Celanese Acetate Limited

Directors' report and financial statements

Registered number 05859422

31 December 2009

Contents

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2009

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

This is only our second full year of trading since our takeover by the Celanese corporation It has proved to be our most difficult year to date due to the economic downturn, taxation and health styles, all contributing to a reduction in consumer demand In addition, the Celanese group has the ability to direct capacity to a number of production locations across the world During 2009 allocated production capacity to the UK facility has reduced further This has resulted in a fall in turnover to £119 million (2008 £122 million), reduced gross profit of £2 8 million (2008 £7 7 million) and an operating loss of £7 4 million (2008 Profit £0 4million) The capital injection and restructure, mentioned below, came too late to help with 2009 loan interest and changes in centrally allocated costs, extra one off restructuring and low production capacity all contributed to the loss

In 2009, Celanese GmbH provided a further capital injection to improve the balance sheet and reduce the loan and interest payable This saw the large £53 million inter company loan reduced to £10 million with the balance converted into share capital

Going concern

The Celanese Corporation have announced that it is considering a consolidation of its global acetate manufacturing operations As a result of its continuing high operating costs when compared with other group locations, management have entered into a 90 day consultation with employee representatives about a possible closure of the plant in the UK at the end of 2011 The future and location of the profitable Clarifoil cellulose films division which is currently on site and a part of Celanese Acetate Limited is still undetermined A number of possibilities are being discussed and considered for the entity which includes both Clarifoil production and/or group sales distributions

Celanese Corporation and Celanese GmbH continue to support the company No final decision has been made regarding the future of the facility and a number of options are being considered for the future of Celanese Acetate Limited

As a result, the directors have concluded that these circumstances represent a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern Nevertheless after making enquiries and considering the uncertainty described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence 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 practicable in line with group objectives and strategies

Proposed dividend

The directors do not recommend the payment of a dividend (*2008 £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	
R Walters	
S Beach Lin	- appointed 2 March 2009
B Earl Troutman	- appointed 2 March 2009
D Madden	- resigned 27 February 2009
C Duperre	- resigned 27 February 2009

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 £1,750 *(2008 £900)* The largest single donation was £1,000 to Toyota Mfg Charitable Trust *(2008 £Nil)* (charity registration number 1124678)

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

R Walters
Director

1 Holme Lane
Spondon
Derby
Derbyshire
DE21 7BS

7 June 2010

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 2009 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 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/UKNP

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 2009 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

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern

The company has incurred net losses and has net current liabilities and depends upon financial support from its ultimate parent company, which is considering whether to cease trading of this company

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty that casts significant doubt about the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

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 7 June 2010

Profit and loss account
for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Turnover	*2*	**119,330**	122,389
Cost of sales		**(116,489)**	(114,650)
Gross profit		**2,841**	7,739
Selling and distribution costs		**(1,744)**	(1,987)
Administrative expenses (including exceptional costs of £1,218,000)	*7*	**(8,683)**	(5,833)
Other operating income		**220**	459
Operating (loss)/profit		**(7,366)**	378
Other interest receivable and similar income	*5*	**6**	182
Interest payable and similar charges	*6*	**(3,198)**	(5,212)
Loss on ordinary activities before taxation	*7*	**(10,558)**	(4,652)
Tax on loss on ordinary activities	*8*	**-**	(4)
Loss for the financial year	*17*	**(10,558)**	(4,656)

All results are derived from continuing operations Refer to note 23 for details of subsequent events that could affect these operations

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

Balance sheet
as at 31 December 2009

	Note	2009 £000	2009 £000	2008 £000	2008 £000
Fixed assets					
Intangible assets	*9*		212		272
Tangible assets	*10*		50,447		47,672
			50,659		47,944
Current assets					
Stocks	*11*	13,507		16,548	
Debtors - due within one year	*12*	15,719		16,204	
- due after one year		3,639		3,127	
		19,358		19,331	
Cash at bank and in hand		112		1,406	
		32,977		37,285	
Creditors amounts falling due within one year	*13*	(36,904)		(75,434)	
Net current liabilities			(3,927)		(38,149)
Total assets less current liabilities			46,732		9,795
Creditors amounts falling due after one year	*14*		(5,000)		-
Provisions for liabilities and charges	*15*		(7,092)		(7,634)
Net assets			34,640		2,161
Capital and reserves					
Called up share capital	*16*		43,000		20,000
Share premium	*17*		20,000		-
Capital contribution reserve	*17*		2,389		2,389
Profit and loss account	*17*		(30,749)		(20,228)
Shareholder's funds	*18*		34,640		2,161

These financial statements were approved by the board of directors on 7 June 2010 and were signed on its behalf by

R Walters
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 £10,558,000 and has net current liabilities at the year end of £3,927,000 The company is dependent on the continued provision of funds by its ultimate parent entity and its parent entity, Celanese Corporation and Celanese GmbH respectively, including that those entities do not seek repayment of the substantial on-demand sums already advanced These entities have 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

