

A. Schulman Thermoplastic Compounds Limited

Annual report and financial statements for
the 16 month period ended 31 December
2019

Company registration number: 01018237 England



A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE 16
MONTH PERIOD ENDED 31 DECEMBER 2019

Contents

	Page
Officers and Professional Advisers	3
Strategic report for the 16 month period ended 31 December 2019	4
Directors' report for the 16 month period ended 31 December 2019	7
Independent auditors' report to the members of A. Schulman Thermoplastic Compounds Limited	10
Profit and loss account for the 16 month period ended 31 December 2019	13
Statement of comprehensive income for the 16 month period ended 31 December 2019	14
Balance sheet as at 31 December 2019	15
Statement of changes in equity for the 16 month period ended 31 December 2019	16
Notes to the financial statements for the 16 month period ended 31 December 2019	17

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE 16
MONTH PERIOD ENDED 31 DECEMBER 2019

Officers and Professional Advisers

Directors

H Lingnau Schneider – resigned 31st January 2019
S L Bishop – resigned 1st April 2019
C Andrews – appointed 1st April 2019
M A R Coop – appointed 1st June 2019

Company Secretary

K J Blake – resigned 24th June 2019
Citco Management (UK) Limited – appointed 17th June 2019

Registered office

1 Kingsland Grange,
Woolston,
Warrington,
Cheshire
WA1 4RA

Bankers

Bank of America NA,
2 King Edward Street,
London
EC1A 1HQ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
No. 1 Spinningfields
1 Hardman Square
Manchester
M3 3EB

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

STRATEGIC REPORT

The directors present their Strategic report on the company for the 16 month period ended 31 December 2019. The company has changed its accounting reference date to 31 December, previously 31 August, to align with LyondellBasell Industries Holdings B.V.

Review of the business and future developments

Performance from operations before exceptional items generated £2,505,000 operating profit during the 16 month period (year ended 31 August 2018: £980,000). Mix and increased margins, from actions initiated in January 2018, improved site performance and the company shows a net profit before taxation of £1,876,000 (year ended 31 August 2018: profit of £983,000). The directors expect to see continued operational growth in the future, however given uncertain post Brexit market conditions, this is expected to be a challenge until UK/EU negotiations are finalized by 31 December 2020.

At the balance sheet date, the net assets of the company totaled £15,519,000 (31 August 2018: £13,957,000).

The company was acquired by LyondellBasell Industries Holdings B.V. on 21st August 2018. The company is presently undergoing a period of restructure to integrate the company into existing LyondellBasell Industries N.V. systems and functions. The principal activities of the business are the manufacture of plastics in primary forms.

The company will continue to operate in existing markets and aims to increase volume by seeking new customers, new markets and developing new products.

Key performance indicators

The directors believe that the key performance indicators ('KPIs') are revenue growth and operating profitability.

Revenue has increased from £55,334,000 to £62,871,000 because of the extended accounting reference date. The underlying trend shows a decrease in volume, however an increase in selling prices on intercompany transfer work and passing on rising raw materials costs.

The profit for the financial 16 month period was £1,562,000 (year ended 31 August 2018: profit £851,000) which will be transferred to reserves and resulted from improved revenue.

Revenues increased at a faster rate than cost of sales, due to an improved favourable sales mix, resulting in gross profit margin increasing to 11.4% (year ended 31 August 2018: 9.8%).

Employee numbers decreased by 5 employees (3.8%) in the 16 month period as the company continues to restructure the workforce to manage lower levels of manufactured volume and due to synergies arising from new ownership.

Principal risks and uncertainties

The management of the business is subject to a number of risks including commercial risk, price risk, and credit risk. The mitigation of these risks has been outlined below.

Commercial risk

Commercial risks include those from competitors, economic and especially arising from uncertainty created by the UK's post Brexit negotiations, environmental, health and safety. In relation to the UK's post Brexit negotiations, the company is holding meetings, putting in contingency plans and monitoring the progress of negotiations, in discussion with other group companies. The company continues to

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

STRATEGIC REPORT

improve its products and customer service in order to maintain and develop its market place penetration as evidenced by the continued investment in people and research and development of new products.

