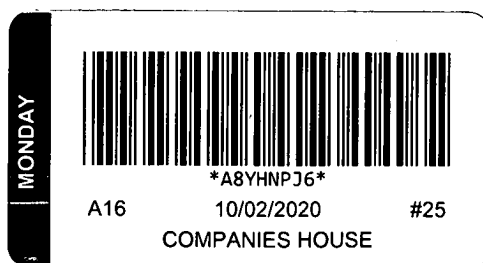


Registered number: 5859422

**Celanese Production UK Limited**

**Report and financial statements  
For the year ended 31 December 2018**



Celanese Production UK Limited

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**Strategic report**  
**For the year ended 31 December 2018**

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**Results**

The loss for the year, after taxation, amounted to £325,000 (2017 - loss of £1.6 million).

**Business review**

Following the closure of the acetate, flake and tow manufacturing operations in late 2012, the principal activity of the Company is now the manufacture and sale of Clarifoil Cellulose Films. This business manufactures diacetate films for packaging, tape, lamination and specific technical application markets with sales to group companies.

Turnover for 2018 was £11.3 million (2017: £12.3 million). Relating to the discontinued operation, an operating profit of £43,000 before tax was recognised in 2018 (2017: a loss of £1.5 million before tax). This was the reversal of the previously made reserve on ceasing manufacturing operations of acetate flake and tow.

The Clarifoil Cellulose Films business is not part of the main site plant closure of its acetate flake and tow manufacturing operations. The work to improve the Clarifoil production facility has finished and is completely stand alone. The parent company continues to support and invest in these operations.

Celanese Corporation manages its operations on a divisional basis. For this reason, the Company's director believes that further key performance indicators for the Company are not necessary for an understanding of the development, performance or position of the business. The performance of the division of Celanese Corporation, which includes this Company, is discussed in the group's annual report, which does not form part of this report. The consolidated financial statements of Celanese Corporation are available to the public and can be obtained from 222 West Las Colinas Boulevard, Suite 900N, Irving, Texas, 75039, USA.

The Clarifoil business achieved an operating profit in 2018. Celanese continues to invest and strategically plan for the growth of the Clarifoil business on a long term basis. Celanese has invested in people, technology, and innovation platforms to grow the business. Business leadership aims to grow both revenue and earnings while reducing cost. Additionally, the leadership team has mapped that the business will grow in 3 ways through revenue growth, productivity on cost, and investment in innovation.

**Revenue growth**

The focus on new innovation products, namely Antifog, has started to impact the Company's results and this new material continues to be adopted globally, especially by freezer door and eyewear manufacturers. The potential to continue to grow revenue in these end uses is very encouraging and this is one of the Company's major objectives. Revenue growth is also anticipated to occur in the base business as the focus on biodegradable polymers as a replacement for "traditional plastics" continues to dominate the news.

**Productivity on cost**

There will be a continued focus on productivity and cost reduction. Savings will come from raw material sourcing, labour synergies and energy savings measures that resulted in approximately £1.7 million decrease in total cost of sales, distribution expenses and administration expenses compared to 2017 (£2.6 million total decrease however reductions in administrative expenditure and distribution expenditure of £0.8m and £0.1m respectively not attributed to saving measures).

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**Strategic report**

**For the year ended 31 December 2018 (continued)**

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**Innovation**

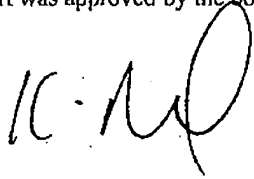
In addition to Antifog, additional investments are being incurred to identify other uses for our film products including uses in LED lighting, medical applications and construction. With the combination of these actions, Celanese believes that the Clarifoil business will strengthen its profitability and is in the company's strategic plan to grow earnings for the company as a whole.

**Principal risks and uncertainties**

The Celanese tow and flake units have been demolished. There is a risk that the actual cost of the environmental cleanup process differs from our best estimate recorded in these financial statements. This risk was mitigated through the use of environmental experts and surveyors in forming our estimate and regularly monitoring actual versus expected expenses.

