INEOS Sales (UK) Limited

Annual report and financial statements

Registered number 7445505

31 December 2019

Contents

Strategic report for the year ended 31 December 2019

The directors present their Strategic report on the Company for the year ended 31 December 2019.

Review of business and future developments

INEOS Sales (UK) Limited ("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. Demand for olefins in the year was solid in a tight market, with a high level of scheduled competitor turnarounds during parts of the year constraining supply. European polymer demand was relatively firm in a balanced market with good volumes. Margins saw some deterioration in the second half of the year as markets lengthened with increased levels of imports. The overall demand trend in the Oligomers business was strong in most sectors, with robust demand in the polyethylene co-monomer segment. The Nitriles business was adversely impacted by production issues at its facilities which significantly impacted sales volumes, together with a weaker ABS and acrylic fibre market environment.

The Company also owns the chemical technology licence and patents. 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 2020 and for future years it is the expectation that the company will continue with its current principal activities.

The Company sells petrochemicals into a number of different European countries. 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 is developing plans to mitigate the impact of the end of the Brexit transition period on its activities in the European Union.

Results and dividends

The profit for the financial year before taxation was €8,148,000 (*2018: €14,952,000*). The directors do not propose the payment of a dividend (*2018: €nil*).

Strategy

The longer term objective is to achieve sustained revenue growth for the Limited Risk Distribution activities at a rate consistent with the 2019 level and to generate profits by charging competitive distribution margins and service fees whilst maintaining rigid cost control.

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 consider stakeholders' views when making decisions.

Long-term factors

The Company's strategy is to grow its business portfolio through maintaining and increasing its customer base.

Strategic report for the year ended 31 December 2019 *(continued)*

To achieve these objectives, the Company has the following key strategies:

- Maintain health, safety, security and environmental excellence;
- Reduce costs and realise synergies;
- Develop and implement a sustainable business.

The directors believe these are critical long-term factors for the success of the Company.

We aim to operate and develop our business in a way that supports both our current and future needs, taking into account relevant economic, environmental and social factors. This enables us to sustain our business for the long term. We strongly believe that sustainable business management and practices will contribute to our long-term business success.

Stakeholder considerations

Engaging stakeholders and developing meaningful partnerships is essential for our 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 stakeholders' 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 our work, and our services for society.

Key stakeholders contribute to our economic, social and environmental performance. Stakeholders include our customers, suppliers, employees, investors, financial experts and rating agencies, local communities and industry associations.

As a distributor for petrochemical products the Company is aware of the impact of its operations on key stakeholders and engages with them on a regular basis to keep them informed of current and future developments. The Company adopts a holistic approach to its entire value chain and together with regulatory bodies, contractors and customers continually strive to achieve high standards.

The Company is committed to maintaining a workplace that is safe, professional and supportive of teamwork and trust. The Company is committed to creating and sustaining a work environment of mutual trust where all employees are treated with respect and dignity, compensated fairly based on local market conditions, and are entitled to adequate working hours. The Company value the diversity of its people and each of its employees is recognised as an important member of our team.

The Company is committed to protecting and maintaining the quality of the environment and to promoting the health and safety of its employees, contractors, suppliers, customers, visitors and the communities in which it operates. Compliance with all legislation intended to protect people, property and the environment is one of the Company's fundamental priorities and applies to our products as well as to our processes. Management lead by example and allocate the required resources to achieve excellence in SHE performance.

Act fairly between members

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

Strategic report for the year ended 31 December 2019 *(continued)*

COVID-19 coronavirus

In early March 2020 the Company developed contingency plans for the COVID-19 pandemic, with the primary objectives of maintaining safety of personnel and continuing operation of the business.

Following the UK Government announcement on 23 March 2020 of UK lockdown, a number of changes to standard working practices were implemented, the result of which was to reduce personnel on site to those defined as operationally critical. This included immediately stopping any non-critical projects the vast majority of office-based staff adopted home working, these restrictions produced an approximate 95% reduction in personnel accessing our buildings and sites and significantly reduced the potential for spread of infection in the Business.

The Company sells petrochemical products which are widely used in medical equipment production including face masks, ventilators, gloves, eye visors and anti-bacterial handgel and also widely used in food packaging, the demand for these products due to COVID-19 has increased although demand for durables such as for use in car manufacturing has declined.

