

Celanese Production UK Limited

Celanese Production UK Limited

Annual report and financial statements

For the year ended 31 December 2022

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Celanese Production UK Limited

Company Information

Director	Karl A Milner
Registered number	05859422
Registered office	1 Holme Lane Spondon Derby DE21 7BS
Auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

Celanese Production UK Limited

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Celanese Production UK Limited

Strategic report for the year ended 31 December 2022

Results

The profit for the year, before taxation, amounted to £764,000 (2021: £7,127,000).

Business review

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 2022 was £18.7 million (2021: £16.4 million).

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 2022. 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.

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.

Innovation

In addition to Antifog, additional investments are being incurred to identify other uses for our film products including uses in LED lighting, point of sale and flexible packaging applications. 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.

Celanese Production UK Limited

Strategic report for the year ended 31 December 2022 (continued)

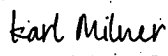
Principal risks and uncertainties

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.

From a supply chain point of view, incoterms and import duties are reviewed and custom clearance is planned to be performed on behalf of our customers. Raw materials level is increased as well to ensure a production plan with extended lead times.

This report was approved by the board on 26 September 2023 and signed on its behalf.

DocuSigned by:


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Karl A Milner
Director

Celanese Production UK Limited

Director's report for the year ended 31 December 2022

The director presents his report and the Financial Statements for the year ended 31 December 2022.

Dividends

The director does not recommend the payment of a dividend (2021: £nil).

Directors

The director who served during the year of 2022 was:

K A Milner – resigned on 21 April, 2022

V B M Goncalves Filho – appointed on 21 April, 2022 and resigned on 14 July, 2023

The director appointed on 17 July, 2023 currently serving is: K A Milner

Political contributions and charitable donations

The Company made no political contributions during the year (2021: £nil) and made charitable donations of £nil (2021: £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.

Celanese Production UK Limited

Director's report for the year ended 31 December 2022 (continued)

Going concern

The financial statements have been prepared on the going concern basis 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. continuing to make funds available to the Company under the terms of the cash pooling agreement to allow it to continue to meet its liabilities as they fall due. Celanese Europe B.V has the ability to provide continued support to this entity and also the intent to continue supporting this entity. 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, they have 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 consequently the financial statements have been prepared 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 26 September 2023 and signed on its behalf.

DocuSigned by:

Karl Milner

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Karl A Milner

Director

1 Holme Lane
Spondon
Derby
DE21 7BS

Celanese Production UK Limited

Statement of Director's responsibilities in respect of the Strategic Report, the Director's Report and the Financial Statements for the year ended 31 December 2022

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 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;
- 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 has 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.

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

Opinion

We have audited the financial statements of Celanese Production UK Limited ("the Company") for the year ended 31 December 2022 which comprise the statement of comprehensive income, balance sheet, 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 2022 and of its profit 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.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the nature of the sales being driven by intercompany transactions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual entries to cash and borrowing accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably

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

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' 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 directors' 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 directors' 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 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 these respects.

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

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

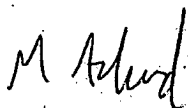
Auditor's responsibilities

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.

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.



Matthew Ackroyd (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

27 September 2023

Celanese Production UK Limited

Statement of comprehensive income for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Turnover	3	18,727	16,379
Cost of sales		(16,270)	(13,947)
Gross profit		2,457	2,432
Distribution costs		(483)	(463)
Administrative expenses		(1,282)	(1,321)
Other operating income		-	6,563
Operating profit	4	692	7,211
Interest receivable and similar income	7	50	4
Interest payable and similar Income/(expenses)	8	22	(88)
Profit before tax		764	7,127
Tax credit	9	284	1,165
Profit for the financial year		1,048	8,292
Total comprehensive profit		1,048	8,292

The accompanying notes form part of these financial statements.

Celanese Production UK Limited

Balance sheet as at 31 December 2022

	Notes	2022 £'000	2021 £'000
Intangible fixed assets		-	-
Tangible fixed assets	10	15,697	13,993
Deferred tax assets	12	975	822
Non-current assets		16,672	14,815
Stocks	11	5,438	4,853
Debtors	12	15,599	14,980
Current assets		21,037	19,833
Creditors: amounts falling due within one year	13	(5,873)	(3,814)
Net current assets		15,164	16,019
Total assets less current liabilities		31,836	30,834
Provisions for liabilities	14	(93)	(142)
Net assets		31,743	30,692
Called up share capital	15	43,000	43,000
Share premium	16	69,608	69,608
Capital redemption reserve	16	2,430	2,430
Profit and loss account		(83,295)	(84,346)
Shareholders' funds		31,743	30,692

The accompanying notes form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2023.

