and other intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at the end of the reporting period.

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 profit and loss account.

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.

Notes to the financial statements for the year ended 31 December 2018
(Forming part of the financial statements) (continued)

1 Accounting policies *(continued)*

1.11 Impairment of non-financial assets excluding inventories and deferred tax assets (continued)

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.

1.12 Post-employment benefits

Defined contribution plan

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 the defined contribution pension plan are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.13 Securitisation

The Company is party to a trade debtors securitisation programme in which various group subsidiaries sell trade debtors to INEOS Finance Ireland, a special purpose vehicle, for a discounted rate. INEOS Finance Ireland pledges the debtors as security for borrowings from a number of conduit lenders. The Company has retained no significant risks or rewards of ownership relating to the receivables sold to INEOS Finance Ireland and therefore no longer recognise those receivables from the date of sale. The cash due from the sale of debtors, less a financing cost, is lent to INEOS Holdings Limited. The financing cost is recognised in interest payable.

1.14 Provisions

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

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

(Forming part of the financial statements) (continued)

1 Accounting policies *(continued)*

1.15 Turnover

Turnover represents the invoiced value of products and services sold or services provided to third parties net of sales discounts, value added taxes and duties. Contracts for goods and services are analysed to determine the distinct performance obligations against which revenue should be recognised. The amount to be recognised is determined from the standalone selling prices for goods and services, allocated to the performance obligations. Revenue is recognised when (or as) the performance obligations are satisfied by transferring a promised good or service to a customer.

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 dispatched or delivered depending on the relevant delivery terms and point at which the control of the good or service is transferred to the customer.

Services provided to third parties include administrative and operational services provided to other chemical companies with facilities on our sites revenue is recognised at a point in time or over-time depending on whether the over-time revenue recognition criteria is met.

1.16 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and interest payable

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

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

Notes to the financial statements for the year ended 31 December 2018
(Forming part of the financial statements) (continued)

1 Accounting policies *(continued)*

1.17 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.18 Exceptional items

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

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

(Forming part of the financial statements) (continued)

1 Accounting policies *(continued)*

1.19 Changes in accounting policies

From 1 January 2018 the Company has applied IFRS 9 and IFRS 15 for the first time along with a number of other new standards, although none have had a material effect on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control-at a point in time or over time- requires judgement.

The Company has adopted IFRS 15 using the retrospective method with the effect of initially applying the standard recognised at the date of the earliest comparative period (i.e. 1 January 2017). The Company has elected for the following practical expedients available under the retrospective transition method:

1. The Company does not restate completed contracts that begin and end within the same annual reporting period or restate contracts that are completed contracts at the beginning of the earliest comparative period presented.
2. The Company uses the transaction price at the date on which the contract was completed, rather than estimating the variable consideration amounts in each comparative reporting period.
3. The Company does not separately evaluate the effects of contract modifications before the beginning of the earliest reporting period presented using the contract modifications requirements in the new standard. Instead, the Company has reflected the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented in:
    - (i) identifying the satisfied and unsatisfied performance obligations;
    - (ii) determining the transaction price; and
    - (iii) allocating the transaction price to the satisfied and unsatisfied performance obligations.
4. The Company does not disclose for reporting periods presented before the date of initial application (i.e. 1 January 2018)
    - (i) the amount of the transaction price allocated to the remaining performance obligations; nor
    - (ii) an explanation of when the entity expects to recognise that amount as revenue.

The details and quantitative impact of the changes in accounting policies are disclosed below.

Shipping and handling activities recognised as separate performance obligation

The Company previously did not assess shipping and handling activities as separate performance obligations and recognised revenue on transfer of goods to the customer. Under IFRS 15, when shipping and handling activities are performed after the customer obtains control of the goods, they are treated as a separate performance obligation, and therefore a portion of the transaction price is allocated to shipping and handling and revenue is recognised as the shipping and handling performance obligation is satisfied.