The continuing Clarifoil operation is exposed to cost competition, strategic risk from changes in consumer demand, price risk from both raw material price fluctuations and price competition and exchange risk from operating across global geographic markets. The Company adopted appropriate policies to mitigate such risks where practical in line with group objectives and strategies.

This report was approved by the board on 6 February 2020 and signed on its behalf.



**Karl A Milner**  
**Director**

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**Director's report**  
**For the year ended 31 December 2018**

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The director presents this report and the Financial Statements for the year ended 31 December 2018.

**Dividends**

The director does not recommend the payment of a dividend (2017: £nil).

**Director**

The director who served during the year of 2018 was:

M J Lington – resigned on 1<sup>st</sup> November, 2019.

The director appointed on 1<sup>st</sup> November, 2019 currently serving is:

K A Milner

**Political contributions and Charitable donations**

The Company made no political contributions during the year (2017: £nil), but made charitable donations of £100 (2017: £nil).

**Future developments**

The continuing Clarifoil operation puts a lot of focus on commercialising its new product. The focus on new innovation products, namely Antifog, has started to impact the Company's results and this new material continues to be adopted globally. The management team is constantly seeking future possibilities to expand the market share and improve/guarantee future profitability.

**Employees**

Where individuals become disabled whilst in the Company's employment, reasonable effort is made to provide opportunity for continued employment within the potential aptitude and ability of the person concerned, and to provide such facilities, including any appropriate training, as may be necessary for that purpose.

In dealing with applications for employment and the training, career development and promotion of existing employees, efforts are made to ensure that a disabled individual's potential aptitude and ability are considered both without prejudice and as constructively as possible in relation to the opportunities available.

The Company provides information regarding the financial and economic factors affecting its performance to employees in literature circulated periodically. A manual of the Company's policies is available to all employees and consultation with employees takes place on a regular basis.

**Going concern**

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £31,703,000 (2017: net current liabilities of £31,140,000) because the director has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, supported by the contract manufacturing agreement with Celanese Europe B.V. The company is dependent on its fellow subsidiary, Celanese Europe B.V. not seeking repayment of the amounts currently due to it, which at 31 December 2018 amounted to £39,929,482. Celanese Europe B.V. has indicated that it does not intend to seek repayment of these amounts for the

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**Director's report (continued)**  
**For the year ended 31 December 2018**

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**Going concern (continued)**

period for at least 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the director acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, he has no reason to believe that it will not do so. Consequently, the director is confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore has prepared the financial statements on a going concern basis.

**Disclosure of information to auditor**

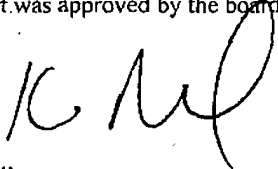
The director at the time when this director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

Pursuant to a shareholders' resolution, the Company has reappointed its auditor therefore KPMG LLP will continue in office.

This report was approved by the board on 6 February 2020 and signed on its behalf.



**Karl A Milner**  
Director

1 Holme Lane  
Spondon  
Derby  
DE21 7BS

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**Statement of Director's responsibilities in respect of the Strategic Report, the Directors Report and the Financial Statements**  
**For the year ended 31 December 2018**

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The Director is responsible for preparing the Strategic Report, Director's report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the Company's financial statements 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless he either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. The director is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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**Independent auditor's report to the members of Celanese Production UK Limited**

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**Opinion**

We have audited the financial statements of Celanese Production UK Limited ("the Company") for the year ended 31 December 2018 which comprise the balance sheet, statement of total comprehensive income, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December, 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**The impact of uncertainties due to United Kingdom exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company and this is particularly the case in relation to Brexit.

**Going concern**

The director has prepared the financial statements on the going concern basis as he does not intend to liquidate the Company or to cease its operations, and as he has concluded that the Company's financial position means that this is realistic. He has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for the going concern period. In our evaluation of the director's conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.



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**Independent auditor's report to the members of Celanese Production UK Limited (continued)**

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**Strategic report and director's report**

The director is responsible for the strategic report and the director's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the director's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the director's report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

**Director's responsibilities**

As explained more fully in the director's responsibilities statement set out on page 5, the director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 he either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

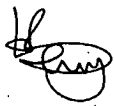
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**Independent auditor's report to the members of Celanese Production UK Limited (continued)**

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**The purpose of our audit work and to whom we owe our responsibilities**

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.



