

Grangemouth Energy Company Limited

Annual report and financial statements

Registered number 11384522

31 December 2023

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Strategic report for the year ended 31 December 2023

The directors present their Strategic report on the Company for the year ended 31 December 2023.

Results and dividends

The loss for the financial year before taxation was £198,351,000 (2022: £83,594,000) which was predominantly driven by the natural gas price risk and associated market volatility included in the forward curve, which has resulted in the delay to the new energy project ("NEP").

The directors do not propose the payment of a dividend (2022: £nil).

Review of business and future developments

Grangemouth Energy Company Limited ("the Company") is constructing a new energy plant on the Grangemouth site (the "New Energy Project", (NEP)). The Company anticipates that the plant will commence commercial operations once construction is complete and the plant is fully commissioned.

Once NEP enters commercial operations, the Company will purchase steam and power from Grangemouth CHP Limited and use this, together with its own production of steam and power from the NEP, to supply its customers on the Grangemouth site. Commercial agreements are already in place, which will become active once the plant becomes operational.

Until the NEP becomes operational, the Company's shareholders will provide funding via loans to enable engineering, procurement and construction ("EPC") activities to complete the project. Once operational, the Company's income under the new supply agreements with its customers will allow it to repay the shareholder loans.

On 5 April 2022, due to escalating costs on the new energy project due to a number of contributing factors such as commodity prices, the directors took the decision to temporarily suspend the project. At the date of signing these financial statements the length of the subsequent delay and the impact to the ultimate operational date of the plant is not known.

The Company has recognised an exceptional impairment charge of £176,589,000 (2022: £69,463,000) for the year ended 31 December 2023, in relation to the tangible fixed assets. This has predominantly been driven by the natural gas price risk and associated market volatility included in the forward curve, which has resulted in a delay to the NEP project. The business valuation was negatively impacted by lower than expected cash flows within the current business plan, reflecting the challenging economic and competitive conditions expected in the near term for the site. The impairment loss was based on a value in use calculation.

As at 31 December 2023, the Company has shareholder loans drawn of £346,342,000, (2022: £318,944,000).

Strategy

The Company's strategic aim is to construct facilities which will provide safe, reliable and economic supplies of steam and power to its customers on the Grangemouth site.

Strategic report for the year ended 31 December 2023 (continued)

Key performance indicators (“KPIs”)

The Company uses a number of financial and non-financial key performance indicators (“KPIs”) to measure performance, which are monitored against budget and the prior year.

The main financial KPI for the business is earnings before interest, taxation, depreciation, amortisation and exceptional items (“EBITDA before exceptional items”). EBITDA before exceptional items for the Company for the year ending 31 December 2023 was a loss of £6,000 (2022: loss of £1,563,000). The Company also closely monitors fixed costs against budget and prior year.

Details of actual and comparative EBITDA before exceptional items results are provided below:

	2023 £000	2022 £000
Operating loss	(180,144)	(71,510)
Depreciation charge for the year	3,549	484
Impairment charge for the year	176,589	69,463
	(6)	(1,563)

The increase in EBITDA before exceptional items in 2023 as compared to 2022 was primarily due to exchange rate movements.

The Company uses a number of other non-financial key performance indicators to measure performance including health, safety and environmental (“SHE”) metrics such as Occupational Safety and Health Administration (“OSHA”) incident and injury rates to measure the safe working of employees and contractors.

Streamlined Energy and Carbon Reporting (“SECR”)

The SECR disclosures relating to the Company are included within the SECR disclosures made in the annual report of INEOS Industries Limited, the parent undertaking of the group of undertakings to consolidate these financial statements. The Company has taken advantage of the exemption from the requirement to make SECR disclosures in these financial statements.

Principal risks and uncertainties

The management of the business and the execution of the Company’s strategy are subject to a number of risks. Management undertakes an annual risk identification and assessment process to identify the key business risks affecting the Company. The key business risks affecting the Company which were identified within this risk assessment process are set out below:

1. The petrochemical industry is cyclical — changing market demands and prices may negatively affect the Company’s operating margins and impair its cash flow which, in turn, could affect its ability to make payments on its debt or to make further investments in the business.
2. Inability to maximise utilisation of assets — the Company may be adversely affected if it is unable to implement its strategy to maximise utilisation of assets.

