

A Schulman Inc. Limited

**Annual Report and Financial Statements
for the 16 month period ended 31
December 2019**

Company registration number: 00512225



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

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A SCHULMAN INC. LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

S L Bishop
C Bridle

Company Secretary

Citco Management (UK) Limited

Registered Office

Croespenmaen Industrial Estate East
Maes-Yr-Haf Lane, Crumlin
Newport, Wales
NP11 3AF

Bankers

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

Independent Auditors

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

A SCHULMAN INC. LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present their Strategic Report on the company for the 16 month period ended 31 December 2019.

Review of the business

The directors are satisfied with the performance in the period. Sales volume, revenue and gross profit has increased versus the prior period. The directors hope to continue to see operational growth in future and every effort is being made to gain momentum in the lucrative Colour market within the UK. As in previous periods, the company remains as the standard Colour Masterbatch producer for the LyondellBasell group and this area of the business showed increased volumes. Production increased for the 16 month period to 15,152t (12 months to 31 August 2018: 10,702t).

Future developments

The Crumlin site is part of the business segment called Advanced Polymer Solutions (APS) and continues to be the centre of production for standard colours for LyondellBasell (LyB) in Europe. Development of the UK colour business again slowed during the period due to reorganisation the local sales organisation. As a result, our sales team reduced in size in preparation for the migration of the function to the LyondellBasell selling entity BSM UK (May 2020). From then, all sales will be made from Crumlin to BSM UK and will be regarded as intercompany business. For 2018 /19, competition in the UK market again remained fierce with both established and new producers aggressively chasing business. The uncertainty around Brexit along with Covid-19 issues means that we may have a challenging time ahead. The outbreak of Covid-19 in particular will affect conditions for fiscal year 2020 and probably also for fiscal year 2021. It is too early to say what long-term effects the current crisis can have on our society and we cannot currently assess the effects of how the Covid-19 outbreak can and will affect our future development.

Brexit

On 23 June 2016 a referendum was held, and the outcome of the vote determined that the United Kingdom would leave the European Union. At the time of the signing of the statutory financial statements, the United Kingdom has left the European Union at midnight on 31 January 2020. A transition period is in place until 31 December 2020. During this period, all EU rules and regulations will continue to apply to the UK. The company continues to monitor the developments and potential impacts of Brexit.

COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a global pandemic. Subsequent to March 31, 2020, the global regions where the Group operates, continue to be impacted by COVID-19. During this pandemic, apart from guidelines published by local governments, the Company has implemented extra guidelines to further protect the health and safety of its employees as the Company continues to operate with its suppliers and customers. As a result, all retail activities was suspended except for the sale of food, pharmaceutical and basic products. Consequently, the financial, industrial, manufacturing, logistics and commercial sectors were affected and there is a general consensus that there will be a wide range of severe impacts which are uncertain as of today. The Company's Management is evaluating the impact for the Company, however the Group is maintaining production across its sites in a stable manner.

A SCHULMAN INC. LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

Key performance Indicators

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

Turnover for the 16 month period has increased to £76,888,000 (12 months to 31 August 2018: £54,610,000). This was again predominantly due to additional volumes of Masterbatch Colours that were manufactured / sold by the UK site to sister companies within Europe. The strategy has been to continue to make these products at Crumlin and the intercompany turnover within the total sales amounted to £36,487,000 (12 months to 31 August 2018 £23,928,000).

The profit for the financial period was £6,715,000 (12 months to 31 August 2018: profit £2,763,000) which will be transferred to reserves. The statement of Financial Position is set out on page 13.

Cost of sales have decreased as a proportion of revenue resulting in an increase in gross profit margins to 18% (12 months to 31 August 2018: 13%). This is due to a number of factors including the impact of foreign currency movements on the cost of raw materials purchased, worldwide oil markets plus greater internal sales where prices are determined by the intercompany transfer pricing policy.

Operating margins in relation to sales improved to 11% (12 months to 31 August 2018: 7%). The company has continued its efforts to control costs and to work as efficiently as possible to aid the overall European result.

There has been a small increase in employee numbers during the period (+1) and the company continues to utilise agency workers where necessary. There has been no significant turnover of staff and the company continues to maintain a mature workforce.