**Ian Borley (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

7 February 2020

**Statement of comprehensive income**  
**For the year ended 31 December 2018**

	Notes	Continuing operations 2018 £'000	Discontinued operations 2018 £'000	Total 2018 £'000	Continuing operations 2017 £'000	Discontinued operations 2017 £'000	Total 2017 £'000
Turnover	3	11,323	-	11,323	12,253	-	12,253
Cost of sales	5,6,7	(9,680)	-	(9,680)	(9,923)	(1,485)	(11,408)
<b>Gross Profit</b>		<b>1,643</b>	<b>-</b>	<b>1,643</b>	<b>2,330</b>	<b>(1,485)</b>	<b>845</b>
Distribution costs	5,6,7	(265)	-	(265)	(378)	-	(378)
Administrative expenses	5,6,7	(1,284)	-	(1,284)	(1,743)	-	(1,743)
Other operating (expense) / income	4	(16)	43	27	-	-	-
<b>Operating profit / (loss)</b>		<b>78</b>	<b>43</b>	<b>121</b>	<b>209</b>	<b>(1,485)</b>	<b>(1,276)</b>
Interest receivable and similar income	8	144	-	144	36	-	36
Interest payable and expenses	9	(590)	-	(590)	(389)	-	(389)
<b>Loss before tax</b>		<b>(368)</b>	<b>43</b>	<b>(325)</b>	<b>(144)</b>	<b>(1,485)</b>	<b>(1,629)</b>
Tax on loss	10	-	-	-	-	-	-
<b>Loss for the financial year</b>		<b>(368)</b>	<b>43</b>	<b>(325)</b>	<b>(144)</b>	<b>(1,485)</b>	<b>(1,629)</b>
Share based payment		22	-	22	19	-	19
Other comprehensive income for the year		22	-	22	19	-	19
<b>Total comprehensive loss for the year</b>		<b>(346)</b>	<b>43</b>	<b>(303)</b>	<b>(125)</b>	<b>(1,485)</b>	<b>(1,610)</b>

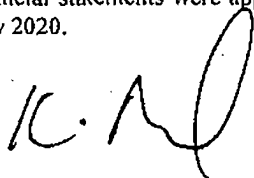
The notes on pages 12 to 24 form part of these financial statements

Celanese Production UK Limited

**Balance sheet**  
**As at 31 December 2018**

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Intangible fixed assets	11	-	25
Tangible fixed assets	12	17,352	17,332
		<u>17,352</u>	<u>17,357</u>
<b>Current assets</b>			
Cash	1	-	-
Stocks	13	4,385	3,804
Debtors	14	6,505	3,549
<b>Current assets</b>		<u>10,891</u>	<u>7,353</u>
Creditors: amounts falling due within one year	15	(42,594)	(38,493)
<b>Net current liabilities</b>		<u>(31,703)</u>	<u>(31,140)</u>
<b>Total assets less current liabilities</b>		<u>(14,351)</u>	<u>(13,783)</u>
<b>Provisions for liabilities</b>	16		
Provisions		(2,591)	(2,856)
<b>Net liabilities</b>		<u>(16,942)</u>	<u>(16,639)</u>
<b>Capital and reserves</b>			
Called up share capital	17	43,000	43,000
Share premium account	18	30,266	30,266
Capital redemption reserve	18	2,430	2,430
Profit and loss account		(92,638)	(92,335)
		<u>(16,942)</u>	<u>(16,639)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 February 2020.



**Karl A Milner**  
Director

Registered number: 5859422

The notes on pages 12 to 24 form part of these financial statements.