COVID-19

The events surrounding the COVID-19 pandemic and the significant drop in the price of oil continue to evolve and impact global markets. The spread of COVID-19 has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. Consequently, economic conditions, including commodity prices, have been increasingly volatile. Many of our facilities and employees are based in areas impacted by the virus.

In response to the pandemic, the LyondellBasell Group activated its global response plan. We prioritised the health and safety of our employees, contractors and global communities while maintaining business continuity. We have also postponed capital spending related to selected growth projects and maintenance activities.

The extent of the impact of the pandemic and the drop in the oil price on our operational and financial performance will depend on future developments which are uncertain and cannot be predicted. An extended period of economic disruption could have a material adverse impact on our business, results of operations, access to sources of liquidity and financial condition. While we see strong demand for our polyolefins, weak demand from markets for industrial and durable products is expected to continue.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, currency risk and interest rate cash flow risk. The company has in place a risk management program that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

In order to ensure stability of cash out flows and hence manage interest rate risk, the company is supported by fellow group operations. The company does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is continually reviewed by the senior management team.

Currency risk

The company is exposed to currency risk as a result of its operations. However, given the size of the company's operations, the cost of managing the exposure to currency risk through the use of derivative financial instruments exceeds any potential benefits, and as such no hedge accounting is applied. The

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

STRATEGIC REPORT

company operates foreign currency bank accounts in order to offset foreign currency receipts and payments.

Interest rate cash flow risk

The company has both interest bearing group assets and interest bearing group liabilities. Interest bearing group assets include only cash pool balances, all of which earn interest at fixed rate. Interest payable is on group cash pool liabilities only and therefore management of cash flows is taken account of as part of the group's financing activity. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

On behalf of the board

A handwritten signature in black ink, appearing to be 'Clinton Andrews', with a stylized circular flourish in the middle.

Clinton Andrews

DATE 20th November 2020

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the 16 month period 31 December 2019.

All amounts disclosed in the financial statements are round to the nearest £'000.

Future developments

Future developments are deemed to be of strategic importance to the company and as such have been outlined within the Strategic report.

Dividends

The directors are not proposing a dividend for the financial period ended 31 December 2019 (year ended 31 August 2018: £nil).

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are described above. Despite the economic uncertainty, based on cash flow forecasts for a period of more than 12 months from the date of approval of these financial statements which includes any expected impacts of Covid-19 and have considered severe but plausible downside sensitivities, the company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the LyondellBasell Group's centralised treasury arrangements and therefore shares banking arrangements with its parent and fellow subsidiaries. The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to fulfil its financial obligations. Additionally, the Company has received confirmation from the LyondellBasell group that the group will provide any support needed for the company to continue as a going concern for at least twelve months from the date of signing these financial statements. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Financial risk management

Disclosures relating to these areas are included in the strategic report.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

H Lingnau Schneider – resigned 31st January 2019

S L Bishop – resigned 1st April 2019

C Andrews – appointed 1st April 2019

M A R Coop – appointed 1st June 2019

Third party indemnity provision

The company has made qualifying third party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as a director of any associated company) and these indemnities were in place throughout the year and remain in force at the date of the report remain in force at the date of this report.

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

DIRECTORS' REPORT

Research and development

The company encourages research and development investment. Research and development programs are managed to obtain a balance between improvements to existing products and development of new products.