The Company is closely monitoring the evolution of COVID-19 and is following the World Health Organisation travel advice. With regards to business impact the effect the virus will have on the global economy and the chemical industry is difficult to assess at this point in time, although the Company is constantly evaluating the situation and monitoring any potential effects on production, demand and deliveries.

The Company meets its day-to-day working capital requirements through its inter-company loan facility. The Company's forecasts and projections including an assessment of the potential impact of COVID-19 show that the Company should be able to operate within the levels of its current facilities. 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.

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.

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.

Approved and signed by order of the Board.

Y Ali
Company secretary
25 September 2020
Registration number 7445505

Directors' report for the year ended 31 December 2019

The directors present their report and audited financial statements of the Company for the year ended 31 December 2019.

Principal activities

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

Results and dividends

Results and dividends are discussed in the Strategic report.

Future developments

Future developments are discussed in the Strategic report.

Post balance sheet events

Post balance sheet events are discussed in the Strategic report.

Going concern

As at 31 December 2019 the Company has net assets of €52,234,000 (2018: €45,736,000). The entity is financed through its own operations, however if needed the directors have received confirmation that INEOS Holdings Limited will support the Company for at least one year after these financial statements are signed. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

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:

L Filippi (Resigned 27 November 2019)

J F Ginns

G W Leask

Directors' report for the year ended 31 December 2019 *(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.

The Company prohibits acts of discrimination whereby one individual is treated less favourably than another on grounds of age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity. The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

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.

Business relationships

The business relationships with suppliers and customers are of strategic importance to the directors of the Company and their decision-making process. The business relationships of INEOS Sales (UK) Limited are described in the Section 172(1) statement in the Strategic report.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic report and the Directors' 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, 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.

Directors' report for the year ended 31 December 2019 *(continued)*

Statement of directors' responsibilities in respect of the financial statements *(continued)*

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

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 auditor is 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 auditor is 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 auditor

During the year Deloitte LLP were appointed as auditor and have expressed their willingness to continue in office as auditor pursuant to Section 485-488 of the Companies Act 2006. Appropriate arrangements have been put in place for them to be deemed reappointed in the absence of an Annual General Meeting.

Approved and signed by order of the board.

Y Ali
Company secretary
25 September 2020
Registration number 7445505

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of INEOS Sales (UK) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 22.

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 these matters.

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

Report on the audit of the financial statements *(continued)*

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

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.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

Matthew Hughes

Matthew Hughes BSc (Hons) ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
25 September 2020

Profit and Loss Account

for the year ended 31 December 2019

	Note	2019 €000	2018 €000
Turnover	2	**1,792,095**	2,009,181
Cost of sales		**(1,756,984)**	(1,973,845)
Gross profit		**35,111**	35,336
Distribution costs		**(1,009)**	(19)
Administrative expenses		**(20,417)**	(14,226)
Other operating income/(expense)	3	**5**	(22)
Operating profit	4	**13,690**	21,069
Interest receivable and similar income	7	**3,800**	5,138
Interest payable and similar expenses	8	**(9,342)**	(11,255)
Profit before taxation		**8,148**	14,952
Tax on profit	9	**(1,650)**	(3,300)
Profit for the financial year		**6,498**	11,652

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 2019

	Note	**2019**	2018
		€000	€000
Fixed assets			
Tangible assets	*10*	**-**	4
Investments	*11*	**2**	2
		2	6
Current assets			
Stocks	*12*	**767**	672
Debtors (including €31,824,000 (2018: €27,896,000) due after more than one year)	*13*	**163,611**	178,839
Deferred tax asset	*14*	**54,023**	53,973
Cash at bank and in hand		**6,051**	2,077
		224,452	235,561
Creditors: amounts falling due within one year	*15*	**(172,220)**	(189,831)
Net current assets		**52,232**	45,730
Total assets less current liabilities		**52,234**	45,736
Net assets		**52,234**	45,736
Capital and reserves			
Called up share capital	*17*	**-**	-
Profit and loss account		**52,234**	45,736
Total equity		**52,234**	45,736

These financial statements on pages 10 to 30 were approved by the board of directors on 25 September 2020 and were signed on its behalf by:

G W Leask
Director
Registered number 7445505

Statement of Changes in Equity
For the year ended 31 December 2019

	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

	Called up share capital €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2019	-	45,736	45,736
Total comprehensive income for the year, comprising:			
Profit for the financial year	-	6,498	6,498
Balance at 31 December 2019	**-**	**52,234**	**52,234**

Notes to the financial statements for the year ended 31 December 2019

(Forming part of the financial statements)

1 Accounting policies

INEOS Sales (UK) Limited (the "Company") is a private limited company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. 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 2019 was €1.17055/£1 *(2018: €1.10939/£1)*.