Strategic report for the year ended 31 December 2023 *(continued)*

Principal risks and uncertainties *(continued)*

3. Synergies — the Company may not realize anticipated revenue and cost synergies, benefit from anticipated business opportunities or experience anticipated growth from any of its acquisitions.
4. Substantial debt — the Company's substantial debt could adversely affect its financial position and prevent it from fulfilling its debt obligations.
5. Cyber security — a cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss.
6. Climate change – existing and proposed regulations to address climate change by limiting greenhouse gas emissions may cause us to incur significant additional operating and capital expenses. In addition compliance with new regulation could limit the useful economic life of our plants, lead to a reduction in demand for fossil fuel derived products and result in a lack of competitiveness if our competitors develop new technologies. The Company's operations may also be impacted by physical risks as a result of climate change.
7. Regulation – the Company is highly regulated and may have substantial obligations and liabilities arising from health, safety, security and environmental (“HSSE”) laws, regulations and permits applicable to our operations.
8. Wars and armed conflicts – military conflicts could lead to significant market and other disruptions, including significant volatility in energy and other commodity prices.
9. The New Energy Project (“NEP”) – as the length of the delay and ultimate operational date of the plant is still unknown, this creates some uncertainty around the cost of the project and to its financial viability.

Section 172 (1) statement

The directors have the duty under section 172 to promote the success of the Company for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers, investors and the environment. In the performance of its duty to promote the success of the Company and fairness in decision making the Board have regard (amongst other matters) for:

- a. the likely consequences of any decision in the long term;
- b. the interests of the Company's employees;
- c. the need to foster the Company's business relationships with suppliers, customers and others;
- d. the impact of the Company's operations on the community and the environment;
- e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly as between members of the Company.

The Company's governance and processes are operated to ensure that all relevant matters are considered by the Board in its principal decision-making, as a means of contributing to the delivery of the Company's long-term success, which are discussed below.

Strategic report for the year ended 31 December 2023 *(continued)*

Section 172 (1) statement *(continued)*

Long term factors (a)

The Company's principal objectives are to maintain its position as a key global supplier of its products and to increase the value of INEOS by generating strong, sustainable, and growing cash flows across industry cycles. To achieve these objectives, the Company has the following key strategies:

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

The Company aims to operate and develop its business in a way that supports both the current and future needs, taking into account relevant economic, environmental, and social factors. This enables the Company to sustain the business for the long term. The directors strongly believe that sustainable business management and practices will contribute to long-term business success and will strengthen the Company's leading position in the market and also in a circular world. The directors ensure that the Company has sufficient resources to support its long-term growth strategy and to fund its investments. An important element is the Company's long-term cash and operational planning in relation to the capital requirements needed to grow and to extend the life span of the assets. The directors consider available and required funds as a basis for any dividend under its distribution policy.

Stakeholder considerations (b – e)

Engaging stakeholders and developing meaningful partnerships is essential for long-term business success. The Company engages in regular, open, and proactive dialogue with all relevant stakeholders as this is needed to understand their perspectives, expectations, concerns, and needs. The business relationships with suppliers and customers are of strategic importance to the directors of the Company and in the decision-making process. For example in many instances suppliers are located on the same chemical parks which helps develop partnerships, facilitate discussions as well as reduce waste, inefficiency. The Company also works with trade unions and have open and constructive discussions as well as investing in training programmes to continue to develop employees at all levels of the organisation. In this way, the Company is able to integrate stakeholder's considerations into business decision-making processes. Dialogue with stakeholders gives the Company the opportunity to explain its clear and committed approach to sustainability as well as the value of the Company's work, products and services for society.