Employees

The company recognises the benefit of keeping employees informed of the progress of the business and of involving them in the company's performance and, accordingly, maintains regular communications with employees and has well established consultation arrangements.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Disclosure of information to auditors

Each of the persons who are a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- Each director has taken all the steps that he/she should have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

DIRECTORS' REPORT

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

On behalf of the board



Clinton Andrews

Director

DATE 20th November 2020

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, A. Schulman Thermoplastic Compounds Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the 16 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements for the 16 month period ended 31 December 2019 (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the profit and loss account, the statement of comprehensive income and the statement of changes in equity for the 16 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

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

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

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

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

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the period ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A.
SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

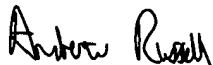
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Andrew Russell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
20th November 2020

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE 16 MONTH PERIOD
ENDED 31 DECEMBER 2019

		16 month period ended 31 December	Year ended 31 August
	Note	2019 £'000	2018 £'000
Turnover	3	62,871	55,334
Cost of sales		(55,717)	(49,907)
Gross profit		7,154	5,427
Distribution costs		(3,089)	(2,841)
Administrative expenses		(1,560)	(1,606)
Operating profit before exceptional items		2,505	980
Cost of sales - Exceptional items	4	(291)	-
Distribution costs - Exceptional items	4	(196)	-
Administrative expenses - Exceptional items	4	(175)	-
Operating profit	4	1,843	980
Interest receivable and similar income	6	44	15
Interest payable and similar expenses	6	(11)	(12)
Net interest income	6	33	3
Profit before taxation		1,876	983
Tax on profit	7	(314)	(132)
Profit for the financial period/year		1,562	851

All amounts relate to continuing operations.

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED**STATEMENT OF COMPREHENSIVE INCOME FOR THE 16 MONTH
PERIOD ENDED 31 DECEMBER 2019**

	16 month period ended 31 December	Year ended 31 August
	2019 £'000	2018 £'000
Profit for the financial period/year	1,562	851
Other comprehensive income:	-	-
Other comprehensive income	-	-
Total comprehensive income for the period/year	1,562	851

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2019**

		<u>As at 31 December</u>	<u>As at 31 August</u>
	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	8	1,991	2,230
		1,991	2,230
Current assets			
Inventories	9	5,403	6,058
Debtors	10	14,305	15,729
Cash at bank and in hand		1	66
		19,709	21,853
Creditors: amounts falling due within one year	11	(6,113)	(10,060)
Net current assets		13,596	11,793
Total assets less current liabilities		15,587	14,023
Provisions for liabilities	13	(68)	(66)
Net assets		15,519	13,957
Capital and reserves			
Called up share capital	16	4,363	4,363
Profit and loss account		11,156	9,594
Total equity		15,519	13,957

The notes on pages 17 to 37 are an integral part of these financial statements.

The financial statements on pages 13 to 37 were authorised for issue by the board of directors on 20th November 2020 and were signed on its behalf



Clinton Andrews

Director

A. Schulman Thermoplastic Compounds Limited

Company registration number: 01018237 England

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE 16 MONTH
PERIOD ENDED 31 DECEMBER 2019

	Note	£'000 Called up share capital	£'000 Profit and loss account	£'000 Total equity
Balance as at 1 September 2017		4,363	8,743	13,106
Profit for the financial year		-	851	851
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	851	851
Balance as at 31 August 2018		4,363	9,594	13,957
Profit for the financial period		-	1,562	1,562
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		-	1,562	1,562
Balance as at 31 December 2019		4,363	11,156	15,519

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2019

1. Accounting Policies

General information

A. Schulman Thermoplastic Compounds Limited ('the company') principal activities are the manufacture and supply of plastic compounds. The company also acts as a distributor of raw material polymer compounds to the plastics industry. The company has a manufacturing plant in the UK and sells primarily to UK and Ireland. The company is a private company limited by shares and incorporated in England and Wales. The registered office is shown on page 3.

Statement of compliance

The individual financial statements of A. Schulman Thermoplastic Compounds Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods due to 16 month presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The company has changed its accounting reference date to 31 December in the reporting period, previously the date was 31 August.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are described above. Despite the economic uncertainty, based on cash flow forecasts for a period of more than 12 months from the date of approval of these financial statements which includes any expected impacts of Covid-19 and have considered severe but plausible downside sensitivities, the company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the LyondellBasell Group's centralised treasury arrangements and therefore shares banking arrangements with its parent and fellow subsidiaries. The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to fulfil its financial obligations. Additionally, the Company has received confirmation from the LyondellBasell group that the group will provide any support needed for the company to continue as a going concern for at least twelve months from the date of signing these financial statements. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions.