Celanese Production UK Limited

**Statement of changes in equity**  
**For the year ended 31 December 2018**

	<b>Called up share capital £'000</b>	<b>Share premium account £'000</b>	<b>Capital redemption reserve £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
At 1 January 2017	43,000	30,266	2,430	(90,725)	(15,029)
<b>Comprehensive loss for the year 2017</b>					
Loss for the year	-	-	-	(1,629)	(1,629)
Share based payment	-	-	-	19	19
Other comprehensive income for the year 2017	-	-	-	19	19
<b>Total comprehensive loss for the year 2017</b>	-	-	-	(1,610)	(1,610)
At 1 January 2018	43,000	30,266	2,430	(92,335)	(16,639)
<b>Comprehensive income for the year 2018</b>					
Loss for the year	-	-	-	(325)	(325)
Share based payment	-	-	-	22	22
<b>Other comprehensive income for the year</b>	-	-	-	22	22
<b>Total comprehensive expense for the year 2018</b>	-	-	-	(303)	(303)
At 31 December 2018	43,000	30,266	2,430	(92,638)	(16,942)

The notes on pages 12 to 24 form part of these financial statements

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**Notes to the financial statements**  
**For the year ended 31 December 2018**

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**1. Accounting policies**

**1.1. Basis of preparation of financial statements**

Celanese Production UK Limited (registered number 5859422) is a private company limited by shares incorporated in England and Wales. The registered office is 1 Holme Lane, Spondon, Derby, DE21 7BS.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements have been prepared in Sterling which is the functional currency of the Company. All amounts in the financial statements have been rounded to the nearest £1,000.

Notwithstanding net current liabilities of £31,703,000 and net liabilities of £16,942,00 as at 31 December 2018 and a loss for the year then ended of £36,000 the financial statements have been prepared on a going concern basis which the director considers to be appropriate for the following reasons.

The director has prepared cash flow forecasts for a period of 12 months from the date of approval of the financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the Company's fellow subsidiary company, Celanese Europe B.V. not seeking repayment of the amounts currently due to it, which at 31 December 2018 amounted to £39,929,000. Under the terms of the cash pooling agreement between the Company and Celanese Europe B.V., Celanese Europe B.V. can only require repayment of these amounts if the Company will still have sufficient funds to continue to meet its liabilities as they fall due.

Consequently, the director is confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently the financial statements have been prepared on a going concern basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

**1.2. Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;

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**Notes to the financial statements**  
**For the year ended 31 December 2018**

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**1. Accounting policies (continued)**

- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Celanese Corporation as at 31 December 2018 and these financial statements may be obtained from 222 West Las Colinas Boulevard, Suite 900N, Irving, Texas, 75039, USA.

**1.3. Revenue**

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Revenue is recognised on delivery to customers, when the risks and rewards associated with the underlying products have been substantially transferred. Revenue is earned from group companies based on intercompany agreements at a mark-up of between 7 and 13%.

**1.4 Intangible fixed assets and amortisation**

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

- Trademarks - 25 years
- CO2 Emission allowances - 3 years

**1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	5% - 10%
Plant & machinery	-	6.67% - 20%
Fixtures & Fittings	-	6.67% - 20%

No depreciation is provided on freehold land or capital work in progress.

Fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income-generating unit is the smallest identifiable group of assets that generated income that is largely independent of the income streams from other assets or group of assets.

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**Notes to the financial statements**  
**For the year ended 31 December 2018**

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**1. Accounting policies (continued)**

Calculation of recoverable amount. The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment.

**1.6 Research and development**

Research and development expenditure is charged to the statement of comprehensive income as incurred.

**1.7 Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes an appropriate proportion of attributable overheads.

**1.8 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**1.10 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of comprehensive income.

**1.11 Taxation**

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.



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**Notes to the financial statements**  
**For the year ended 31 December 2018**

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**1. Accounting policies (continued)**

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**1.12 Finance costs**

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.13 Pensions**

The cost of providing retirement pensions and related benefits in respect of defined contributions schemes represents the contributions payable to the scheme in respect of the accounting period. The contributions are held in separately administered funds from the Company's assets.

**1.14 Interest income**

Interest income is recognised in the statement of comprehensive income using the effective interest method.

**1.15 Provisions**

Provision is made where, the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefit will be required and a reliable estimate of the obligation can be made. Provisions are discounted where the effect would be material.