Key stakeholders contribute to the Company's economic, social, and environmental performance. Stakeholders include customers, suppliers, employees, investors, financial experts and rating agencies, local communities, industry associations, NGOs, scientific institutions, universities, government, and value chain partners. The Company is very conscious of having a sustainable business, so INEOS produces an annual sustainability report which aligns with the Global Reporting Initiative (GRI) framework and focuses on the issues most material to the Company and its stakeholders. The report focuses on eight key areas, being:

Strategic report for the year ended 31 December 2023 (continued)

Section 172 (1) statement (continued)

Stakeholder considerations (b – e) (continued)

1. Climate change – advancing the transition to net zero;
2. Circular economy – maximising resource efficiency and eliminating waste;
3. Water stewardship – Tracking and reducing our water footprint chains;
4. Zero pollution – driving progress towards sustainable chemical value chains;
5. Our people – prioritising workplace health and safety (SHE) and fairness;
6. People in our value chain – safeguarding conditions and human rights;
7. People in our communities – respecting and supporting local communities;
8. Governance – maintaining the highest standard of ethics and compliance.

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 diversity of its people and each of its employees is recognised as an important member of the 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. For example INEOS is a signatory to the International Council of Chemical Associations' (ICCA) Responsible Care Global Charter which demonstrates the Company's commitment to strengthening chemicals management systems, safeguarding people and the environment, and working towards sustainable solutions through our value chain. Compliance with all legislation intended to protect people, property and the environment is one of the Company's fundamental priorities and applies to its products as well as to its processes. Management lead by example and allocate the required resources to achieve excellence in SHE performance.

The need to act fairly as between members of the Company (f)

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

Principal decisions

There were no principal decisions that management took in the year ending 31 December 2023.

Approved by the Board of Directors and signed on behalf of the Board of Directors.

Signed by:

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C G Mound

Director

6 September 2024

Registered number 11384522

Directors' report for the year ended 31 December 2023

The directors present their report and audited financial statements of the Company for the year ended 31 December 2023.

Principal activities

The Company is constructing facilities to provide steam and power to the Grangemouth site and expects to start commercial operations once the plant has been commissioned.

Once the plant has been commissioned, the Company will be engaged in the generation of steam and power for sale to its customers based on the Grangemouth site.

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

There has been no post balance sheet events since the balance sheet date.

The Ukraine conflict

The Company does not have operations in Belarus, Russia or Ukraine. During 2022 and 2023 there was no revenue generated in these countries. The Company is not currently experiencing any material disruption to its operations and does not foresee any direct impact as a result of the conflict but will continue to monitor the evolving situation closely.

Going concern

The directors have considered the Company's projected future cash flows and working capital requirements for a period of at least 12 months from signing of these financial statements. As at 31 December 2023, the Company had net current liabilities of £75,023,000 (2022: £76,131,000) and net liabilities of £282,139,000 (2022: £83,754,000). The Company held cash of £44,000 (2022: £325,000) and loans and borrowings of £346,342,000 (2022: £318,944,000). The loss for the year was £198,385,000 (2022: £83,594,000). The directors have received confirmation that the parent, INEOS Industries Limited, will continue to support the Company for at least the 12 months from signing of these financial statements.

After making enquiries, the directors have a reasonable expectation that the parent's going concern assessment confirms that there is sufficient forecast committed liquidity headroom for the parent to provide this support and the Company will therefore have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

Financial risk management

The Company is funded by loans from its shareholders and therefore has no direct exposure to price, credit, liquidity, interest rate or debt market risk.

Directors' report for the year ended 31 December 2023 *(continued)*

Directors

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

S M Collings

P Q Grant (Resigned 10 November 2023)

A Hogan (Appointed 1 December 2023)

C G Mound

X Wang

Streamlined energy and carbon reporting ("SECR")

Streamlined energy and carbon reporting are discussed in the Strategic Report.

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.

Directors' report for the year ended 31 December 2023 (continued)

Directors' responsibilities statement

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 and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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.

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 re-appointed as auditor of the Company 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 re-appointed in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board of Directors.

Signed by:

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C G Mound

Director

6 September 2024

Registered number 11384522

Independent auditor's report to the members of Grangemouth Energy Company Limited

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Grangemouth Energy Company Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 19.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Independent auditor's report to the members of Grangemouth Energy Company Limited *(continued)*

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

Other information

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

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

We have nothing to report in this regard.