The Statement of Financial Position page 13 provides details of the net asset position at the period end.

Principal risks and uncertainties

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

Commercial risk

The company operates in a very competitive market and there is a delicate balance between price and product availability. The company continues to rely on external production of white Masterbatch sold by us to the UK market. Lead times can be an issue and this can have an effect on sales if Production lines in Europe are already running at full capacity. This was again mitigated in FY19 with more in-house production using temporary labour to support demand. Additional Masterbatch capacity in Europe increased towards the end of the period due to less restrictions on Working Capital.

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 and central credit team.

Financial risk management

The company's operations expose it to a variety of financial risks that include pricing risk, credit risk, and currency risk. The company has in place a risk management process that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of foreign currency exposure, accounts receivable credit exposure and the related finance costs.

A SCHULMAN INC. LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

Principal risks and uncertainties (continued)

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.

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 all aspects of financial risk defined above.

Currency risk

The company is exposed to currency risk as a result of its operations. Any requirement for hedging currency exposure is managed centrally in the LyondellBasell Global Treasury function. The company operates foreign currency bank accounts as it receives receipts and payments in other currencies (mainly euros) as a result of its European operations.


Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities in the form of intercompany cashpool balances covering GBP and Euro currencies. The management of the cashpool activities is carried out by an intercompany Treasury team.

On behalf of the board

Director : S Bishop

Date :


20/11/2020

A SCHULMAN INC. LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER

2019

The directors present their Report and the audited financial statements of the company for the 16 month period ended 31 December 2019. All amounts disclosed in the financial statements are rounded to the nearest £'000.

Principal activities

The company's principal activity during the period was the manufacture and sale of proprietary plastic compounds.

Review

The results for the financial period are set out in the Income Statement on page 11. The result for the financial period ended 31 December 2019 was a £6,715,000 profit (12 months to 31 August 2018: £2,763,000 profit).

Dividends

The directors do not recommend the payment of a dividend (2018: £nil).

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the parent company LyondellBasell Industries N.V.

Financial risk management

Details of the company's financial risk management policies can be found within the 'Principal risks and uncertainties' section of the Strategic Report.

Directors

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

H B Lingnau-Schneider – resigned 31st January 2019

S L Bishop

C Bridle – appointed 1st April 2019

Directors during the period had no interests in the shares of any company within the group.

Secretary

Citco Management (UK) Limited were appointed on 17th June 2019 and S L Bishop resigned on 24th June 2019.

A SCHULMAN INC. LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019 (continued)

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 remain in force at the date of this report.

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.

Health and safety

The company is committed to ensuring the safety of its employees, our customers and communities. As a global, socially responsible corporate citizen, we will conduct our business with the highest ethical and legal standards. To achieve these goals the Company will continue to:

- Comply with applicable environmental, health and safety regulations, laws and LyondellBasell standards.
- Establish systems and set corporate goals that seek continuous improvement.
- Integrate safety and environmental standards into key business decisions.

Political and charitable donations

The company made no political or charitable donations in the period (2018: £nil).

A SCHULMAN INC. LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019 (continued)

Directors' Responsibilities Statement

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
- 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.

The directors of the ultimate parent company are responsible for the maintenance and integrity of the of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to auditors

Each of the persons who are directors at the time this Directors' Report is approved have confirmed 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, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

On behalf of the board

Director: S Bishop

Date:


20/11/2020

A SCHULMAN INC. LIMITED

Independent auditors' report to the members of A. Schulman Gainsborough Limited

Report on the audit of the financial statements

Opinion

In our opinion, A. Schulman Inc. 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 (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the income statement, 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 on it, 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 INC. LIMITED

Independent auditors' report to the members of A. Schulman Gainsborough Limited (continued)

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 Directors' Responsibilities Statement set out on page 8, 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.

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.