INEOS Group Holdings S.A. is the parent undertaking that includes the Company in its consolidated financial statements. INEOS Group Holdings S.A. is a company incorporated in Luxembourg. 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.

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:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*;
- Certain disclosures required by IFRS 15 *Revenue from Contracts with Customers*; and
- Certain disclosures required by IFRS 16 *Leases* in respect of leases for which the Company is a lessee.

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 21.

Notes to the financial statements for the year ended 31 December 2019

***(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 other comprehensive income or fair value through profit and loss.

1.2 Going concern

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

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.

Investments in debt and equity securities

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment.

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 2019

(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.

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 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.

1.9 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.

Notes to the financial statements for the year ended 31 December 2019

(Forming part of the financial statements) *(continued)*

1 Accounting policies *(continued)*

1.10 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.

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.

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

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 of amortisation, if no impairment loss had been recognised.

1.11 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.

1.12 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.

Notes to the financial statements for the year ended 31 December 2019

***(Forming part of the financial statements)** (continued)*

1 Accounting policies *(continued)*

1.13 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.

1.14 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.

1.15 Interest receivable and interest payable

Interest payable includes interest payable, finance charges on shares classified as liabilities and 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. 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 2019
(Forming part of the financial statements) (continued)

1 Accounting policies *(continued)*

1.16 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.

1.17 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.

1.18 Impact of new standards and interpretations

IFRS 16 is a new accounting standard that is effective for the year ended 31 December 2019 and has no impact on the Company. There are no other amendments to accounting standards that are effective for the year ended 31 December 2019 which have had a material impact on the Company.

Notes to the financial statements for the year ended 31 December 2019
(Forming part of the financial statements) *(continued)*

2 Turnover

	2019	2018
	€000	€000
Sale of goods	**1,785,192**	2,002,670
Rendering of services	**6,903**	6,511
Total turnover	**1,792,095**	2,009,181

	2019	2018
	€000	€000
By activity		
O&P Europe	**1,494,023**	1,622,065
Chemicals Intermediates	**298,072**	387,116
	1,792,095	2,009,181
By geographical market		
UK	**337,276**	611,505
Rest of Europe	**1,104,522**	992,393
The Americas	**120,215**	191,931
Rest of World	**230,082**	213,352
	1,792,095	2,009,181

In presenting information on the basis of geographic analysis of segments, segment revenue is based on the geographical location of customers.

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.

Notes to the financial statements for the year ended 31 December 2019
***(Forming part of the financial statements)** (continued)*

3 Other operating income/(expense)

	2019 €000	2018 €000
Other income/(expense)	**5**	(22)

4 Operating profit

Included in operating profit are the following:

	2019 €000	2018 €000
Exchange loss	**1,741**	493
Depreciation of owned tangible fixed assets (Note 10)	**4**	25

Auditor's remuneration:

	2019 €000	2018 €000
Audit of these financial statements	**106**	92
Amounts receivable by the Company's auditors and its associates in respect of:		
Other tax advisory services	**7**	1
	113	93

The total in 2019 includes fees paid to Deloitte LLP for the audit of the financial statements of the Company. Auditor's remuneration for services provided during the year ended 31 December 2018 relates to amounts paid to PricewaterhouseCoopers LLP.

Notes to the financial statements for the year ended 31 December 2019

***(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 current and prior year, analysed by category, was as follows:

	Number of employees	
	2019	2018
Sales and marketing	**6**	4
Administration	**165**	127
	171	131

The aggregate payroll costs of these persons were as follows:

	2019	2018
	€000	€000
Wages and salaries	**28,340**	16,409
Social security costs	**3,190**	2,178
Other pension costs (Note 16)	**1,044**	699
	32,574	19,286

6 Directors' remuneration

None of the directors received any fees or remuneration for services as a director of the Company during the financial year *(2018: none)*.

The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid director was €nil *(2018: €nil)*.