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 Grangemouth Energy Company Limited *(continued)*

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, Money Laundering regulations, Health and Safety at work legislation, Data Protection Act, Tax legislation and the Bribery Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

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

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

In addition to the above, our procedures to respond to the risks identified included the following:

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

Independent auditor's report to the members of Grangemouth Energy Company 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

DocuSigned by:

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Matthew Hughes BSc (Hons) ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

6 September 2024

Profit and Loss Account
for the year ended 31 December 2023

	<i>Note</i>	2023 £000	2022 £000
Cost of sales		(3,517)	(1,910)
Exceptional cost of sales	2	(176,589)	(69,463)
Total cost of sales		(180,106)	(71,373)
Gross loss		(180,106)	(71,373)
Administrative expenses		(38)	(137)
Operating loss	3	(180,144)	(71,510)
Interest receivable and similar income	5	270	-
Interest payable and similar expenses	6	(18,477)	(12,084)
Loss before taxation		(198,351)	(83,594)
Tax on loss	7	(34)	-
Loss for the financial year		(198,385)	(83,594)

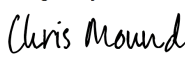
All activities of the Company relate to continuing operations.

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 2023

	Note	2023 £000	2022 £000
Fixed assets			
Tangible assets	8	87,329	257,986
		<u>87,329</u>	<u>257,986</u>
Current assets			
Debtors	9	10,163	8,083
Cash at bank and in hand		44	325
		<u>10,207</u>	<u>8,408</u>
Creditors: amounts falling due within one year	10	(85,230)	(84,539)
		<u>(75,023)</u>	<u>(76,131)</u>
Net current liabilities		<u>(75,023)</u>	<u>(76,131)</u>
Total assets less current liabilities		<u>12,306</u>	<u>181,855</u>
Creditors: amounts falling due after more than one year	11	(294,445)	(265,609)
		<u>(282,139)</u>	<u>(83,754)</u>
Net liabilities		<u>(282,139)</u>	<u>(83,754)</u>
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account		(282,140)	(83,755)
		<u>(282,139)</u>	<u>(83,754)</u>
Total deficit		<u>(282,139)</u>	<u>(83,754)</u>

These financial statements on pages 13 to 31 were approved and authorised for issue by the Board of Directors on 6 September 2024 and were signed on its behalf by:

Signed by:

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C G Mound
Director
 Registered number 11384522

Statement of Changes in Equity
for the year ended 31 December 2023

	Called up share capital £000	Profit and loss account £000	Total deficit £000
Balance at 1 January 2022	1	(161)	(160)
Total comprehensive expense for the year, comprising			
Loss for the financial year	-	(83,594)	(83,594)
Total comprehensive expense for the year	-	(83,594)	(83,594)
Balance at 31 December 2022	1	(83,755)	(83,754)
	Called up share capital £000	Profit and loss account £000	Total deficit £000
Balance at 1 January 2023	1	(83,755)	(83,754)
Total comprehensive expense for the year, comprising			
Loss for the financial year	-	(198,385)	(198,385)
Total comprehensive expense for the year	-	(198,385)	(198,385)
Balance at 31 December 2023	1	(282,140)	(282,139)

Notes to the financial statements for the year ended 31 December 2023 (forming part of the financial statements)

1 Accounting Policies

Grangemouth Energy Company Limited (the “Company”) is a private limited company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 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 UK, 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 Company’s parent undertaking, INEOS Grangemouth Limited, includes the Company in its consolidated financial statements. INEOS Grangemouth Limited is a company incorporated in the UK. The consolidated financial statements of INEOS Grangemouth Limited are available to the public and may be obtained from the Company Secretary, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

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

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

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- 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 18.

Notes to the financial statements for the year ended 31 December 2023
(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.

1.2 Going concern

The directors have considered the Company's projected future cash flows and working capital requirements for a period of at least 12 months from signing these financial statements. As at 31 December 2023, the Company had net current liabilities of £75,023,000 (2022: £76,131,000) and net liabilities of £282,139,000 (2022: £83,754,000). The Company held cash of £44,000 (2022: £325,000) and loans and borrowings of £346,342,000 (2022: £318,944,000). The loss for the year was £198,385,000 (2022: £83,594,000). The directors have received confirmation that the parent, INEOS Industries Limited, will continue to support the Company for at least the 12 months from signing of these financial statements.