DocuSigned by:

Karl Milner
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Karl A Milner

Director

Registered number: 5859422

Celanese Production UK Limited

Statement of changes in equity for the year ended 31 December 2022

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
At 1 Jan 2021	43,000	30,266	2,430	(92,649)	(16,953)
Profit for the year	-	-	-	8,292	8,292
Total comprehensive income	-	-	-	8,292	8,292
Total transactions with owners	-	-	-	11	11
Capital increase (note 15)	-	39,342	-	-	39,342
At 1 Jan 2022	43,000	69,608	2,430	(84,346)	30,692
Profit for the year	-	-	-	1,048	1,048
Total comprehensive income	-	-	-	1,048	1,048
Total transactions with owners	-	-	-	3	3
At 31 Dec 2022	43,000	69,608	2,430	(83,295)	31,743

The accompanying notes form part of these financial statements.

Celanese Production UK Limited

Notes to the financial statement for the year ended 31 December 2022

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 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.

The financial statements have been prepared on the going concern basis 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. continuing to make funds available to the Company under the terms of the cash pooling agreement to allow it to continue to meet its liabilities as they fall due. Celanese Europe B.V. has the ability to provide continued support to this entity and also the intent to continue supporting this entity. 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, they have 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 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 judgement 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);

Celanese Production UK Limited

1. Accounting policies (continued)

1.2. Financial reporting standard 102 reduced disclosure exemptions (continued)

- 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;
- 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 2022 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 average 7-13%.

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.

Celanese Production UK Limited

1. Accounting policies (continued)

1.5. Tangible fixed assets and depreciation (continued)

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.

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 are 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.

Celanese Production UK Limited

1. Accounting policies (continued)

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.

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 a defined contribution scheme 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.

Celanese Production UK Limited

1. Accounting policies (continued)

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.

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.

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2. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Provisions

Provisions are measured at the best estimate at the balance sheet date given the information available and considering 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 was made for those costs on the basis set out below. As the land was sold during 2021, the related environmental provision was decreased to £142,000 in 2021. In 2022 the related environmental provision was decreased by £49,000 (see Note 14).

3. Turnover

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

	2022	2021
	£'000	£'000
Sales of goods	18,727	16,379

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

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

	2022	2021
	£'000	£'000
Foreign exchange difference	(57)	(7)
Depreciation of tangible fixed assets (note 10)	1,132	1,035
Gain on disposal of asset (Spondon land) (note 4)	-	6,563
Loss on Disposal of Fixed Assets	(27)	-

Audit fee amounted to £35,000 (2021: £29,000).

In 2021 Celanese has successfully sold the land comprising the former Celanese factory at Holme Lane, Spondon, Derby. Terms of the agreement were finalised, and the sale price exceeded the net book value

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4. Operating profit (continued)

at which the land was held, generating a profit of £6,563,000. The purchaser assumed all environmental obligations and liabilities relating to the land sold.

5. Employees

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

	2022	2021
	£'000	£'000
Wages and salaries	3,080	2,715
Social security costs	320	291
Cost of defined contribution scheme	183	166
Total	3,583	3,172

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

	2022	2021
	No.	No.
Production	71	61
Administration	1	1
Total	72	62

During 2022 the headcount increased to meet anticipated demand growth. Also, some of the regular contractor/agency workers were employed.

6. Directors' remuneration

	2022	2021
	£'000	£'000
Emoluments	117	108

The aggregate of remuneration and amounts receivable under long-term incentive scheme of the highest paid director was £117,000 (2021: £108,000). In 2022, none of the directors exercised (2021: both directors exercised) their share options during the year.

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7. Interest receivable and similar income

	2022	2021
	£'000	£'000
Interest receivable from group companies	50	4

The interest receivable 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 average of one-month LIBOR plus a spread of 10 bps.

8. Interest payable and similar (income)/expenses

	2022	2021
	£'000	£'000
Loan interest payable	3	101
Capitalised interest expense	(25)	(13)
Total	(22)	88

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

9. Taxation

	2022	2021
	£'000	£'000
Total current tax	-	-
Total deferred tax	(284)	(1,165)
Taxation on profit of ordinary activities	(284)	(1,165)

Factors affecting tax charge for the year

The tax rate assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2022	2021
	£'000	£'000
Profit for the financial year	1,048	8,292
Tax credit	(284)	(1,165)
Profit on ordinary activities before tax	764	7,127
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 – 19%)	145	1,354

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9. Taxation (continued)

Effects of:

Expenses not deductible (permanent difference)	48	(1,193)
Income not-taxable	-	-
Tax rate differential	(68)	-
Losses not previously recognised	(409)	1,004
Deferred tax not recognised	-	-
Tax (charge)/credit for the year	(284)	1,165

Factors that may affect future tax charges

On 14 October 2022 the Government has announced that Corporation Tax will increase to 25% from April 2023 as already legislated for. This will also have a consequential effect on the Company's future tax charge.