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2019

1. Accounting Policies (continued)

Exemptions for qualifying entities under FRS 102 (continued)

Cash flow statement and related party disclosures

The company is included in the consolidated financial statements of LyondellBasell Industries N.V. which is incorporated in The Netherlands and which is the parent undertaking of the largest and smallest group in which the results of the Company are consolidated for the year ended 31 December 2019. The consolidated financial statements of LyondellBasell Industries N.V. may be obtained from LyondellBasell Industries N.V., Delftseplein 27E, 3013 AA Rotterdam, The Netherlands and 4th Floor, One Vine Street, London, W1J 0AH. Consequently, as the company is a 100% owned subsidiary, the company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its parent company includes the company's cash flows in its own consolidated financial statements. The company is also exempt under the terms of FRS 102 from disclosing related party transactions with entities that are part of the LyondellBasell Industries N.V. group (see note 20).

Key management personnel compensation

The company is exempt from disclosing key management personnel compensation, as required by FRS102 paragraph 33.7.

Foreign currency

(i) Functional and presentation currency

The company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transactions is included as an exchange gain or loss in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Non-monetary items measured at historical costs are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'Finance (expense) / income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'revenue, cost of sales or administrative expenses, to align with the nature of the income/cost'.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount received for goods supplied, net of returns, discounts and rebates allowed by the company and value added taxes. Revenue includes a royalty received from A. Schulman Thermoplastic Compounds SDN BHD in Malaysia, this royalty is invoiced and recognised on a monthly basis, as earned on an accrual's basis.

The company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2019

1. Accounting Policies (continued)

Revenue recognition (continued)

An entity shall recognise revenue from the sale of goods when all the following conditions are satisfied:

- (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably

Interest income

Interest income is recognised using the effective interest rate method.

Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plan.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between contributions payable and actually paid are shown as either accruals or prepayments in the balance sheet.

Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan because of past events and a reliable estimate of the obligation can be made.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated based on tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2019

1. Accounting Policies (continued)

Taxation (continued)

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible fixed assets are stated at historic purchase cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and costs attributable to bringing the asset into its working condition for its intended use.

Land and buildings

Land and buildings include freehold and leasehold factories, retail outlets and offices. Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

The company previously adopted a policy of revaluing freehold land and buildings and they were stated at their revalued amount less any subsequent depreciation and accumulated impairment losses. The company on transition to FRS 102 in 2014, adopted the transition exemption under FRS 102 paragraph 35.10(d) and has elected to use the previous revaluation as deemed cost.

Plant and machinery and fixtures, fittings, tools and equipment

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

Freehold land is not depreciated. The fixed assets have been depreciated on a straight-line basis at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its expected useful economic life in the company's business, and the rates are as follows:

Plant and machinery	- 10 to 25 years
Fixtures, fittings and computer equipment	- 4 to 25 years
Buildings	- 4 to 25 years

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2019

1. Accounting Policies (continued)

Tangible assets (continued)

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Assets in the course of construction

Assets under the course of construction are depreciated when they are first ready and available for use.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Administrative expenses'.

Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Lease incentives

Incentives received to enter an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2019

1. Accounting Policies (continued)

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Provisions and contingencies

Provisions

Provisions are recognised when the company has a present legal or constructive obligation because of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

Provision is made for dilapidation costs, based on previous dilapidation valuations.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2019

1. Accounting Policies (continued)

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2019

1. Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Exceptional Items

Exceptional items are non-recurring events that have an impact on a company's performance but must not be misread as gains or losses in routine business operations. The company incurred exceptional items during the period ended 31 December 2019 which have been separately disclosed in the profit and loss account. Refer to Note 4 for further details.

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH
PERIOD ENDED 31 DECEMBER 2019

2 Critical accounting judgements and estimation uncertainty

We think there are no significant accounting judgements, estimates are as follows:

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the property plant and equipment, and note 1 for the useful economic lives for each class of assets.