Volume discounts and early payment discounts

The Company previously recognised revenue for contracts with volume discounts and early payment discounts when a reasonable estimate of the discount could be made, and provided that all other criteria for revenue recognition were met. Under IFRS 15, revenue will only be recognised for these contracts to the extent that it is highly probable that a significant reversal to cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Company concluded that there is no material impact on the timing and amount of revenue recognised.

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

(Forming part of the financial statements) (continued)

1 Accounting policies *(continued)*

1.19 Changes in accounting policies (continued)

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company adopted consequential amendments to IAS 1 Presentation of Financial Statements, which requires impairment of financial assets to be presented in a separate line item in the income statement and OCI.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018, but have not been generally applied to comparative information.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and debtors and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

All financial assets previously classified as loans and debtors under IAS 39 have been reclassified to amortised cost under IFRS 9.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Under IFRS 9, loss allowances are now measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile; however due to the quality of the Company's trade debtors and its low history of bad debts the application of IFRS 9 has not resulted in a material change to the allowance for impairment in respect of trade debtors (see Note 14).

Notes to the financial statements for the year ended 31 December 2018
(Forming part of the financial statements) (continued)

1 Accounting policies *(continued)*

1.19 Changes in accounting policies (continued)

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9, but rather those of IAS 39.
- The new hedge accounting requirements have been applied prospectively.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as FVOCI.

New amendments for 2018

The Company has applied the following amendments to accounting standards for the first time in 2018 with effect from 1 January 2018:

- IFRIC 22 Foreign Currency Transactions and Advance Consideration mandatory for year commencing on or after 1 January 2018.

IFRIC 22 clarifies the transaction date used to determine the exchange rate for foreign currency transactions involving an advance payment or receipt.

Other amendments to be applied by companies in 2018 that are not applicable for the Company are the amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions; amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts; and the amendments to IAS 40 – Transfers of Investment Property.

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

(Forming part of the financial statements) (continued)

2 Turnover

	2018 €000	2017 €000
Sale of goods	**2,002,670**	1,538,955
Rendering of services	**6,511**	6,089
Total turnover	**2,009,181**	1,545,044

	2018 €000	2017 €000
By activity		
O&P Europe	**1,622,065**	1,175,028
Chemicals Intermediates	**387,116**	370,016
	2,009,181	1,545,044
By geographical market		
UK	**611,505**	413,217
Rest of Europe	**992,393**	852,279
The Americas	**191,931**	106,730
Rest of World	**213,352**	172,818
	2,009,181	1,545,044

In presenting information on the basis of geographic analysis of segments, segment revenue is based on the geographical location of customers and geographical locations from which the Company derives revenues.

Revenues from external customers for each product and service or each group of similar products and services and a geographic analysis of segment assets are not presented as the necessary information is not available and the Directors are of the opinion that the cost to develop it would be excessive. The timing of revenue recognition for the vast majority of the Company's sale transactions is at a point in time. Revenues for goods or services transferred over time are immaterial.

No contract assets and liabilities have been recognised in the Balance Sheet of the Company. Its impact, if any, was deemed immaterial. The performed analysis has concluded that the right of payment of the goods and services sold by the Company is unconditional, except for the passage of time. Therefore, all rights of payment have been booked as a trade debtor.

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

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

(Forming part of the financial statements) (continued)

3 Other operating (expense)/income

	2018	2017
	€000	€000
Other (expense)/income	**(22)**	6

4 Operating profit

Included in operating profit are the following:

	2018	2017
	€000	€000
Exchange loss/(gain)	**493**	(2,500)
Depreciation of owned tangible fixed assets (Note 11)	**25**	25

Auditors' remuneration:

	2018	2017
	€000	€000
Audit of these financial statements	**92**	91
Amounts receivable by the Company's auditors and its associates in respect of:		
Other tax advisory services	**1**	2
	93	93

Notes to the financial statements for the year ended 31 December 2018
(Forming part of the financial statements) (continued)

5 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:

	Number of employees	
	2018	2017
Sales and marketing	**4**	7
Administration	**127**	85
	131	92

The aggregate payroll costs of these persons were as follows:

	2018	2017
	€000	€000
Wages and salaries	**16,409**	13,205
Social security costs	**2,178**	1,682
Other pension costs (Note 18)	**699**	541
	19,286	15,428

6 Directors remuneration

None of the directors received any fees or remuneration for services as a director of the Company during the financial year *(2017: €nil)*.