**1.16 Dividends unpaid on shares presented within shareholder's funds**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

**1.17 Discontinued operations**

Discontinued operations are components of the Company that have been disposed of or closed at the reporting date and previously represented a separate major line of business or geographical area of operation. They are included in the statement of comprehensive income in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

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**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

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**2. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:-

**Impairment of non-financial assets**

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

**Taxation**

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

**Provisions**

Provisions are measured at the best estimate at the balance sheet date given the information available and taking into account relevant risks and uncertainties. Each provision is reviewed continuously. A reduction in the provision is charged as an expense to the statement of comprehensive income in the year that the Company becomes aware of the obligation. When payments are eventually made, they are charged to the provision carried in the balance sheet.

There is an obligation for the Company to remediate environmental damage caused to the Spondon site by a previous owner, and a provision has been made for those costs on the basis set out below. In addition, the Company has an agreement with the previous owner of the site for that previous owner to contribute towards those costs; a receivable is recognised in these accounts representing management's best estimate of what they presently expect that contribution to be.

The environmental provision balance was reviewed in detail at the end of 2018 by Technical Accounting and REM Managers (Remediation Group) and the related receivable was determined to be valid as of 31 December 2018 (contained within Trade Debtors and Other Debtors, see Note 14). The current status is that the amounts making up the provision are an accurate reflection of expected costs, which the receivable is legally valid based on the contract with the previous owner. The provision represents costs incurred or to be incurred to remediate the site and MNA (Monitored Natural Attenuation) methodology has been approved for the site by the governing authorities. Celanese and the previous owner have discussed entering into a settlement relating to this site and are currently in negotiations. The settlement is expected to be at or above the current receivable balance. Therefore, the Director believes that there are no collectability issues with the receivable at this time.

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**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

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**3. Turnover**

An analysis of turnover by class of business is as follows:

	2018 £'000	2017 £'000
Sales of goods	11,323	12,253
	<u>11,323</u>	<u>12,253</u>

Analysis of turnover by country of destination:

	2018 £'000	2017 £'000
United Kingdom	-	-
Rest of Europe	11,323	12,253
Rest of the world	-	-
	<u>11,323</u>	<u>12,253</u>

The core business operation changed in 2015 since the 'principal operation company' model was implemented. Celanese Production UK Ltd as a production entity sells goods and services only to Celanese Europe BV, domiciled in the Netherlands, so there are no direct sales to third-party customers.

**4. Operating profit / (loss)**

The operating profit / (loss) is stated after charging:

	2018 £'000	2017 £'000
Depreciation of tangible fixed assets (note 12)	737	658
Amortisation of intangible assets, including goodwill (note 11)	25	-
Foreign exchange differences	16	149
Defined contribution pension cost	141	157
Other operating income – Cigarette Tow production	43	-

**5. Auditor's remuneration**

	2018 £'000	2017 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	23	23
	<u>23</u>	<u>23</u>

**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

**6. Employees**

Staff costs, including director's remuneration, were as follows:

	2018 £'000	2017 £'000
Wages and salaries	2,173	2,086
Social security costs	282	222
Cost of defined contribution scheme	141	157
	<u>2,596</u>	<u>2,465</u>

The average monthly number of employees, including the director, during the year was as follows:

	2018 No	2017 No
Production	55	54
Administration	2	2
	<u>57</u>	<u>56</u>

**7. Director's remuneration**

	2018 £'000	2017 £'000
Director's emoluments	108	102
	<u>108</u>	<u>102</u>

In the year of 2018 the director received an annual salary of £87,500 and a bonus payment amounted to £20,500.

**8. Interest receivable and similar income**

	2018 £'000	2017 £'000
Interest receivable from group companies	144	36
	<u>144</u>	<u>36</u>

The interest receivable income is calculated daily, based on the financial position with the in-house bank at the end of the day. Receivables from group undertakings are unsecured at an interest rate of average one month LIBOR plus a spread of 10 bps.

**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

**9. Interest payable and similar expenses**

	2018 £'000	2017 £'000
Unwind of discount on provision	-	25
Loan interest payable	616	364
Capitalized interest expense	(26)	-
	<u>590</u>	<u>389</u>

Amounts owed to group undertakings are unsecured at an interest rate of average one month LIBOR plus a spread of 50bps and are repayable on demand. The Company owed to the cash-pool leader, Celanese Europe BV, at year-end, in the currencies denominated in GBP and EUR.