Jonathan Bound (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

20 November 2020

A SCHULMAN INC. LIMITED
INCOME STATEMENT

	Note	16 month period ended 31 December 2019 £'000	Year ended 31 August 2018 £'000
Turnover	5	76,888	54,610
Cost of sales		(63,065)	(47,607)
Gross profit		13,823	7,003
Distribution costs		(2,632)	(854)
Administrative expenses		(2,895)	(2,387)
Operating profit	6	8,296	3,762
Interest receivable and similar income	8	110	32
Interest payable and similar expenses	8	(85)	(142)
Net interest income / (expense)	8	25	(110)
Profit before taxation		8,321	3,652
Tax on profit	9	(1,606)	(889)
Profit for the financial period		6,715	2,763

A SCHULMAN INC. LIMITED
STATEMENT OF COMPREHENSIVE INCOME

	Note	16 month period ended 31 December 2019 £'000	Year ended 31 August 2018 £'000
Profit for the financial period		6,715	2,763
Other comprehensive (expense) / income			
Remeasurements of net defined benefit obligation	14	(170)	2,368
Movement on deferred tax relating to pension deficit	15	29	(440)
Other comprehensive (expense) / income for the period, net of tax		(141)	1,928
Total comprehensive income for the period		6,574	4,691


A SCHULMAN INC. LIMITED
STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2019 £'000	As at 31 August 2018 £'000
Fixed assets			
Tangible assets	10	2,287	2,280
Current assets			
Inventories	11	6,325	3,705
Debtors: amounts falling due within one year	12	23,231	19,846
Debtors: amounts falling due in over one year	15	511	384
		30,067	23,935
Creditors: amounts falling due within one year	13	(7,761)	(7,563)
Net current assets		22,306	16,372
Total assets less current liabilities		24,593	18,652
Post-employment benefits	14	(2,507)	(3,013)
Provisions for other liabilities	16	(18)	(145)
Net assets		22,068	15,494
Capital and reserves			
Called up share capital	18	30	30
Other reserves		55	55
Retained earnings		21,983	15,409
Total equity		22,068	15,494

The notes on pages 15 to 32 are an integral part of these financial statements.

The financial statements on pages 11 to 32 were authorised for issue by the board of directors on 20/11/20 and were signed on its behalf

Director : S Bishop

 20/11/2020

A Schulman Inc. Limited

Company registration number: 00512225

A SCHULMAN INC. LIMITED
STATEMENT OF CHANGES IN EQUITY

	Called up share capital £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance as at 1 September 2017	30	55	10,718	10,803
Profit for the financial year	-	-	2,763	2,763
Remeasurement of net defined benefit obligation	-	-	2,368	2,368
Movement on deferred tax relating to actuarial gains	-	-	(440)	(440)
Other comprehensive income for the year	-	-	1,928	1,928
Total comprehensive income for the year	-	-	4,691	4,691
Balance as at 31 August 2018	30	55	15,409	15,494
Balance as at 1 September 2018	30	55	15,409	15,494
Profit for the financial period	-	-	6,715	6,715
Remeasurement of net defined benefit obligation	-	-	(170)	(170)
Movement on deferred tax relating to actuarial losses	-	-	29	29
Other comprehensive expense for the period	-	-	(141)	(141)
Total comprehensive income for the period	-	-	6,574	6,574
Balance as at 31 December 2019	30	55	21,983	22,068

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Company is incorporated and domiciled in the UK and is part of LyondellBasell Industries N.V., one of the largest plastics, chemicals and refining companies in the world. A Schulman Inc. Limited ('the company') principal activity is the manufacture and sale of proprietary plastic compounds. The company has a manufacturing plant in the UK and sells primarily to UK and other countries outside of Europe. The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of the registered office is Croespenmaen Industrial Estate East, Mae-Yr-Haf Lane, Crumlin, Newport, Wales NP11 3AF. The current period of account has been extended and is for the 16 months to 31 December 2019 and the prior period is for the 12 months to 31 August 2018, to align with the new ultimate parent undertaking's year end.

2. Statement of compliance

The individual financial statements of A Schulman Inc. 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.

3. 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 years presented, unless otherwise stated.

(a) 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 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 4.

(b) Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the parent company A Schulman Inc.