The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid director was €nil *(2017: €nil)*.

No directors had benefits accruing under a defined benefit pension scheme.

7 Other interest receivable and similar income

	2018	2017
	€000	€000
Interest income on financial assets not at fair value through profit or loss	**4,302**	6,644
Net foreign exchange gain	**836**	-
	5,138	6,644

Total interest receivable and similar income includes interest receivable from group undertakings of €4,263,000 *(2017: €6,637,000)*.

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

(Forming part of the financial statements) (continued)

8 Interest payable and similar expenses

	2018 €000	2017 €000
Other interest payable and similar expenses	**11,255**	11,978
Net foreign exchange loss	**-**	1,431
	11,255	13,409

Interest payable and similar expenses include interest payable to group undertakings of €11,002,000 *(2017: €11,812,000).*

9 Tax on profit

Recognised in the profit and loss account

	2018 €000	2017 €000
UK corporation tax		
Current tax on profit for the year	**1,791**	469
Adjustments in respect of prior periods	**(723)**	(610)
	1,068	(141)
Foreign tax		
Current tax on income for the year	**768**	1,518
Total current tax	**1,836**	1,377
Deferred tax (see Note 15)		
Origination and reversal of temporary differences	**1,916**	1,243
Adjustments in respect of prior periods	**(452)**	233
Total deferred tax	**1,464**	1,476
Tax on profit	**3,300**	2,853

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

(Forming part of the financial statements) (continued)

9 Tax on profit *(continued)*

Reconciliation of effective tax rate

	2018 €000	2017 €000
Tax on profit	**3,300**	2,853
Profit before taxation	**14,952**	5,511
Profit before taxation multiplied by the standard rate of tax in the UK of 19.00% *(2017:19.25%)*	**2,841**	1,061
Non-deductible expenses	**866**	651
Adjustments in respect of prior periods	**(1,175)**	(377)
Overseas tax	**768**	1,518
Total tax expense	**3,300**	2,853

The UK Corporation tax rate was reduced from 20% to 19% with effect from 1 April 2017. The rate will reduce further to 17% from 1 April 2020. Any deferred tax expected to reverse after 1 April 2020 has been remeasured using the rates substantively enacted at 31 December 2018.

10 Intangible assets

	Negative Goodwill €000	Intellectual property €000	Total €000
Cost			
Balance at 1 January 2018	(89,041)	39,000	**(50,041)**
Disposals	89,041	(39,000)	**50,041**
Balance at 31 December 2018	-	-	-
Accumulated amortisation			
Balance at 1 January 2018	89,041	(39,000)	**50,041**
Disposals	(89,041)	39,000	**(50,041)**
Balance at 31 December 2018	-	-	-
Net book value			
At 31 December 2017	-	-	-
At 31 December 2018	-	-	-

Notes to the financial statements for the year ended 31 December 2018
(Forming part of the financial statements) (continued)

11 Tangible assets

	Fixtures and fittings €000
Cost	
Balance at 1 January 2018 and 31 December 2018	122
Accumulated depreciation	
Balance at 1 January 2018	(93)
Depreciation charge for the year	(25)
Balance at 31 December 2018	(118)
Net book value	
At 31 December 2017	29
At 31 December 2018	4

12 Investments

	Shares in Group Undertakings 2018 €000	Shares in Group Undertakings 2017 €000
At 1 January 2018	1	1
Additions	1	-
Balance at 31 December 2018	2	1

The Company holds minority shareholdings in the following companies:

Name	Address of the registered office	Class of shares held	Ownership 2018	Ownership 2017
INEOS Manufacturing Belgium N.V.	Scheldelaan 482, B-2040 Antwerpen, Belgium	Ordinary	0.0005%	0.0005%
INEOS Sales Belgium S.A.	Ransbeekstraat 310, B-1120 Needer-over Heembeek, Belgium	Ordinary	1.0000%	1.0000%
INEOS Services Belgium SA.	Ransbeekstraat 310, B-1120 Needer-over-Heembeek, Belgium	Ordinary	0.0062%	0.0062%
INEOS Manufacturing Belgium II N.V	Scheldelaan 482, B-2040 Antwerpen, Belgium	Ordinary	1.0000%	-

The remaining shareholdings in each company are held by INEOS European Holdings Limited.