The Company has unrecognised deferred tax assets relating to tax losses and timing differences at the closing tax rate as follows:

	2022	2021
	£'000	£'000
Decelerated capital allowances	(7,333)	(7,432)
Tax losses	(6,776)	(5,160)
Other timing differences	(8)	(7)
Total	(14,117)	(12,599)

A deferred tax asset has been recognized in relation to forecast profits for the next three years. Beyond this time the director cannot be reasonably certain that future taxable profits will arise to allow offset of these losses.

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10. Tangible fixed assets

	Freehold property & land £'000	Plant & machinery £'000	Capital work in progress £'000	Fixtures & fittings £'000	Total £'000
Gross value at 1 Jan 2022	9,564	59,638	2,321	532	72,055
Additions	295	538	2,059	-	2,892
Transfers	266	1,829	(2,095)	-	-
Disposals	-	(238)	-	-	(238)
Gross value at 31 Dec 2022	10,125	61,767	2,285	532	74,709
Depreciation at 1 Jan 2022	7,899	49,631	-	532	58,062
Charge for the year on owned assets	80	1,051	-	-	1,131
Disposals	-	(181)	-	-	(181)
Depreciation at 31 Dec 2022	7,979	50,501	-	532	59,012
Net Book Value at 31 Dec 2022	2,146	11,266	2,285	-	15,697
Net Book Value at 31 Dec 2021	1,665	10,007	2,321	-	13,993

The net book value of the land is £449,000 (2021: £449,000) as at 31 December 2022 for which no depreciation is charged.

11. Stocks

	2022 £'000	2021 £'000
Raw materials	741	652
Work in progress	4,086	3,403
Finished goods	611	798
Total	5,438	4,853

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

The adjustment of stocks to net realisable value amounted to £21,000 (2021: £172,000). This represents the value of stock adjustments related to obsolescence reserve of raw materials and finished goods.

The variable cost of stock charged into cost of sales amounted to £7,684,000 (2021: £6,388,000).

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12. Debtors

	2022	2021
	£'000	£'000
Trade debtors	70	42
Amounts due from group undertakings	8,184	8,030
Other debtors	6,408	6,422
Prepayments & accrued income	463	143
Deferred tax	1,449	1,165
Total	16,574	15,802

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

The amounts due on sale of the land site (note 4) are held within other debtors in the current year.

Amounts due from group undertakings consists of short-term trade receivables from the 'principal operating company', Celanese Europe B.V., and are held at an interest rate average of one-month LIBOR plus a spread of 50 bps and are repayable on demand. The amount further includes a VAT receivable in respect of transfer pricing adjustments due from Celanese Sales Germany GmbH.

Included within the deferred tax asset is £975,000 (2021: £822,000) which is expected to reverse in more than one year.

13. Creditors: Amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	1,826	1,131
Amounts owed to group undertakings	2,654	1,619
Tax and social security	745	722
Accruals and deferred income	648	342
Total	5,873	3,814

Amounts owed to group undertakings includes a payable to Celanese Acetate LLC, in the amount of £1,857,000, is in respect of transfer pricing adjustment.

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

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14. Provisions

	Health, safety & environmental £'000
At 1 Jan 2022	142
Released in year	(49)
At 31 Dec 2022	93

The health, safety and environmental provision relates to the expected cost of the environmental clean-up, deactivation of land at the Spondon site. The provision was made on environmental and health in the early 2010s parallel to discontinuing the manufacturing activities. Most of the provision, £2.2m, was released in 2021, when the Company sold this land (note 4).

15. Share capital

Allotted, called up & fully paid	2022 £'000	2021 £'000
43,000,003 (2021 – 43,000,003) ordinary shares of £1 each	43,000	43,000

In June 2021 the Company received funds in the amount of EUR 46 million (£39,342,000) from its sole shareholder, Celanese Services Germany GmbH, as a capital contribution in exchange for 1 additional share. All of the shares have full voting rights, dividend and capital distribution rights attached to them, and they are non-redeemable.

16. 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.

17. 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 Royal London Mutual Insurance Society Ltd. ('RLMIS'), is a defined contribution arrangement based on a personal contract between each participating employee and RLMIS. Company contributions are related to those of each employee, and in 2022 amounted to £183,000 (2021: £166,000) being an average of 5.96 % of total regular salaries for the relevant period. The commitments outstanding at the year-end amounted to £nil (2021: £nil).

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17. 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 2022 was £23,627 (2021: £3,535). 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 2022 were £nil (2021: £nil).

18. 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.

19. 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.