(ii) Inventory provisioning

The company manufactures and sells plastic compounds. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated sales of finished goods and future usage of raw materials. See note 9 for the net carrying amount of the inventory and associated provision.

(iii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 10 for the net carrying amount of the debtors and associated impairment provision.

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2019

3 Turnover

Turnover by destination	16 month period ended 31 December 2019 £'000	Year ended 31 August 2018 £'000
United Kingdom	31,486	27,565
Rest of Europe	23,902	19,618
Rest of World	7,483	8,151
	62,871	55,334

All of the Company's turnover originates in the UK.

Turnover by nature	16 month period ended 31 December 2019 £'000	Year ended 31 August 2018 £'000
Sales of goods	61,916	54,410
Other - Royalty	955	924
	62,871	55,334

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH
PERIOD ENDED 31 DECEMBER 2019

4 Operating profit

The operating profit is stated after charging:

	16 month period ended 31 December 2019 £'000	Year ended 31 August 2018 £'000
Staff Costs (see note 5)	6,974	5,044
Inventory recognised as an expense	46,087	42,823
Operating lease charges		
- Land and buildings rent	474	307
- Plant and machinery	126	107
Depreciation of tangible fixed assets		
- Owned assets	506	366
Exceptional Items (see below)		
Exceptional items	662	-
Audit fees payable to the company's auditors		
Audit fees are for statutory audit	31	20
Non Audit fees for taxation	-	1

Exceptional items

The Company had exceptional items to the value of £662,000 for the 16 month period ended 31 December 2019 (year ended 31 August 2018: £nil).

The exceptional items result from a restructure and include £159,000 I.T. integration cost, £287,000 shift reduction and £216,000 redundancy package for loss of office.

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH
PERIOD ENDED 31 DECEMBER 2019

5 Employees and directors

		16 month period ended 31 December 2019 £'000	Year ended 31 August 2018 £'000
	Note		
Wages and salaries		6,161	4,445
Social security costs		560	440
Other pension costs	12	253	159
Staff costs		6,974	5,044

By activity		16 month period ended 31 December 2019 Number	Year ended 31 August 2018 Number
Average monthly numbers of persons employed (including directors) by the company during the year was:			
Sales and distribution		10	11
Manufacturing		105	108
Research and development		7	7
Administration		4	5
		126	131

Directors

In the current period, one director received emoluments for qualifying services provided to the Company.

The remuneration of the other three directors was paid by other entities of the group. These directors' services to this company were of a non-executive nature and their remuneration was deemed wholly attributable to services provided to other entities in the group. Accordingly, the below details include no remuneration in respect to them.

	16 month period ended 31 December 2019 £'000	Year ended 31 August 2018 £'000
Aggregate emoluments	47	-
Company contributions to defined contribution pension scheme	2	-
	49	-

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH
PERIOD ENDED 31 DECEMBER 2019

5 Employees and directors (continued)

	16 month period ended 31 December 2019 £'000	Year ended 31 August 2018 £'000
Highest paid director		
Total emoluments	47	-
Company contributions to defined contribution pension scheme	2	-
	<u>49</u>	<u>-</u>

6 Net interest income

Interest receivable and similar income

	16 month period ended 31 December 2019 £'000	Year ended 31 August 2018 £'000
Interest receivable from group undertakings	40	15
Interest receivable from third party undertakings	4	-
Total interest income on financial assets not measured at fair value through profit or loss	44	15
Total interest receivable and similar income	<u>44</u>	<u>15</u>

Interest payable and similar expenses

	16 month period ended 31 December 2019 £'000	Year ended 31 August 2018 £'000
Interest payable on inter-company cash pool	11	12
Total interest expense on financial liabilities not measured at fair value through profit or loss	11	12
Total interest payable and similar expenses	<u>11</u>	<u>12</u>

