Celanese Acetate Limited

Directors' report and financial statements

Registered number 05859422

31 December 2010

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Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2010

Business review and principal activities

The principal activity of the company is the manufacturing and sale of cellulose acetate products The operations are all in the UK and the majority of sales are inter company based

During the first quarter of 2010, Celanese Corporation began to assess the possibility of consolidating its global acetate flake and tow manufacturing operations to reduce fixed costs and align future production capacities with anticipated industry demand trends A result of this assessment included the possibility of closing the flake and tow manufacturing operations at Spondon, Derby Consultations with employees and their representatives did not result in a demonstrated basis for viably continuing operations for the production of acetate flake and tow at the Spondon, Derby site Therefore, production of acetate flake and tow is expected to cease at that facility in 2012 Customers will be served by optimizing the global production network of the Celanese Corporation, which includes facilities in Lanaken, Belgium, Narrows, Virginia and Ocotlan Mexico as well as acetate affiliate facilities in China

Turnover for 2010 increased to £141 million *(2009 £119 million)* The gross profit of £20 9 million *(2009 £2 8 million)* also increased due to higher sales volumes A large loss before tax of £48 1 million *(2009 loss before tax of £10 6 million)* was made due to restructuring expenses of £60 5 million in relation to the closure of the Flake and Tow plants mentioned above Future cash flow forecasts were used to calculate the estimated value in use of the company's fixed assets This gave a fair value of £13 9 million and resulted in an asset impairment loss of £34 0 million Additionally in the year further employee termination benefit costs were provided of £9 5 million, demolition, remediation and decommissioning costs of £16 9 million and other environmental remediation costs of £0 1 million

The Clarifoil cellulose films division is not a part of the main site plant closures announced in 2010 Work is ongoing to improve their production facility and make it stand alone and Celanese therefore continues to support and invest in these operations

Going concern

Celanese Corporation and Celanese GmbH continue to support Celanese Acetate Limited both currently and in the future when it will consist of only the Clarifoil division As a result, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future

Principal risks and uncertainties

The key risk and uncertainty facing the company is the potential closure of the Spondon production facility, as noted above

As a manufacturing company as part of a global group, the company is also exposed to cost competition from other group manufacturing sites, strategic risk from changes in consumer demand, price risk from both raw material price fluctuations and price competition and exchange rate risk from operating across global geographic markets The company seeks to adopt appropriate policies to mitigate such risks where practical in line with group objectives and strategies

Proposed dividend

The directors do not recommend the payment of a dividend (*2009 £nil*)

Directors' report *(continued)*

Directors

The directors who held office during the year and up to the date of this report, were as follows

W Keller
B Earl Troutman
SB Lin - resigned 1 August 2010
R Walters - resigned 23 June 2010

Employees

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

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

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

Political and charitable contributions

The company made no political donations during the year

During the year the company made three donations to a variety of charities totalling £300 *(2009 £1,750)* The largest single donation was £200 to Beating Bowel Cancer *(2009 £1,000)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

B Earl Troutman
Director

1 Holme Lane
Spondon
Derby
Derbyshire
DE21 7BS

9-15-11

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG

Independent auditors' report to the members of Celanese Acetate Limited

We have audited the financial statements of Celanese Acetate Limited for the year ended 31 December 2010 set out on pages 5 to 17 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

CN Parkin *(Senior Statutory Auditor)*

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham NG1 6FQ

Dated 15/9/11

Profit and loss account
for the year ended 31 December 2010

	Note	2010 £000	2009 £000
Turnover	*2*	**140,773**	119,330
Cost of sales		**(119,851)**	(116,489)
Gross profit		**20,922**	2,841
Selling and distribution costs		**(1,647)**	(1,744)
Administrative expenses		**(6,554)**	(7,104)
Other operating income		**663**	220
Operating profit/(loss)		**13,384**	(5,787)
Restructuring expenses	*5*	**(60,487)**	(1,579)
Loss on ordinary activities before interest		**(47,103)**	(7,366)
Other interest receivable and similar income	*6*	**10**	6
Interest payable and similar charges	*7*	**(979)**	(3,198)
Loss on ordinary activities before taxation	*8*	**(48,072)**	(10,558)
Tax on loss on ordinary activities	*9*	**-**	-
Loss for the financial year	*18*	**(48,072)**	(10,558)