The company meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the company's products; and (b) the availability of bank finance for the foreseeable future. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

(c) Exemptions for qualifying entities under FRS 102

Cash flow statement and related party disclosures

The company is included in the consolidated financial statements of LyondellBasell Industries N.V. Which will be publicly available. 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 ultimate parent company, LyondellBasell Industries N.V., includes the company's cash flows in its own consolidated financial statements.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(c) Exemptions for qualifying entities under FRS 102 (continued)

The company has taken advantage of the exemption, under FRS 102 paragraph 26.18(b), 26.19 to 26.21 and 26.23, concerning group equity instruments and has not disclosed the share-based payments of any director as they are share-based payment arrangements which concern equity instruments of the Schulman group entity. Equivalent disclosures have been made in the groups consolidated financial statements.

(d) 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 statement of financial position 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 income statement 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.

(e) Turnover recognition

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes. 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.

The company recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the company's sales channels have been met, as described below.

(i) Sale of goods

The company 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.

(ii) Rendering of services

The company shall recognise revenue from the performance of a service when the service has been fully completed.

(iii) Interest income

Interest income is recognised using the effective interest rate method.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(f) Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

(g) Employee benefits

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

(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 plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

(iii) Defined benefit pension plan

The company operates a defined benefit scheme for certain of its employees. The fund is valued every three years by a professionally qualified, independent actuary, the rates of contribution being determined by the actuary. The fund obligations are measured at discounted present value using the projected unit credit method, whilst plan assets are recorded at fair value.

The operating and financing costs of such plans are recognised separately in the Income Statement. Service costs are spread systematically over the expected service lives of employees and financing costs are recognised in periods in which they arise. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

(iv) Annual bonus plan

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

(h) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Income Statement, 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 on the basis of 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 on the basis of amounts expected to be paid to the tax authorities.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(h) 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.

(i) Group relief

Group relief is surrendered to/received from other group companies for no consideration.

In specific circumstances, individual group companies may reach agreement between themselves to surrender and/or receive group relief for consideration within the tax on profit on ordinary activities with the Income Statement.

Should group relief be surrendered to/received from other group companies for consideration, the consideration paid will reflect, at a minimum, the corporation tax amounts surrendered and/or received. These amounts are reported as expenses or benefits within the tax on profit on ordinary activities within 'Retained earnings'.

On a discretionary basis, group companies, may agree to compensate for amounts in excess of the corporation tax amounts surrendered and/or received. In this instance, the excess over the corporation tax amount is shown as a separate movement within the 'Retained earnings' reserve on the Statement of Financial Position.

(j) 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.

(i) Land and buildings

Land and buildings include freehold factories and offices. Land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

(ii) Plant and machinery and fixtures, fittings, Computers, tools and equipment

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

(iii) 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:

Freehold buildings	- 40 years
Plant and machinery	- 5 to 10 years
Fixtures, fittings, computers, tools and equipment	- 5 to 10 years

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.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(j) Tangible assets (continued)

(iv) 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.

(v) Assets in the course of construction

Assets in the course of construction are stated at cost. These assets are not depreciated until it is available for use.

(vi) De-recognition

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 'Other operating (losses)/gains'.

(k) 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.

(i) 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 Income Statement on a straight-line basis over the period of the lease.

(l) 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 impairment charge is recognised in the Income Statement.

(m) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid intercompany balances with a maturity of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(n) Impairment of non-financial asset

At each Statement of Financial Position date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit). The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Income Statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Income Statement.

(o) Provisions and contingencies

(i) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result 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 a number of 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:

- (a) Restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
- (b) Provision is not made for future operating losses.

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.

(ii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(p) 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.

(q) 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.

(r) 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.

(s) Financial instruments

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

Financial assets

The company only enters into basic financial assets, including trade and other receivables and cash and bank balances. These 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 a 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.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and balances due to 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.

4. Critical accounting judgements and estimation uncertainty

In applying the accounting policies detailed above, decisions sometimes have to be made as to the likely outcome of future events. Those judgements and estimates made in preparing the financial statements are based on historical experience and assumptions that the directors believed were reasonable in the circumstances.

(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 reassessed 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 10 for the carrying amount of the property plant and equipment, and note 3 for the useful economic lives for each class of assets.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. Critical accounting judgements and estimation uncertainty (continued)

(ii) Inventory provisioning

The company manufactures and sells polymer powder for use in a wide variety of applications in the plastics industry. 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 sale ability of finished goods and future usage of raw materials. See note 11 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 12 for the net carrying amount of the debtors and associated impairment provision.