**10. Taxation**

	2018 £'000	2017 £'000
Total current tax	-	-
Deferred tax	-	-
Total deferred tax	-	-
Taxation on profit of ordinary activities	-	-

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Loss on ordinary activities before tax	(325)	(1,629)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(62)	(314)
Effects of:		
Expenses not deductible (permanent difference)	7	17
Income not taxable	(2)	-
Tax rate changes	-	43
Share options	6	-
Deferred tax not recognised	51	390
Tax charge for the period	-	-

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**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**


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**Unprovided deferred tax asset**

Deferred taxation comprises:

	2018 £'000	2017 £'000
Decelerated capital allowances	(7,332)	(7,428)
Tax losses	(3,845)	(3,844)
Other timing differences	(2)	(2)
	<u>(11,179)</u>	<u>(11,274)</u>

No deferred tax asset has been recognised as the director cannot be reasonably certain that future taxable profits will arise to allow the offset of these losses.

**Factors that may affect future tax charges**

The Finance (No. 2) Act 2015, substantively enacted on 26 October 2015, reduced the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020, whilst the Finance Act 2016, substantively enacted on 6 September 2016, included further reduction of the rate of 18% to 17% from 1 April 2020. This will reduce the Company's future tax charges accordingly. The effects of these changes would also affect any deferred tax balances recognised at 31 December 2018.

**11. Intangible assets**

	Trademarks £'000	CO2 Emission allowances £'000	Total £'000
<b>Cost</b>			
At 1 January 2018	304	358	662
Additions	-	-	-
At 31 December 2018	<u>304</u>	<u>358</u>	<u>662</u>
<b>Amortisation</b>			
At 1 January 2018	304	333	637
Amortisation charge for the year	-	25	25
At 31 December 2018	<u>304</u>	<u>358</u>	<u>662</u>
<b>Net book value</b>			
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2017	-	25	25

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**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**


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**12. Tangible fixed assets**

	<b>Freehold property &amp; land £'000</b>	<b>Plant &amp; machinery £'000</b>	<b>Capital work in progress £'000</b>	<b>Fixtures &amp; fittings £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>					
At 1 January 2018	14,876	61,394	2,862	532	79,664
Additions	47	89	623	-	759
Capital work in progress activation	125	543	(668)	-	-
Disposals	-	(1,477)	-	-	(1,477)
At 31 December 2018	<b>15,048</b>	<b>60,549</b>	<b>2,817</b>	<b>532</b>	<b>78,946</b>
<b>Depreciation</b>					
At 1 January 2018	7,694	54,122	15	501	62,332
Charge for the year on owned assets	43	655	8	31	737
Transfers intra group	-	-	-	-	-
Disposals	-	(1,475)	-	-	(1,475)
At 31 December 2018	<b>7,737</b>	<b>53,302</b>	<b>23</b>	<b>532</b>	<b>61,594</b>
<b>Net book value</b>					
At 31 December 2018	<b>7,311</b>	<b>7,247</b>	<b>2,794</b>	<b>-</b>	<b>17,352</b>
At 31 December 2017	7,182	7,272	2,847	31	17,332

**13. Stocks**

	<b>2018 £'000</b>	<b>2017 £'000</b>
Raw materials and consumables	958	1,114
Work in progress (goods to be sold)	2,896	223
Finished goods and goods for resale	531	2,467
	<b>4,385</b>	<b>3,804</b>

In the opinion of the director, there is no material difference between the cost as shown and the replacement cost of stock.

The write down of stocks to net realisable value amounted to £212,000 (2017: £233,000). This represents the value of stock adjustments related to scrapping of raw materials, work in progress and finished goods and obsolescence reserved made on those items.

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**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**


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**14. Debtors**

	2018 £'000	2017 £'000
Trade debtors	1,316	2,662
Intercompany receivables	3,618	263
Other debtors	1,504	541
Prepayments & accrued income	67	83
	<u>6,505</u>	<u>3,549</u>

Re-charged demolition cost to third parties, who are located at the site, are presented as trade or other debtors.