There were no recognised gains or losses in either the current or previous year other than those disclosed in the profit and loss account and therefore no statement of total recognised gains and losses has been presented

All operations meet the criteria to be classified as continuing operations under accounting standards at the period end However the flake and tow operations at Spondon, representing the majority of revenue disclosed above, are scheduled to cease in 2012 as described in the directors' report

Balance sheet
as at 31 December 2010

	Note	2010 £000	2010 £000	2009 £000	2009 £000
Fixed assets					
Intangible assets	*10*		**70**		212
Tangible assets	*11*		**13,914**		50,447
			13,984		50,659
Current assets					
Stocks	*12*	**11,838**		13,507	
Debtors - due within one year	*13*	**17,569**		15,719	
- due after one year	*13*	**3,282**		3,639	
		20,851		19,358	
Cash at bank and in hand		**40**		112	
		32,729		32,977	
Creditors amounts falling due within one year	*14*	**(23,127)**		(36,904)	
Net current assets/(liabilities)			**9,602**		(3,927)
Total assets less current liabilities			**23,586**		46,732
Creditors amounts falling due after one year	*15*		**(5,000)**		(5,000)
Provisions for liabilities and charges	*16*		**(32,010)**		(7,092)
Net (liabilities)/assets			**(13,424)**		34,640
Capital and reserves					
Called up share capital	*17*		**43,000**		43,000
Share premium	*18*		**20,000**		20,000
Capital contribution reserve	*18*		**2,397**		2,389
Profit and loss account	*18*		**(78,821)**		(30,749)
Shareholder's (deficit)/funds	*19*		**(13,424)**		34,640

These financial statements were approved by the board of directors on 7/15/11 and were signed on its behalf by

B Earl Troutman
Director

Company registered number 05859422

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company has made a loss for the financial year of £48,072,000 and has net liabilities at the year end of £13,424,000 The company is dependent on the continued provision of funds by group entities On behalf of these entities Celanese International Holdings Luxembourg has indicated that they intend, for at least 12 months from the date of approval of these financial statements, to continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available by them and other group companies

Celanese Corporation has the ability to direct capacity to a number of production locations across the world and has agreed to close the Acetate manufacturing operations in mid 2012 The Clarifoil films division is not included in the closure and will continue in business in the Celanese Acetate Limited statutory entity

The Directors have considered the position of the Company and the support that has been promised to it and following a review of potential strategic options assessed that by continuing with the production of the profitable Clarifoil division the company has a future Thus they have prepared the financial statements on the going concern basis The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

Cash flow statement

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

Turnover

Turnover is the total amount of sales invoiced to customers, net of carriage, insurance, freight, duty and value added tax

Revenue is recognised on delivery to customers, when the risks and rewards associated with the underlying products have been substantially transferred

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised Positive goodwill has been amortised in full

Intangible assets

Intangible fixed assets purchased separately from a business are capitalised at their cost

Trademarks purchased by the company are amortised to nil by equal annual instalments over their useful economic lives of 10 years

Tangible fixed assets and depreciation

Tangible assets are stated at cost Depreciation is calculated on a straight line basis so as to write-off the cost of each asset over their estimated useful lives, using the following rates

Plant and machinery	6 67% - 20%
Fixtures and fittings	6 67% - 20%
Buildings	5% - 10%

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

Notes *(continued)*

1 Accounting policies *(continued)*

***Tangible fixed assets and depreciation** (continued)*

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

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds is recoverable amount Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historical cost

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

Calculation of recoverable amount

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

Stocks

Stocks are stated at the lower of cost and net realisable value Cost includes an appropriate proportion of attributable overheads

Research and development

Research and development expenditure is charged to the profit and loss account as incurred

Foreign currencies

Transactions denominated in foreign currencies occurring during the year are translated into sterling at the exchange rates prevailing at the date of those transactions

Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Operating leases

Rental charges in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term

Leases and hire purchase contracts

Fixed assets leased under finance leases or acquired under hire purchase contracts are capitalised and depreciated over their expected useful lives

Finance charges are allocated over the primary period of the lease or contract in proportion to the capital element outstanding

Notes *(continued)*

1 Accounting policies *(continued)*

Pensions

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

Provisions

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

Classification of financial instruments issued by the company

Under FRS 25, financial instruments issued by the company are treated as equity (i e forming part of shareholder's funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholder's funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholder's funds

Dividends on shares presented within shareholder's funds

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

2 Segmental reporting

Turnover represents the sale of chemicals and related products In the opinion of the directors, the disclosure of an analysis of turnover would be seriously prejudicial to the company and therefore no such disclosure has been included within these financial statements

3 Employee information

The average number of persons, including directors, employed by the company during the year was

	2010 Number	2009 Number
By activity		
Production	390	441
Selling and distribution	1	2
Administration	59	62
	450	505

Notes *(continued)*

3 Employee information *(continued)*

	2010 £000	2009 £000
The aggregate payroll costs of these employees, including directors, was as follows		
Wages and salaries	**15,405**	16,311
Social security costs	**1,599**	1,744
Other pension costs	**1,184**	1,291
	18,188	19,346

4 Directors' emoluments

Directors' emoluments are paid by the ultimate parent company None of the directors are part of the company's defined contribution scheme

5 Restructuring expenses

The restructuring expenses recognised in the year are broken down as follows

	2010 £000	2009 £000
Increase in severance provisions (note 16)	**9,891**	1,218
Asset impairment charge (note 11)	**33,972**	-
Increase in demolition, remediation and decommissioning provisions (note 16)	**16,536**	361
Increase in health, safety and environment provisions (note 16)	**88**	-
	60,487	1,579

6 Other interest receivable and similar income

	2010 £000	2009 £000
Group interest receivable	**10**	5
Other interest receivable	**-**	1
	10	6

7 Interest payable and similar charges

	2010 £000	2009 £000
On overdrafts	**-**	1
Group interest payable	**979**	3,197
	979	3,198

Notes *(continued)*

8 Loss on ordinary activities before taxation

	2010 £000	2009 £000
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation - owned assets	**4,482**	5,483
Amortisation of intangibles	**12**	32
Restructuring expenses	**60,487**	1,579
Operating lease charge - plant and machinery	**126**	482
Research and development expenditure	**315**	323
Foreign exchange (gain)/loss	**(981)**	137
Auditors' remuneration		
- audit of the financial statements	**35**	35

9 Tax on loss on ordinary activities

	2010 £000	2009 £000
Current tax		
UK corporation tax at 28% *(2009 28%)*	-	-
Foreign corporation taxes	-	-
Tax charge on ordinary activities	-	-

	2010 £000	2009 £000
Loss on ordinary activities before tax	**(48,072)**	(10,558)
Loss on ordinary activities at the standard rate of UK corporation tax of 28% *(2009 28%)*	**(13,460)**	(2,956)
Effects of		
Expenses not deductible for tax purposes	**1,093**	916
Depreciation in excess of capital allowances	**9,640**	1,591
Movement in short-term timing differences	**2,727**	144
Utilisation/(creation) of tax losses	-	280
Group relief surrendered/(received)	-	25
	-	-

Notes *(continued)*

9 Tax on loss on ordinary activities *(continued)*

Unprovided deferred tax asset

	2010	2009
	£000	£000
Deferred taxation comprises		
Accelerated capital allowances	**(12,835)**	(3,673)
Tax losses	**(924)**	(921)
Other timing differences	**(2,631)**	(61)
	(16,390)	(4,655)

No deferred tax asset has been provided in respect of the above The asset will be recovered when there is a reasonable expectation of future taxable profits

Factors affecting future tax charges

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011 This tax change became substantively enacted in July 2010 and therefore the effect of the tax rate reduction on the deferred tax balances at 31 December 2010 has been included in the figures above

The Chancellor also announced a further reduction in the main rate of corporation tax to 26% per annum with effect from 1 April 2011 This change became substantively enacted on 29 March 2011 and therefore the effect of the rate change would create an additional reduction in the deferred tax asset of approximately £607,000 This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date