After making enquiries, the directors have a reasonable expectation that the parent's going concern assessment confirms that there is sufficient forecast committed liquidity headroom for the parent to provide this support and the Company will therefore have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company 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 currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

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 2023 (forming part of the financial statements) (continued)

1 Accounting Policies (continued)

1.5 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.

1.6 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:

- Right-of-use assets 2 - 22 years

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

1.7 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 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.

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 and amortisation, if no impairment loss had been recognised.

Notes to the financial statements for the year ended 31 December 2023 (forming part of the financial statements) (continued)

1 Accounting Policies (continued)

1.8 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.

1.9 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.

1.10 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 2023
(forming part of the financial statements) (continued)**1 Accounting Policies (continued)****1.11 IFRS 16 leases**

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

Company as a lessee*Right-of-use assets*

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

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

Lease liabilities

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

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments, a change in the assessment of whether the Company is reasonably certain to exercise an option to purchase the underlying asset, a change in future lease payments arising from a change in an index or rate, or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee.

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

Notes to the financial statements for the year ended 31 December 2023 (forming part of the financial statements) (continued)

1 Accounting Policies (continued)

1.11 IFRS 16 leases (continued)

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to all leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Company also applies the lease of low-value assets recognition exemption to leases of assets that are valued below £10,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

1.12 Impact of new standards and interpretations

There are no amendments to accounting standards that are effective for the year ended 31 December 2023 which have had a material impact on the Company other than the amendments to IAS 1 which has resulted in only material accounting policies being disclosed.

2 Exceptional cost of sales

The Company has recognised an exceptional impairment charge of £176,589,000 (2022: £69,463,000) for the year ended 31 December 2023, in relation to the tangible fixed assets. This has predominantly been driven by the natural gas price risk and associated market volatility included in the forward curve, which has resulted in a delay to the new energy project ("NEP"). At the date of signing the financial statements the length of the subsequent delay and the impact to the ultimate operational date of the plant is unknown. The business valuation was negatively impacted by lower than expected cash flows within the current business plan, reflecting the challenging economic and competitive conditions expected in the near term for the site. The impairment loss was based on a value in use calculation

Notes to the financial statements for the year ended 31 December 2023
(forming part of the financial statements) *(continued)***3 Operating loss***Included in operating loss are the following:*

	2023	2022
	£000	£000
Impairment of owned tangible fixed assets (<i>Note 2</i>)	176,589	69,463
Depreciation of right-of-use tangible fixed assets (<i>Note 8</i>)	3,549	484
Expenses relating to short-term leases	17	-
Exchange (gain)/loss	(217)	1,333
<i>Auditor's remuneration:</i>		
	2023	2022
	£000	£000
Audit of these financial statements	23	18

The audit fee for the current period is £23,000 (2022: £18,000). There was no non-audit fees in the current period (2022: £nil).

4 Directors and employees

The Company had no employees during the year (2022: *none*). No directors received any fees or remuneration in respect of their services as a director of the Company during the financial year (2022: *none*). The directors are remunerated for their qualifying services by another group company for contributions to the group as a whole and it is not possible to apportion this to the Company.

5 Interest receivable and similar income

	2023	2022
	£000	£000
Net foreign exchange gain	270	-
	270	-

Notes to the financial statements for the year ended 31 December 2023
(forming part of the financial statements) (continued)**6 Interest payable and similar expenses**

	2023 £000	2022 £000
Interest expense on financial liabilities measured at amortised cost	18,223	11,279
Interest on lease liabilities	254	171
Net foreign exchange loss	-	634
	18,477	12,084

Interest payable and similar expenses includes interest payable to group undertakings of £14,573,000 (2022: £10,766,000) and interest payable to related parties of £3,650,000 (2022: £3,455,000).

Interest expense capitalised during the year was £nil (2022: £2,944,000), this includes interest payable to group undertakings of £nil (2022: £2,072,000), and interest payable to related parties of £nil (2022: £872,000). No further interest was capitalised following the decision to suspend the project in April 2022. Interest on lease liabilities includes interest receivable for group undertakings of £25,000 (2022: payable of £130,000).