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2019

6 Net interest income (continued)

Net interest income	16 month period ended 31 December 2019 £'000	Year ended 31 August 2018 £'000
Total interest receivable and similar income	44	15
Total interest payable and similar expenses	(11)	(12)
Net interest income	33	3

7 Tax on profit

Tax included in profit and loss	16 month period ended 31 December 2019 £'000	Year ended 31 August 2018 £'000
Current tax		
UK corporation tax charge on profit of the period/year	316	35
Total current tax	316	35
Deferred tax		
Origination and reversal of timing differences	(2)	97
Total deferred tax (note 13)	(2)	97
Tax on profit	314	132

Reconciliation of tax income:

The tax assessed for the 16 month period ended 31 December 2019 is lower (year ended 31 August 2018: lower) than the standard rate of corporation tax in the UK 19% (year ended 31 August 2018: 19.00%). The differences are outlined below:

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2019

7 Tax on profit (continued)

	16 month period ended 31 December 2019 £'000	Year ended 31 August 2018 £'000
Profit before taxation	1,876	983
Profit before taxation multiplied by the standard rate of corporation tax in the UK 19% (2018: 19.00%)	356	187
Effects of:		
Accelerated capital allowances and other timing differences	(124)	(103)
Withholding tax	121	58
Prior year RTR tax adjustment	(39)	(10)
Total tax for the period/year	314	132

On 8 July 2015, the UK Chancellor of the Exchequer announced reductions in the main rate of UK corporation tax from 20.0% to 19.0% with effect from 1 April 2017 and to 18.0% from 1 April 2020.

On 16 March 2016, the UK Chancellor of the Exchequer announced a further reduction to 17% from 1 April 2020 (instead of 18% as previously announced). This change became substantially enacted on 15 September 2016. As such the deferred tax assets and liabilities have been re-measured accordingly.

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2019

8 Tangible assets

	Land & Buildings £'000	Plant and machinery £'000	Assets under construction £'000	Fixtures & Fittings £'000	Total £'000
Cost					
At 1 September 2018	867	8,984	260	61	10,172
Additions	46	171	50	-	267
Transfers	-	260	(260)	-	-
At 31 December 2019	913	9,415	50	61	10,439
Accumulated depreciation					
At 1 September 2018	(618)	(7,282)	-	(42)	(7,942)
Charge for the period	(66)	(433)	-	(7)	(506)
At 31 December 2019	(684)	(7,715)	-	(49)	(8,448)
Net book value At 31 December 2019	229	1,700	50	12	1,991
At 31 August 2018	249	1,702	260	19	2,230

9 Inventories

	31 December 2019 £'000	31 August 2018 £'000
Raw materials and consumables	3,272	3,458
Finished goods and goods for resale	2,131	2,600
	5,403	6,058

The replacement cost of inventories does not exceed the balance sheet carrying amounts for the current period or preceding year.

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts.

Inventories are stated after provisions for impairment of £74,000 (31 August 2018: £53,000).

Inventories recognised as an expense for the 16 month period ended 31 December 2019 were £46,087,000 (year ended 31 August 2018: £42,823,000).

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH
PERIOD ENDED 31 DECEMBER 2019

10 Debtors

	31 December 2019 £'000	31 August 2018 £'000
Trade debtors	4,920	8,212
Amounts owed by group undertakings	9,161	7,064
Corporation tax receivable	107	264
Prepayments	117	189
	14,305	15,729

Trade receivables includes £nil (31 August 2018: £nil) falling due after more than one year.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Intercompany cash pool balances £8,586,000 (31 August 2018: £4,956,000) that are interest bearing are included in amounts owed by group undertakings.

11 Creditors: amounts falling due within one year

	31 December 2019 £'000	31 August 2018 £'000
Trade creditors	4,872	8,924
Amounts owed to group undertakings	111	365
Corporation tax payable	342	241
Other taxation and social security	116	198
Accruals	672	332
	6,113	10,060

The amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH
PERIOD ENDED 31 DECEMBER 2019

12 Post-employment benefits

	16 month period ended 31 December 2019 £'000	Year ended 31 August 2018 £'000
Defined contribution scheme	253	159
Total charge in operating profit	253	159

The company operates a defined contribution scheme. The pension cost charge for the 16 month period represents contributions payable by the company to the fund and amounted to £253,000 (year ended 31 August 2018: £159,000). The liability at the period / year end for the contributions payable to the defined contribution scheme is £30,000 (31 August 2018: £33,000).