The Chancellor also proposed changes to further reduce the main rate of corporation tax by 1% per annum to 23% by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above

10 Intangible assets

	Goodwill	Trademarks	Total
	£000	£000	£000
Cost			
At beginning and end of year	407	304	711
Amortisation			
At beginning of year	407	92	499
Charged in the year	-	12	12
Impairment	-	130	130
At end of year	407	234	641
Net book value			
As at 31 December 2010	**-**	**70**	**70**
As at 31 December 2009	-	212	212

The directors consider each acquisition separately for the purposes of determining the amortisation period of any goodwill that arises

The directors have written off all trademarks excluding those that relate to the continuing Clarifoil division

Notes *(continued)*

11 Tangible assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Capital work in progress £000	Total £000
Cost					
At 1 January 2010	14,703	45,572	393	5,553	66,221
Additions	97	3,465	11	(920)	2,653
Disposals	-	(319)	-	(494)	(813)
At 31 December 2010	14,800	48,718	404	4,139	68,061
Accumulated depreciation					
At 1 January 2010	4,232	11,297	245	-	15,774
Charge for the year	706	3,743	33	-	4,482
Disposals	-	(81)	-	-	(81)
Impairment (note 5)	2,701	27,599	107	3,565	33,972
At 31 December 2010	7,639	42,558	385	3,565	54,147
Net book value					
At 31 December 2010	**7,161**	**6,160**	**19**	**574**	**13,914**
At 31 December 2009	10,471	34,275	148	5,553	50,447

Included within the above is £6,650,000 of land which is not depreciated

Due to the announced closure of the Celanese Acetate division during the year Group Management have undertaken an impairment review in accordance with FRS 11 Management have determined the value in use of the fixed assets through discounted cash flows using a discount rate of 9 18% Forecasted cash flows cover the period from January 2011 to June 2012, when acetate flake and tow production at the Spondon site is planned to cease

12 Stocks

	2010 £000	2009 £000
Raw materials	**1,583**	2,779
Spares and supplies	**1,085**	1,077
Work in progress	**2,099**	2,304
Finished goods	**7,071**	7,347
	11,838	13,507

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

Notes *(continued)*

13 Debtors

	2010	2009
	£000	£000
Due within one year		
Trade debtors	**1,732**	2,826
Amounts owed by group undertakings	**13,413**	10,245
Other debtors	**2,040**	2,235
Prepayments and accrued income	**384**	413
	17,569	15,719
Due after one year		
Other debtors	**3,282**	3,639
	20,851	19,358

The amounts owed by group undertakings are unsecured, interest free and repayable on demand

14 Creditors: amounts falling due within one year

	2010	2009
	£000	£000
Trade creditors	**11,407**	11,502
Amounts due to group undertakings	**9,325**	24,250
Interest accrual	**264**	41
Accruals and deferred income	**2,131**	1,111
	23,127	36,904

The above amounts due to group undertakings are unsecured and repayable on demand

15 Creditors amounts falling due after more than one year

	2010	2009
	£000	£000
Amounts due to group undertakings	**5,000**	5,000

The above amount relates to an unsecured loan from Celanese GmbH It is due to be repaid on 30 November 2012 and attracts interest at a rate of 4 42350%

16 Provisions for liabilities and charges

	Restructuring	**Health, safety & environmental**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**
At 1 January 2010	1,618	4,777	697	7,092
Charged to the profit and loss account	26,427	88	83	26,598
Utilised during the year	(200)	(1,480)	-	(1,680)
At 31 December 2010	**27,845**	**3,385**	**780**	**32,010**

Notes *(continued)*

16 Provisions for liabilities and charges *(continued)*

Restructuring provision

The restructuring provision of £27,845,000 *(2009 £1,618,000)* relates to redundancy, demolition, remediation and decommissioning These were originally provided as part of the purchase accounting entries In the year a further £26,427,000 was provided to cover the additional expected costs, which the company is expected to use by the end of 2012 £200,000 of the provision has been utilised in the year