7 Tax on loss**Recognised in the profit and loss account**

	2023 £000	2022 £000
UK corporation tax		
Adjustment in respect of prior periods	34	-
Tax charge	34	-

Reconciliation of effective tax rate

	2023 £000	2022 £000
Tax on loss	34	-
Loss before taxation	(198,351)	(83,594)
Loss before taxation multiplied by the standard rate of tax in the UK of 23.5% (2022: 19%)	(46,612)	(15,883)
Non-deductible expenses/tax exempt revenues	39,950	-
Adjustment in respect of prior periods	34	-
Deferred tax not recognised	6,662	15,883
Total tax charge	34	-

Notes to the financial statements for the year ended 31 December 2023
(forming part of the financial statements) (continued)**7 Tax on loss (continued)**

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Income taxes in the profit and loss account for the year ended 31 December 2023 are measured at 23.5% (blended average).

In line with the amendment to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules, the Company has applied the temporary exemption to disclose separately its current tax expenses related to Pillar Two income taxes and it has not incurred any Pillar Two income taxes for the financial year 2023.

Deferred tax

Due to uncertainty in its future recovery, no deferred tax asset has been recognised in the financial statements. The unprovided deferred tax asset at 31 December 2023 totalled £10,662,000 (2022: £3,601,000) which all relates to losses. The rate of deferred tax applied at 31 December 2023 is 25 % (2022: 25%).

8 Tangible assets

	Assets under construction £000	Right-of-use assets £000	Total £000
Cost			
Balance at 1 January 2023	318,625	9,436	328,061
Additions	4,090	5,391	9,481
Balance at 31 December 2023	322,715	14,827	337,542
Accumulated depreciation			
Balance at 1 January 2023	(69,463)	(612)	(70,075)
Depreciation charge for the financial year	-	(3,549)	(3,549)
Exceptional impairment charge for the financial year	(170,005)	(6,584)	(176,589)
Balance at 31 December 2023	(239,468)	(10,745)	(250,213)
Net book value			
At 31 December 2022	249,162	8,824	257,986
At 31 December 2023	83,247	4,082	87,329

The exceptional impairment charge of £176,589,000 for the year ended 31 December 2023 reflects the impairment of the tangible fixed assets relating to O&P UK business located at the Grangemouth site (see note 2).

The fixed asset impairment assessment is based on the value in use model which is using the four year plan then into perpetuity based on the life of the assets. The value in use calculation considers natural gas price forecast and various other assumptions at the balance sheet date. Given the impact of high natural gas prices experienced over the past two years and general market volatility, there is still some significant risk and volatility around future profitability performance. However, O&P UK no longer has any covenant restrictions and the NEP expenditure will be minimal due to the project being in 'pause' status.

The longer-term forecasts have been prepared using the latest commercial and business assumptions, which are as follows:

- Weighted average cost of capital ("WACC") has changed from 11.25% to 10.75% as a result of the softening interest rate environment;
- Growth rate of 3%; and
- Asset life of 40 years.

Notes to the financial statements for the year ended 31 December 2023 (forming part of the financial statements) (continued)

8 Tangible assets (continued)

The key sensitivities that could affect the impairment assessment are detailed below:

EBITDA	10% increase	£16,955,000 decrease to impairment
EBITDA	10% decrease	£16,955,000 increase to impairment
Discount rate	1% increase	£12,156,000 increase to impairment
Discount rate	1% decrease	£14,716,000 reduction to impairment
Terminal growth rate	1% decrease	£9,277,000 increase to impairment
Terminal growth rate	1% increase	£10,877,000 decrease to impairment
Asset life	1 year reduction	£640,000 increase to impairment
TAR overrun probability	10% increase	£12,796,000 increase to impairment
Natural gas price	10 ppt increase	£31,031,000 increase to impairment
Natural gas price	10 ppt decrease	£31,031,000 decrease to impairment

“TAR” relates to planned turnaround event.

Tangible fixed assets under construction

The amount of borrowing costs capitalised during the year was £nil (2022: £2,944,000) with a capitalisation rate of 5.53 % (2022: 5.53%).

Land and buildings

The net book value of land and buildings comprises:

	2023	2022
	£000	£000
Short leasehold	4,082	8,824

Right-of-use assets

The Company leases land and buildings which are classified as right-of-use assets.