(iv) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note 14 for the disclosures relating to the defined benefit pension scheme.

5. Turnover

Analysis of turnover by geography	2019 £'000	2018 £'000
United Kingdom	40,236	30,771
Rest of Europe	36,467	23,769
Rest of World	185	70
	76,888	54,610
Analysis of turnover by nature	2019 £'000	2018 £'000
Sales of goods	76,888	54,610

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6. Operating profit

Operating profit is stated after charging/(crediting):

	Note	2019 £'000	2018 £'000
Wages and salaries		4,423	3,252
Social security costs		453	178
Other pension costs	14	668	185
Total staff costs		5,544	3,615

		2019 £'000	2018 £'000
Operating lease charges			
- Plant and machinery		144	122
Depreciation of tangible fixed assets			
- Owned assets	10	795	616
Foreign exchange (gain)/loss		(98)	162
Audit fees payable to the company's auditor		17	32
Impairment of trade debtors		242	(45)
Inventory recognised as an expense		67,333	38,822
Impairment of inventory (included in cost of sales)		112	5

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditor for 'Other services' as this information is included in the consolidated financial statements of LyondellBasell Industries N.V.

Administrative expenses include corporate recharges of £1,876,000 (12 months to 31 August 2018: £1,724,000).

7. Employees and directors

Employees

Average monthly number of persons employed (including directors) by the company during the period was:

By activity	2019 Number	2018 Number
Production	102	100
Administration	3	4
Sales	7	8
	112	112

A SCHULMAN INC. LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7. Employees and directors (continued)

Directors	2019 £'000	2018 £'000
Emoluments	160	110

Number of directors in company pension schemes

Money purchase schemes	1	1
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H Lingnau-Schneider and C Bridle did not receive any emoluments for the company in respect of their services to the company. Their costs were paid by parent / sister company undertaking and, under the rules of an intercompany recharge agreement, a portion of these costs have been recharged to the company via the group management recharge, although it is not possible to separately identify these costs. Total company contributions to a money purchase pension scheme in respect of directors was £15,264 (2018: £9,000). One director was accruing benefits under the money purchase pension scheme for part of the period (2018: one).

8. Net interest income / (expense)

Interest receivable and similar income		2019 £'000	2018 £'000
	Note		
Interest receivable from group undertakings		110	32
Total interest receivable and similar income		110	32

Interest payable and similar expenses		2019 £'000	2018 £'000
Bank loans and overdrafts		-	(6)
Other finance costs	14	(74)	(129)
Other loans		(11)	(7)
Total interest payable and similar expenses		(85)	(142)

Net interest expense		2019 £'000	2018 £'000
Total interest receivable and similar income		110	32
Total interest payable and similar charges		(85)	(142)
Net interest income / (expense)		25	(110)

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9. Tax on profit

(a) Tax expense included in the Income Statement

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on profits of the period	1,604	508
Adjustments in respect of previous periods	101	210
Total current tax	1,705	718
Deferred tax		
Origination and reversal of timing differences	(214)	52
Pension charge in excess of pension cost relief	115	119
	(99)	171
Tax on profit	1,606	889

(b) Reconciliation of tax charge

The tax assessed for the period is higher (2018: higher) than the standard rate of corporation tax in the UK 19% (2018: 18.58%). The differences are outlined below:

	2019 £'000	2018 £'000
Profit before taxation	8,321	3,652
Profit multiplied by the standard rate of corporation tax in the UK 19% (2018: 18.58%)	1,581	678
Effects of:		
Expenses not deductible for tax purposes	22	1
Other timing differences	(24)	-
Depreciation in excess of capital allowances	(74)	-
Adjustments in respect of previous periods	101	210
Tax charge for the period	1,606	889

Factors that may affect future tax charges

The Finance Act 2015 introduced a reduction in the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and the Finance Act 2016 announced a further reduction in the main rate of corporation tax to 17% from 1 April 2020. UK deferred tax balances had previously been measured at 17% to reflect the rate at which they were expected to be reversed.