Health, safety and environmental provision

The health, safety and environmental provision relates to the expected cost of the environmental cleanup of land at the Spondon site A further £88,000 was provided in the year and it is expected that the provision will be largely utilised during the next four years

Other

The other provision is in respect of holiday pay The holiday pay provision relates to individuals employed before April 1989, amounts being payable on the termination of their employment with the company The associated outflows are expected to occur over a number of years as the employees cease employment with the company

17 Called up share capital

	2010	2009
	£000	£000
Allotted, called up and fully paid		
43,000,001 ordinary shares of £1 each	**43,000**	43,000

18 Reserves

	Share premium reserve	Capital contribution reserve	Profit and loss account
	£000	£000	£000
At 1 January 2010	20,000	2,389	(30,749)
Capital contribution from parent undertaking	-	8	-
Loss for the year	-	-	(48,072)
At 31 December 2010	**20,000**	**2,397**	**(78,821)**

The £8,000 *(2009 £37,000)* contribution from parent undertaking relates to a share option charge borne by the entity in relation to options held by the directors of this company in Celanese Corporation

Notes *(continued)*

19 Reconciliation of movement in shareholder's (deficit)/funds

	2010 £000	2009 £000
Loss for the year	**(48,072)**	(10,558)
Capital contribution from parent undertaking	**8**	37
Share capital issued in the year	**-**	23,000
Share premium	**-**	20,000
Net movement in shareholder's funds	**(48,064)**	32,479
Opening shareholder's funds	**34,640**	2,161
Closing shareholder's (deficit)/funds	**(13,424)**	34,640

20 Commitments

Capital commitments at the end of the financial year for which no provision has been made are

	2010 £000	2009 £000
Contracted for	**309**	1,932

The company has annual commitments in respect of other operating leases as follows

	2010 £000	2009 £000
Operating leases which expire		
Within one year	**9**	92
Between two and five years	**17**	38
	26	130

21 Pension commitments

The company's employees are eligible to join the Celanese Acetate Limited Personal Pension Plan, and the company is contracted-in to the State Second Pension The plan, administered through Legal & General Assurance Society Ltd ('L&G'), is a defined contribution arrangement based on a personal contract between each participating employee and L&G Company contributions are related to those of each employee, and in 2010 amounted to £1,184,000 *(2009 £1,379,000)* being an average of 7 69% of members' pensionable salary for the relevant period The commitments outstanding at the year end amounted to £nil *(2009 £nil)*

In addition, all company employees are covered by the Acetate Products Group Life Assurance Scheme This scheme provides a lump sum payment on the death of any employee equivalent to four times annual salary The premium for 2010 was £89,271 *(2009 £147,413)* Members of the Acetate Products GPP Plan (who joined the scheme at either 1 August 2004 or at the commencement of their employment, whichever is the later) are also covered by a self-insured lump sum scheme providing a payment to any member leaving the company's employment on grounds of permanent medical incapacity No payments were made under this scheme in 2010 *(2009 £110,000)*

Notes *(continued)*

22 Related party transactions

As 100% of the voting rights are controlled within the group headed by Celanese Corporation, the company has taken advantage of the exemption in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group The consolidated financial statements of Celanese Corporation can be obtained from the address given in note 23

23 Immediate and ultimate parent undertaking and controlling party

Celanese Acetate Limited is a wholly owned subsidiary of Celanese GmbH, which is itself a wholly owned subsidiary undertaking of the Celanese Corporation, a company incorporated in the USA

Therefore, the ultimate parent undertaking and controlling party is Celanese Corporation, which is the parent undertaking of the largest group to consolidate these financial statements

The smallest group in which the company is consolidated is that headed by Celanese GmbH, a company incorporated in Germany

Copies of the consolidated financial statements for these groups are available from 1 Holme Lane, Spondon, Derby, DE21 7BS

24 Post balance sheet event

In June 2011 it was announced by Celanese Corporation that it was going to extend the acetate flake and tow production at Celanese Acetate Limited from September 2011, the original planned closure date, to June 2012 This adjusting post balance sheet event has been taken into consideration when calculating the impairment loss recognised in note 5