13 Provisions for liabilities

	Deferred tax liability £'000	Dilapidations £'000	Total £'000
At 1 September 2018	17	49	66
Increase dealt with in profit and loss account	(2)	4	2
At 31 December 2019	15	53	68

A provision for deferred tax liability is recognised in relation to timing difference between depreciation and capital allowances.

The dilapidation provision relates to the obligation to restore the property to its original state at the end of the lease which arises under the terms of the property leases for the company's sites.

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2019

14 Deferred tax liability

	31 December 2019 £'000	31 August 2018 £'000
Other timing differences	15	17
Deferred tax	15	17

There are no unused tax losses or unused tax credits.

15 Financial Instruments

The company has the following financial instruments:

	Note	31 December 2019 £'000	31 August 2018 £'000
Financial assets that are debt instruments measured at amortised cost			
– Trade debtors	10	4,920	8,212
– Amounts owed by group undertakings	10	9,161	7,064
		14,081	15,276
Financial liabilities measured at amortised cost			
– Trade creditors	11	4,872	8,924
– Amounts owed to group undertakings	11	111	365
– Accruals	11	672	332
		5,655	9,621

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH
PERIOD ENDED 31 DECEMBER 2019

16 Called up share capital

	31 December 2019 £'000	31 August 2018 £'000
Allotted and fully paid		
4,363,000 (31 August 2018: 4,363,000) ordinary shares of £1	4,363	4,363

Dividends

	31 December 2019 £'000	31 August 2018 £'000
Total dividends paid	-	-

17 Contingent assets and liabilities

The company is a participant in a group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. No liability is expected to arise under this arrangement.

At 31 December 2019, the company had deferment bank guarantees in favour of HM Revenue and Customs of £70,000 (31 August 2018: £ 70,000).

18 Capital and other commitments

The company had the following total minimum lease payments under non-cancellable operating leases for each of the following periods:

	31 December 2019 £'000	31 August 2018 £'000
Land and buildings		
Within one year	350	307
Within two to five years	868	1,171
After five years	-	-
	1,218	1,478
Other		
Within one year	79	93
Within two to five years	1	59
	80	152

A. SCHULMAN THERMOPLASTIC COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2019

19 Related party transactions

See note 5 for disclosure of the directors' remuneration.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

20 Controlling parties

The immediate parent undertaking is A. Schulman Gainsborough Limited whose registered office is Sandars Road, Gainsborough, Lincolnshire DN21 1RZ.

The ultimate parent undertaking and controlling party is LyondellBasell Industries B.V. which is the largest and the smallest group to consolidate these financial statements. The consolidated financial statements of LyondellBasell Industries N.V. may be obtained from LyondellBasell Industries B.V., Delftseplein 27E, 3013 AA Rotterdam, The Netherlands and 4th Floor, One Vine Street, London, W1J 0AH.

21 Events after the end of the reporting period

The events surrounding the COVID-19 pandemic and the significant drop in the price of oil continue to evolve and impact global markets and are deemed a non-adjusting post balance sheet event. The spread of the COVID-19 has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. Consequently, economic conditions, including commodity prices, have been increasingly volatile. Many of our facilities and employees are based in areas impacted by the virus.

In response to the pandemic, LyondellBasell activated its global response plan. We prioritized the health and safety of our employees, contractors and global communities while maintaining business continuity. We have also postponed capital spending related to selected growth projects and maintenance activities.

The extent of the impact of the pandemic and the drop in the oil price on our operational and financial performance will depend on future developments which are uncertain and cannot be predicted. An extended period of economic disruption could have a material adverse impact on our business, results of operations, access to sources of liquidity and financial condition.