The Chancellor confirmed, in the Budget on 11 March 2020, that the rate of corporation tax will remain at 19% from 1 April 2020. This measure (cancelling the enacted cut to 17%) will be made under a Budget resolution which has statutory effect under the provisions of the *Provisional Collection of Taxes Act 1968*. As such, it is substantively enacted for UK GAAP. As a result, the deferred tax balances have been remeasured at 19% for the period ended 31 December 2019.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Tax on profit (continued)

(c) Tax (credit)/expense included in statement of comprehensive income

	2019 £'000	2018 £'000
Deferred tax		
Movement in deferred tax relating to pension fund deficit	(29)	440
Total tax (credit)/expense included in statement of other comprehensive income	(29)	440

10. Tangible assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and computer equipment £'000	Assets under Construction £'000	Total £'000
Cost					
At 1 September 2018	3,141	14,030	1,295	-	18,466
Additions	-	-	-	685	685
Transfers	189	298	-	(370)	117
Disposals	-	(91)	(8)	-	(99)
At 31 December 2019	3,330	14,237	1,287	315	19,169
Accumulated depreciation					
At 1 September 2018	2,487	12,456	1,243	-	16,186
Charge for the period	116	637	42	-	795
Disposals	-	(91)	(8)	-	(99)
At 31 December 2019	2,603	13,002	1,277	-	16,882
Net book value					
At 31 December 2019	727	1,235	10	315	2,287
At 31 August 2018	654	1,574	52	-	2,280

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11. Inventories

	2019 £'000	2018 £'000
Raw materials and consumables	2,411	1,501
Work in progress	206	178
Finished goods and goods for resale	3,708	2,026
	6,325	3,705

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 £136,389 (2018: £24,000).

12. Debtors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade debtors	5,397	5,910
Amounts owed by group undertakings	17,751	13,702
Other debtors	1	138
Prepayments and accrued income	82	96
	23,231	19,846

Trade debtors are stated after provision for impairment of £287,004 (2018: £5,000). Amounts owed by the group undertakings are unsecured, interest free and are payable on demand.

13. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	3,097	3,611
Amounts owed to group undertakings	2,097	2,590
Corporation tax payable	1,690	50
Other taxation and social security	253	767
Accruals and deferred income	624	545
	7,761	7,563

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

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14. Post-employment benefits

The company operates a defined benefit pension scheme which is now closed to new members. The assets of the scheme are held in a separate trustee administered fund. The scheme is subject to a triennial valuation by the Scheme Actuary, the last formal valuation being carried out as at 5 April 2019 using the projected unit credit method. At that date, the market value of the assets of the scheme was £13,060,000 and the actuarial value was sufficient to cover 75% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The employer's contribution rate over the average remaining service lives of the members of the scheme takes account of the deficit disclosed by the valuation. For the purposes of this report, a full actuarial valuation has been carried out based on the formal funding valuation at 5 April 2019. Approximate allowance has been made for other member changes that have occurred before 31 December 2019.

The English High Court ruling in *Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc* and others was published on 26 October 2018, and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for different effects of these GMPs between men and women. As a result, the scheme liabilities include a past service cost of £317,000 to allow for GMP equalisation.

Following the closure of the scheme to new members, it is expected that the age profile will rise in the future and that the current service cost of the scheme will increase as the members of the scheme approach retirement. The major assumptions used by the actuary in their subsequent valuations are as follows:

Principal actuarial assumptions at the statement of financial position date

	2019	2018
Discount rate	2.0%	2.6%
Price inflation	3.2%	3.2%
Rate of increase in pensions in payment	3.1%	3.1%

The mortality assumptions used were as follows:

	2019 Years	2018 Years
Longevity at age 65 for current pensioners		
- Men	20.9	21.8
- Women	23.1	23.7
Longevity for members retiring at age 65 in 20 years		
- Men	22.2	22.8
- Women	24.6	24.9

Demographic and other assumptions used were as follows:

The assumptions are the same for both 2018 and 2019 unless otherwise noted.