	Land and Buildings £000	Right-of-use assets total £000
Cost		
Balance at 1 January 2023	9,436	9,436
Additions	5,391	5,391
Balance as at 31 December 2023	14,827	14,827
Accumulated depreciation		
Balance at 1 January 2023	(612)	(612)
Depreciation charge for the financial year	(3,549)	(3,549)
Exceptional impairment charge for the financial year	(6,584)	(6,584)
Balance as at 31 December 2023	(10,745)	(10,745)
Net book value		
At 31 December 2022	8,824	8,824
At 31 December 2023	4,082	4,082

See Note 13 for the lease obligations related to right-of-use assets.

Notes to the financial statements for the year ended 31 December 2023
(forming part of the financial statements) (continued)**9 Debtors**

	2023	2022
	£000	£000
Prepayments	10,132	7,962
Amounts owed by group undertakings	-	9
Taxation and social security	31	112
	10,163	8,083
Due within one year	10,163	8,083

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

The amounts not yet due after impairment losses as of the end of the reporting period are deemed to be collectable 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 2022 and 2023 there were no significant trade, group undertakings or other debtor balances not past due that were subsequently impaired.

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

10 Creditors: amounts falling due within one year

	2023	2022
	£000	£000
Trade creditors	12,687	12,876
Amounts owed to group undertakings	98	184
Accruals	988	374
Deferred income	-	2,743
Loans due to related parties (Note 12)	68,304	64,654
Lease liabilities (Note 13)	3,153	3,708
	85,230	84,539

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

Lease liabilities includes amounts owed to group undertakings of £257,000 (2022: £282,000).

11 Creditors: amounts falling due after more than one year

	2023	2022
	£000	£000
Amounts owed to group undertakings (Note 12)	278,038	254,290
Deferred income	9,264	6,521
Lease liabilities (Note 13)	7,143	4,798
	294,445	265,609

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

Lease liabilities includes amounts owed to group undertakings of £1,170,000 (2022: £2,130,000).

Notes to the financial statements for the year ended 31 December 2023 (forming part of the financial statements) (continued)

12 Interest-bearing loans and borrowings

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

	2023 £000	2022 £000
Creditors falling due within one year		
Related party loan (<i>Note 10</i>)	68,304	64,654
	<u>68,304</u>	<u>64,654</u>
	<u><u>68,304</u></u>	<u><u>64,654</u></u>
Creditors falling due after more than one year		
Intercompany loan (<i>Note 11</i>)	278,038	254,290
	<u>278,038</u>	<u>254,290</u>
	<u><u>278,038</u></u>	<u><u>254,290</u></u>

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2023 £000	Carrying amount 2023 £000	Face value 2022 £000	Carrying amount 2022 £000
Intercompany loan	£	5.53%	2043	278,038	278,038	254,290	254,290
Related party loan	£	5.53%	2043	68,304	68,304	64,654	64,654
				<u>346,342</u>	<u>346,342</u>	<u>318,944</u>	<u>318,944</u>
				<u><u>346,342</u></u>	<u><u>346,342</u></u>	<u><u>318,944</u></u>	<u><u>318,944</u></u>

On 30 December 2021, Petroineos Refining Limited, a related party, gave notice to stop investing in the energy project and requested early repayment of the loan in line with the contractual terms. As a result, the loan has been reported within current liabilities on the balance sheet at 31 December 2022 and 31 December 2023.

Notes to the financial statements for the year ended 31 December 2023
(forming part of the financial statements) (continued)**13 Lease obligations**

	2023 £000	2022 £000
<i>Analysed as:</i>		
Current lease liabilities (<i>Note 10</i>)	3,153	3,708
Non-current lease liabilities (<i>Note 11</i>)	7,143	4,798
	10,296	8,506
	2023 £000	2022 £000
<i>Maturity analysis- contractual undiscounted cash flows:</i>		
Less than one year	3,528	3,732
Between one and five years	6,542	3,612
More than five years	2,875	3,092
	12,945	10,436
Total undiscounted lease liabilities at 31 December		

14 Called up share capital

	I Ordinary 2023	P Ordinary 2023	NV Ordinary 2023	Called up share capital Total 2023
On issue at 1 January and 31 December 2023 – fully paid	704	250	46	1,000
			2023 £000	2022 £000
Authorised, allotted, called up and fully paid				
704 (2022: 704) I ordinary shares at £1 each			1	1
250 (2022: 250) P ordinary shares at £1 each			-	-
46 (2022: 46) NV ordinary shares at £1 each			-	-
			1	1

The holders of I 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.