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

7 Interest receivable and similar income

	2019	2018
	€000	€000
Interest income on financial assets measured at amortised cost	**3,800**	4,302
Net foreign exchange gain	**-**	836
Total interest receivable and similar income	**3,800**	5,138

Total interest receivable and similar income includes interest receivable from group undertakings of €3,733,000 *(2018: €4,263,000)*.

Notes to the financial statements for the year ended 31 December 2019

***(Forming part of the financial statements)** (continued)*

8 Interest payable and similar expenses

	2019	2018
	€000	€000
Other interest payable and similar expenses	9,173	11,255
Net foreign exchange loss	169	-
Total interest payable and similar expenses	**9,342**	11,255

Interest payable and similar expenses include interest payable to group undertakings of €8,951,000 *(2018: €11,002,000)*.

9 Tax on profit

Recognised in the profit and loss account

	2019	2018
	€000	€000
UK corporation tax		
Tax on profit for the year	918	1,791
Adjustments in respect of prior periods	(613)	(723)
	305	1,068
Foreign tax		
Current tax on income for the year	1,395	768
Total current tax	1,700	1,836
Deferred tax (see Note 14)		
Origination and reversal of temporary differences	630	1,916
Adjustments in respect of prior periods	(680)	(452)
Total deferred tax (credit)/charge	(50)	1,464
Tax on profit	1,650	3,300

Notes to the financial statements for the year ended 31 December 2019

***(Forming part of the financial statements)** (continued)*

9 Tax on profit *(continued)*

Reconciliation of effective tax rate

	2019 €000	2018 €000
Tax on profit	**1,650**	3,300
Profit before taxation	**8,148**	14,952
Profit before taxation multiplied by the standard rate of tax in the UK of 19% *(2018: 19%)*	**1,548**	2,841
Non-deductible expenses	**-**	866
Adjustments in respect of prior periods	**(1,293)**	(1,175)
Overseas tax	**1,395**	768
Total tax expense	**1,650**	3,300

The UK Corporation Tax rate was reduced from 20% to 19% with effect from 1 April 2017. 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 as had been announced previously. The charge to corporation tax and the main rate will also be set at 19% for the financial year beginning 1 April 2021. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%. If the amended tax rate had been used, the deferred tax asset would have been €6,356,000 higher

10 Tangible assets

	Fixtures and fittings €000
Cost	
Balance at 1 January 2019	122
Disposals	(103)
Balance at 31 December 2019	19
Accumulated depreciation	
Balance at 1 January 2019	(118)
Depreciation charge for the year	(4)
Disposals	103
Balance at 31 December 2019	(19)
Net book value	
At 31 December 2018	4
At 31 December 2019	-

Notes to the financial statements for the year ended 31 December 2019

***(Forming part of the financial statements)** (continued)*

11 Investments

	Shares in Group Undertakings 2019 €000	**Shares in Group Undertakings 2018 €000**
At 1 January 2019	**2**	1
Additions	**-**	1
Balance at 31 December 2019	**2**	2

The Company holds minority shareholdings in the following companies:

Name	**Address of the registered office**	**Class of shares held**	**Ownership 2019**	**2018**
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 S.A.	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%	1.0000%

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

12 Stocks

	2019 €000	2018 €000
Finished goods	**767**	672

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to €1,741,554,000 *(2018:€1,929,051,000)*. The write-down of stocks to net realisable value amounted to €nil *(2018: €nil)*.

Notes to the financial statements for the year ended 31 December 2019

(Forming part of the financial statements) *(continued)*

13 Debtors

	2019 €000	2018 €000
Trade debtors	**9,583**	9,371
Amounts owed by group undertakings	**150,509**	144,740
Other debtors	**154**	7
Prepayments and accrued income	**849**	389
Taxation and social security	**2,516**	24,332
	163,611	178,839
Due within one year	**131,787**	150,943
Due after more than one year	**31,824**	27,896

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 2018 and 2019 there were no significant trade, group undertakings or other debtor balances not past due that were subsequently impaired.

Credit risk of trade debtors

	2019 €000	2018 €000
Low	**8,244**	8,181
Medium	**752**	1,137
High	**2,665**	5,964
Impairment Allowance	**(2,078)**	(5,911)
	9,583	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 allowances of €75,000 made against amounts due from other debtors during the year (2018: €nil).