Intercompany receivables are short term trade receivables from the 'principal operating company', Celanese Europe B.V. Non-trade third party receivables amounted to £1,079,000 and tax related receivables amounted to £60,000 are disclosed as other debtors which were due within a year.

**15. Creditors: Amounts falling due within one year**

	2018 £'000	2017 £'000
Trade creditors	855	1,343
Amounts owed to group undertakings	41,284	36,915
Other taxation and social security	230	110
Accruals and deferred income	225	125
	<u>42,594</u>	<u>38,493</u>

Amounts owed to group undertakings are unsecured cash pool liabilities at an interest rate of average one month LIBOR plus a spread of 50 bps and are repayable on demand.

Trade creditors are short term, third party suppliers (majority domestic) raw and packaging material suppliers.

**16. Provisions**

	Restructuring £'000	Health, safety & environmental £'000	Total £'000
At 1 January 2018	733	2,123	2,856
Reclassification	(719)	719	-
Charged to profit and loss	-	86	86
Utilised in year	(14)	(337)	(351)
At 31 December 2018	<u>-</u>	<u>2,591</u>	<u>2,591</u>



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**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

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**Restructuring provision**

The restructuring provision of £nil (2017: £733,000) relates to severance reserve for personal expenses. All severance related reserve was fully utilised within the year.

**Health, safety and environmental**

The health, safety and environmental provision relates to the expected cost of the environmental cleanup, deactivation of land at the Spondon site. The majority of the provision was made on environmental and health in the early 2010s parallel to discontinuing part of the manufacturing activities. It is expected that the provision will be utilised over a period of the next 1- 3 years.

**17. Share Capital**

<b>Allotted, called up and fully paid</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
43,000,002 (2017 - 43,000,002) Ordinary shares of £1 each	<b>43,000</b>	43,000

**18. Reserves**

**Share premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

**Capital redemption reserve**

This reserve records the nominal value of shares repurchased by the Company

**19. Capital commitments**

At 31 December 2018 the Company had capital commitments as follows:

	<b>2018 £'000</b>	<b>2017 £'000</b>
Contracted for but not provided in these financial statements	-	104

**20. Pension commitments**

The Company's employees are eligible to join the Celanese Acetate Limited Personal Pension Plan, and the Company is contracted-in to the State Second Pension. The plan, administered through Legal & General Assurance Society Ltd ('L&G'), is a defined contribution arrangement based on a personal contract between each participating employee and L&G. Company contributions are related to those of each employee, and in 2018 amounted to £141,000 (2017: £157,000) being an average of 6.56% of total regular salaries' for the relevant period. The commitments outstanding at the year-end amounted to £nil (2017: £nil).

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**Notes to the financial statements**  
**For the year ended 31 December 2018 (continued)**

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**20. Pension commitments (continued)**

In addition, all Company employees are covered by the Acetate Products Group Life Assurance Scheme. This scheme provides a lump sum payment on the death of any employee equivalent to four times annual salary. The premium for 2018 was £16,000 (2017: £14,000). Members of the Celanese Acetate Group Personal Pension Plan (who joined the scheme at either 1 August 2004 or at the commencement of their employment, whichever is the later) are also covered by a self-insured lump sum scheme providing a payment to any member leaving the Company's employment on grounds of permanent medical incapacity. Payments made under this scheme in 2018 were £nil (2017: £nil).

**21. Related party transactions**

The Company has adopted the provisions of FRS 102 'Related Party Disclosures' and has taken advantage of the exemption from the disclosure requirements regarding related party transactions as the Company is a 100% subsidiary of a group whose consolidated accounts are publicly available.

**22. Immediate and ultimate parent undertaking**

The Company is a subsidiary undertaking of Celanese Services Germany GmbH, Am Unisys Park 1, 65843, Sulzbach (Taunus), Germany, incorporated in Germany. The ultimate parent undertaking and controlling party is Celanese Corporation, incorporated in the USA.

The largest and smallest group in which the results of the Company are consolidated is that headed by Celanese Corporation. The consolidated financial statements of Celanese Corporation are available to the public and can be obtained from 222 West Las Colinas Boulevard, Suite 900N, Irving, Texas, 75039, USA.