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

(Forming part of the financial statements) (continued)

13 Stocks

	2018 €000	2017 €000
Finished goods	**672**	466

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to €1,929,051,000 *(2017:€1,501,314,000)*. The write-down of stocks to net realisable value amounted to €nil *(2017: €nil)*.

14 Debtors

	2018 €000	2017 €000
Trade debtors	**9,371**	11,877
Amounts owed by group undertakings	**144,740**	152,653
Other debtors	**7**	15
Prepayments & accrued income	**389**	-
Taxation and social security	**24,332**	3,621
	178,839	168,166
Due within one year	**150,943**	144,362
Due after more than one year	**27,896**	23,804

The amounts not yet due after impairment losses as of the end of the reporting period are deemed to be collectible on the basis of established credit management processes such as regular analyses of the credit worthiness of our customers and external credit checks where appropriate for new customers. At 31 December 2017 and 2018 there were no significant trade, group undertakings or other debtor balances not past due that were subsequently impaired.

Credit risk of trade debtors

	2018 €000
Low	**8,181**
Medium	**1,137**
High	**5,964**
Impairment Allowance	**(5,911)**
	9,371

During the year the Company has not experienced a significant deterioration in the quality of debtor balances due to the current economic conditions.

There were no allowances made against amounts due from other debtors **during the year (2017: €nil).**

There were no allowances made against amounts owed by group undertakings **during the year (2017: €nil).**

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

(Forming part of the financial statements) (continued)

15 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018	2017	**2018**	2017	**2018**	2017
	€000	€000	**€000**	€000	**€000**	€000
Tax value of loss carry-forwards	**51,817**	52,231	**-**	-	**51,817**	52,231
Accelerated capital allowances	**2,156**	3,206	**-**	-	**2,156**	3,206
Net tax assets	**53,973**	55,437	**-**	-	**53,973**	55,437

Movement in deferred tax during the year

	1 January 2018 €000	Recognised in income €000	31 December 2018 €000
Losses	52,231	(414)	51,817
Accelerated capital allowances	3,206	(1,050)	2,156
	55,437	(1,464)	53,973

Movement in deferred tax during the prior year

	1 January 2017 €000	Recognised in income €000	31 December 2017 €000
Losses	53,006	(775)	52,231
Accelerated capital allowances	3,907	(701)	3,206
	56,913	(1,476)	55,437

16 Creditors: amount falling due within one year

	2018	2017
	€000	€000
Trade creditors	**10,899**	6,376
Amounts owed to group undertakings	**157,293**	166,985
Taxation and social security	**4,975**	8,888
Other creditors	**2,108**	-
Accruals and deferred income	**14,556**	15,941
	189,831	198,190

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

(Forming part of the financial statements) (continued)

17 Other provisions

	Restructuring Provision €000
Balance at 1 January 2018	307
Provisions reversed during the year	(319)
Effects of movements in foreign exchange	12
Balance at 31 December 2018	-

Restructuring provision

The restructuring provision was in relation to severance and reorganisation costs and related to the strategic review of the Technologies business which took place in 2016.

18 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was €699,000 *(2017: €541,000)*.

19 Called up share capital

	Ordinary shares 2018
On issue at 1 January and 31 December 2018 fully paid	1

	2018 €000	2017 €000
Allotted, called up and fully paid		
1 ordinary share of £1 each *(2017: 1)*	-	-

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

As the reporting currency of the Company is the euro the share capital has been converted to euros at the effective rate of exchange ruling at the date of issuance.