There were no allowances made against amounts owed by group undertakings during the year (2018: €nil).

Notes to the financial statements for the year ended 31 December 2019

***(Forming part of the financial statements)** (continued)*

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	**2019**	2018	**2019**	2018
	€000	€000	**€000**	€000	**€000**	€000
Tax value of loss carry-forwards	**52,255**	51,817	**-**	-	**52,255**	51,817
Accelerated capital allowances	**1,768**	2,156	**-**	-	**1,768**	2,156
Net tax assets	**54,023**	53,973	**-**	-	**54,023**	53,973

Movement in deferred tax during the year

	1 January 2019 €000	Recognised in income €000	31 December 2019 €000
Losses	**51,817**	**438**	**52,255**
Accelerated capital allowances	**2,156**	**(388)**	**1,768**
	53,973	**50**	**54,023**

Movement in deferred tax during the prior 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

Notes to the financial statements for the year ended 31 December 2019
(Forming part of the financial statements) *(continued)*

15 Creditors: amount falling due within one year

	2019	2018
	€000	€000
Trade creditors	**5,465**	10,899
Amounts owed to group undertakings	**142,539**	157,293
Taxation and social security	**4,669**	4,975
Other creditors	**1,004**	2,108
Accruals and deferred income	**18,543**	14,556
	172,220	189,831

16 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 €1,044,000 *(2018: €699,000).*

17 Called up share capital

	Ordinary shares
	2019
On issue at 1 January and 31 December 2019 fully paid	**1**

	2019	2018
	€000	€000
Allotted, called up and fully paid		
1 *(2018: 1)* ordinary share of £1 each	-	-

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.

Dividends

A dividend has not been paid or declared in the year *(2018: €nil).*

Notes to the financial statements for the year ended 31 December 2019

(Forming part of the financial statements) *(continued)*

18 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 2019 was €3,470.9 million *(2018: €3,476.7 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 2025 Indenture dated 3 November 2017 and the Senior Secured Notes due 2026 Indenture dated 24 April 2019. The total outstanding indebtedness under the Senior Secured Notes at 31 December 2019 was €1,320.0 million *(2018: €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.

The Company is party to a Schuldschein Loan agreement dated 22 March 2019. The total outstanding indebtedness under the Schuldschein Loan agreement at 31 December 2019 was €141.0 million. The Company is a guarantor under the Schuldschein Loan agreement. These obligations are secured by fixed and floating charges over the assets of the Company.

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 2019 was €1,096.3 million *(2018: €1,087.3 million)*. The Company is a guarantor under the Senior Notes Indentures. These guarantees are on an unsecured senior subordinated basis.

19 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:

	Sales to related party		**Purchases to related party**	
	2019	2018	**2019**	2018
	€000	€000	**€000**	€000
Other related parties	**899**	7,279	-	17

	Receivables outstanding		**Creditors outstanding**	
	2019	2018	**2019**	2018
	€000	€000	**€000**	€000
Other related parties	**157**	186	-	-

Notes to the financial statements for the year ended 31 December 2019

(Forming part of the financial statements) *(continued)*

20 Controlling parties

The immediate parent undertaking is INEOS European Holdings Limited.

The ultimate parent company at 31 December 2019 and at the date of signing 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 at the registered office, 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.

21 Accounting estimates and judgements

The Company prepares its financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework', which require management to make judgements, estimates and assumptions which affect the application of the accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The following areas are considered to involve a significant degree of judgement or estimation.

Critical judgements in applying the Company's accounting policies

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

Key sources of estimation uncertainty

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

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 14.

Notes to the financial statements for the year ended 31 December 2019

***(Forming part of the financial statements)** (continued)*

21 Accounting estimates and judgements *(continued)*

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.

22 Subsequent 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 from liaising with employees, contingent planning for inventories and review ways of working for export sales.

COVID-19 coronavirus

The Company is closely monitoring the evolution of the COVID-19 pandemic and is following the World Health Organisation travel advice. With regards to business impact, the effect the virus will have on the global economy and the chemicals industry is difficult to assess at this point in time, although the Company is constantly evaluating the situation and monitoring any potential effects on operations. Whilst there is significant uncertainty due to the COVID-19 crisis, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis as given the nature of the Company the impact is expected to be limited. See Strategic report for further details.