The holders of P 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.

The holders of NV ordinary shares are entitled to receive dividends as declared from time to time and are not entitled to vote at meetings of the Company.

Dividends

A dividend has not been paid or declared in the year (2022: nil).

Notes to the financial statements for the year ended 31 December 2023 (forming part of the financial statements) (continued)

15 Capital commitments

Outstanding capital expenditure on property, plant and equipment authorised by the Board and for which contracts had been placed as at the 31 December 2023 by the Company amounted to approximately £1,551,159 (2022: £6,759,153).

16 Related parties

Related parties comprise of entities controlled by the shareholders of INEOS Limited, the ultimate parent company of Grangemouth Energy Company Limited.

Trading transactions

During the year, the Company entered into the following trading transactions with related parties:

	Recovery of costs		Purchases of goods and services	
	2023	2022	2023	2022
	£000	£000	£000	£000
INEOS Group Holdings S.A.related parties	-	-	-	15
INEOS Infrastructure (Grangemouth) Limited	-	-	4	22
INEOS Industries Limited related parties	-	-	3	-
	<u>-</u>	<u>-</u>	<u>7</u>	<u>37</u>
	<u>-</u>	<u>-</u>	<u>7</u>	<u>37</u>

Outstanding balances

	Amounts owed by related parties		Amounts owed to related parties	
	2023	2022	2023	2022
	£000	£000	£000	£000
Petroineos Refining Limited	-	-	68,304	64,654
INEOS Infrastructure (Grangemouth) Limited	-	-	-	1
	<u>-</u>	<u>-</u>	<u>68,304</u>	<u>64,655</u>
	<u>-</u>	<u>-</u>	<u>68,304</u>	<u>64,655</u>

Amounts owed to Petroineos Refining Limited are unsecured, have interest applied at 5.53% and matures in 2043. See Note 12 for further details relating to this loan and Note 6 for further details of interest charges.

In general, any trading balances with related parties are priced based on contractual arrangements and are to be settled in cash. The transactions are made on terms equivalent to those that prevail in an arm's length transaction.

None of the related party balances are secured and no guarantees have been given or received. There were no provisions for doubtful debt related to any related parties as at 31 December 2023 (2022:£nil).

Notes to the financial statements for the year ended 31 December 2023 **(forming part of the financial statements) (continued)**

17 Controlling parties

The immediate parent undertaking is INEOS Grangemouth Limited.

The ultimate parent company at 31 December 2023 was INEOS Limited, a company incorporated in the Isle of Man.

INEOS Grangemouth Limited, a company incorporated in the UK, is the smallest group of undertakings to consolidate these financial statements. Copies of the financial statements of INEOS Grangemouth Limited can be obtained from the Company Secretary at the registered office: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

INEOS Industries Limited, a company incorporated in the UK, is the parent undertaking of the largest group of undertakings to consolidate these financial statements. Copies of the financial statements of INEOS Industries Limited can be obtained from the Company Secretary at the registered office: Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG.

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.

18 Accounting estimates and judgements

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

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

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.

Notes to the financial statements for the year ended 31 December 2023 (forming part of the financial statements) (continued)

18 Accounting estimates and judgements (continued)

Impairment Reviews

FRS 101 require management to test for the impairment of tangible 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 future cash flows, certain assumptions and estimates are required to be made in respect of highly uncertain matters, including management's expectation 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 Group'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 planned outages, strikes and hurricanes, technical obsolescence or lower than anticipated sale of products with capitalised intellectual property rights could result in shortened lives or impairment. Changes in assumptions could also lead to different impairment values, see Note 8 for sensitivities.

19 Post balance sheet events

There has been no post balance sheet events since the balance sheet date.