Notes to the financial statements for the year ended 31 December 2018
(Forming part of the financial statements) (continued)

20 Contingent Liabilities

The Company is party to a Senior Secured Term Loans agreement dated 27 April 2012 (as amended). The total outstanding indebtedness under the Senior Secured Term Loans agreement at 31 December 2018 was €3,476.7 million (2017: €3,405.5 million). The Company is a guarantor under the Senior Secured Term Loans agreement. These obligations are secured by fixed and floating charges over the assets of the Company.

The Company is party to the Senior Secured Notes due 2023 Indenture dated 5 May 2015 and the Senior Secured Notes due 2025 Indenture dated 3 November 2017. The total outstanding indebtedness under the Senior Secured Notes at 31 December 2018 was €1,320.0 million (2017: €1,320.0 million). The Company is a guarantor under the Senior Secured Notes Indentures. These obligations are secured by fixed and floating charges over the assets of the Company. In April 2019, the Group issued €770 million Senior Secured Notes due 2026. The proceeds of the refinancing along with cash on hand were used to redeem in full the Senior Secured Notes due in 2023 on 1 May 2019.

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

21 Related parties

Other related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow subsidiaries under common ownership. Transactions entered into, and trading balances outstanding at 31 December with other related parties, are as follows:

Other related party transactions

	Sales to related party		**Purchases to related party**	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Other related parties	**7,279**	689	**17**	909

	Receivables outstanding		**Creditors outstanding**	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Other related parties	**186**	291	**-**	154

Notes to the financial statements for the year ended 31 December 2018
(Forming part of the financial statements) (continued)

22 Controlling parties

The immediate parent undertaking is INEOS European Holdings Limited.

The ultimate parent company at 31 December 2018 was INEOS Limited, a company incorporated in the Isle of Man.

INEOS Group Holdings S.A. is the parent undertaking of the smallest and largest group undertakings to consolidate these financial statements. The consolidated financial statements of INEOS Group Holdings S.A. are prepared in accordance with International Financial Reporting Standards and can be obtained from the Company Secretary, 58, rue Charles Martel, Luxembourg, L-2134, Luxembourg.

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

23 Accounting estimates and judgements

Taxation

All the Company's operations are in the UK. Management is required to estimate the tax payable and this involves estimating the actual current tax charge or credit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be included on the consolidated balance sheet of the Company. Management have performed an assessment as to the extent to which future taxable profits will allow the deferred asset to be recovered. The calculation of the Company's total tax charge necessarily involves a significant degree of estimation in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process.

The Company has, from time to time, contingent tax liabilities arising from trading and corporate transactions. After appropriate consideration, management makes provision for these liabilities based on the probable level of economic loss that may be incurred and which is reliably measurable.

Details of amounts recognised with regard to taxation are disclosed in Notes 9 and 15.

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

(Forming part of the financial statements) (continued)

23 Accounting estimates and judgements *(continued)*

Impairment reviews

IFRSs require management to test for impairment of goodwill and other intangible assets with indefinite lives, on an annual basis, and of tangible and intangible assets with finite lives if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

An impairment test requires an assessment as to whether the carrying value of assets can be supported by its recoverable amount. Management calculates the recoverable amount based on the net present value of the future cash flows derived from the relevant assets, using cash flow projections which have been discounted at an appropriate discount rate.

In calculating the net present value of the future cash flows, certain assumptions and estimates are required to be made in respect of highly uncertain matters, including management's expectations of:

- growth rates of various revenue streams;
- long term growth rates;
- future margins;
- the selection of an appropriately risk adjusted discount rate; and
- the determination of terminal values.

Changing the assumptions selected by management, in particular the discount rate used in the present value calculation, could significantly affect the Company's impairment evaluation and results.

For the purpose of impairment testing (when required), to assess whether any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as changes in the planned use of buildings, plant or equipment, or closure of facilities, the presence or absence of competition, lower than expected asset utilisation from events such as unplanned outages, strikes and hurricanes, technical obsolescence or lower than anticipated sales of products with capitalised intellectual property rights could result in shortened useful lives or impairment. Changes in the discount rates used could also lead to impairments.

Impairment of debtors

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