90% of members are assumed to commute 27% (2018 – 27%) of pension on current terms. There has been no allowance made for withdrawals. 90% of both male and female members are assumed to have a spouse, with the age difference between the member and their spouse being females assumed to be 3 years younger than males. No allowance has been made for discretionary increases.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14. Post-employment benefits (continued)

The amount recognised in the statement of financial position is as follows:

	2019 £'000	2018 £'000
Defined benefit scheme liability	2,507	3,013

Reconciliation of scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
At 1 September 2018	13,200	(16,213)	(3,013)
Benefits paid	(966)	966	-
Contributions by the employer	1,066	-	1,066
Interest income/(expense)	451	(525)	(74)
Past service cost	-	(317)	(317)
Remeasurement arising from changes in assumptions	-	(823)	(823)
Remeasurement arising from experience	-	267	267
Actual return on plan assets, excluding interest income	387	-	387
At 31 December 2019	14,138	(16,645)	(2,507)

Total recognised cost as an expense	Note	2019 £'000	2018 £'000
Interest on obligation	8	74	129
Past service cost	6	317	-
Total recognised in the Income Statement		391	129
Remeasurements recognised in other comprehensive income		170	(2,368)
Defined benefit cost/(credit)		561	(2,239)

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14. Post-employment benefits (continued)

The fair value of the plan assets was:

	2019 £'000	2019 %	2018 £'000	2018 %
Equities	9,332	66	10,012	76
Property	565	4	555	4
Corporate bonds	565	4	610	5
Fixed income investments	-	-	1,692	13
Liability Driven Investments	565	4	Nil	Nil
Cash	707	5	189	1
Gilts	2,404	17	142	1
Total scheme assets	14,138	100	13,200	100
Expected rate of return on scheme assets		5.0%		5.1%

Defined contribution scheme

The total charge for defined contribution plans was £351,000 (2018: £234,000).

The liability at the period end for the contributions payable to the defined contribution scheme is £44,000 (2018: £42,000).

15. Debtors: amounts falling due after more than one year

Deferred tax asset relating to pension scheme

	2019 £'000	2018 £'000
At 1 September	513	1,023
Deferred tax charge in the Income Statement	(115)	(70)
Deferred tax charged to other comprehensive income	29	(440)
At 31 December 2019	427	513
Other deferred tax provision	2019 £'000	2018 £'000
Accelerated capital allowances	78	(125)
Other timing differences	6	(4)
At 31 December 2019	84	(129)
Net deferred taxation asset	511	384

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

16. Provisions for other liabilities

Warranty

	£'000
At 1 September 2018	145
Released during the period	(127)
At 31 December 2019	18

The warranty provision is based on sales recorded in the last two months of the period. The calculation is policy only and there are no specific customers covered, with no expected timeline for settlement.

17. Financial instruments

The company has the following financial instruments

	2019 £'000	2018 £'000
Financial assets that are debt instruments measured at amortised cost		
- Trade debtors	5,397	5,910
- Amounts owed by group undertakings	17,751	13,702
- Other debtors	1	138
	23,149	19,750
Financial liabilities measured at amortised cost		
- Trade creditors	3,097	3,611
- Amounts owed to group undertakings	2,097	2,590
	5,194	6,201

The company has no derivative financial instruments (2018: £nil).

18. Called up share capital

	2019 £'000	2018 £'000
Allotted and fully paid 30,000 (2018: 30,000) ordinary shares of £1	30	30

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

19. Capital and other commitments

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

	2019 £'000	2018 £'000
Within one year	57	84
Within two to five years	26	106
	83	190

The company has no other off-balance sheet arrangements.

20. Related party transactions

See note 7 for disclosure of the directors' remuneration.

The company is exempt from disclosing transactions with members of the group headed by LyondellBasell Industries N.V. that are wholly owned within the group.

Key management, in addition to the directors, include a number of senior managers who have the authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company for the 16 month period was £586,000 (2018: £406,000).

21. Controlling parties

The immediate parent undertaking is A Schulman BV, whose registered office is Industriepark, Pedro Colomalaan 5, 2880 Bornem, Belgium.

As of 22nd August 2018 the A.Schulman group was acquired by LyondellBasell Industries N.V., who became the ultimate parent undertaking and controlling party. The company is incorporated in the Netherlands and its common stock is listed on the New York stock exchange. Copies of the financial statements of the ultimate parent company will be publicly available and can be obtained from its headquarters at LyondellBasell Industries N.V., 4th Floor, One Vine Street, London, W1J 0AH, United Kingdom.

22. Contingent liabilities

In the opinion of the directors, there were no material contingent liabilities or commitments requiring disclosure.

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.