However, Celanese Corporation has the ability to direct capacity to a number of production locations across the world and the Company has high operating costs compared with other group locations Celanese Corporation announced on 27 April 2010 that it is considering the consolidation of its group worldwide manufacturing facilities This announcement included a reference to consideration of closure of the Company's acetate manufacturing operations in Spondon, where the Company's entire operation is conducted on this site, including the Clarifoil films business At the behest of the Celanese Corporation, the Company is currently engaged in a consultation procedure, with the labour unions, associated with the proposed closure If the Company's parent decided to proceed to close Spondon, it would be able to effect closure by directing production elsewhere or by withdrawing financial support for the Company The Company's directors understand from the ultimate parent company that even if closure is chosen, the Spondon facility is expected to operate through to late 2011 In the event of closure the parent company has given no indication as to whether the profitable Clarifoil films division will continue production on site or whether the Company's sales and distribution operations would continue, for example by selling and distributing product manufactured elsewhere in the group

The decisions on the future of the Company will be made by the ultimate parent company, Celanese Corporation, and currently has not been made Thus whilst the company has the support of the parent company for at least twelve months from the date on which these accounts are approved, it is foreseeable that the parent company could withdraw that support in the months after that period

The Directors have themselves considered the position of the Company and following a review of potential strategic options assessed that alternatives still exist for the company either continuing with the production of the profitable Clarifoil division or using the entity as a sales and distribution arm for Celanese Corporation Accordingly they have concluded that there is a realistic alternative to the company's ceasing to trade or entering an insolvency process Thus they have prepared the financial statements on the going concern basis However, the circumstances of the company's financial performance and position and its dependence on its ultimate parent company that is considering whether to cause the company to cease to trade, is a material uncertainty that casts significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business 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 statement

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

Notes *(continued)*

1 Accounting policies *(continued)*

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 equipment	6 67% - 20%
Fixtures and fittings	6 67% - 20%
Buildings	5% - 10%

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

Fixed assets are reviewed for impairment in accordance with FRS 11

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

Notes *(continued)*

1 Accounting policies *(continued)*

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

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

Notes *(continued)*

3 Employee information

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

	2009 Number	2008 Number
By activity		
Production	**441**	462
Selling and distribution	**2**	27
Administration	**62**	47
	505	536

	2009 £000	2008 £000
The aggregate payroll costs of these employees including directors, was as follows		
Wages and salaries	**16,311**	17,140
Social security costs	**1,744**	1,923
Other pension costs	**1,291**	1,333
	19,346	20,396

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 Other interest receivable and similar income

	2009 £000	2008 £000
Group interest receivable	**5**	150
Other interest receivable	**1**	32
	6	182

6 Interest payable and similar charges

	2009 £000	2008 £000
On overdrafts	**1**	2
Group interest payable	**3,197**	5,210
	3,198	5,212

Notes *(continued)*

7 Loss on ordinary activities before taxation

	2009 £000	2008 £000
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation - owned assets	**5,483**	5,363
Amortisation of goodwill	**-**	170
Amortisation of intangibles	**32**	36
Operating lease charge - plant and machinery	**482**	746
Research and development expenditure	**323**	284
Foreign exchange loss/ (gain)	**137**	(2,046)
Redundancy provision	**1,218**	-
Auditors' remuneration		
- audit of the financial statements	**35**	48
- other services including taxation	**-**	-

Exceptional costs

Due to further re-organisation in 2009 further redundancy costs were incurred of £1,218,000

8 Tax on loss on ordinary activities

	2009 £000	2008 £000
Current tax		
UK corporation tax at 28% *(2008 28 5%)*	**-**	-
Foreign corporation taxes	**-**	4
Tax charge on ordinary activities	**-**	4

	2009 £000	2008 £000
Loss on ordinary activities before tax	**(10,558)**	(4,652)
Loss on ordinary activities at the standard rate of UK corporation of 28 0% *(2008 28 5%)*	**(2,956)**	(1,326)
Effects of		
Expenses not deductible for tax purposes	**916**	1,829
Capital allowances in excess of depreciation	**1,591**	1,094
Movement in short-term timing differences	**144**	-
Utilisation/ (creation) of tax losses	**280**	(1,457)
Group relief surrendered/ (received)	**25**	(140)
Tax on overseas earnings	-	4
	-	4

Notes *(continued)*

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

Unprovided deferred tax asset

	2009	2008
	£000	£000
Deferred taxation comprises		
Accelerated capital allowances	**(3,673)**	(2,334)
Tax losses	**(921)**	(732)
Other timing differences	**(61)**	-
	(4,655)	(3,066)

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

9 Intangible assets

	Goodwill	Trademarks	Total
	£000	£000	£000
Cost			
At beginning of year	407	339	746
Disposals	-	(35)	(35)
At end of year	407	304	711
Amortisation			
At beginning of year	407	67	474
Charged in the year	-	32	32
Disposals	-	(7)	(7)
At end of year	407	92	499
Net book value			
As at 31 December 2009	-	**212**	**212**
As at 31 December 2008	-	272	272

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

Notes *(continued)*

10 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 2009	13,899	34,284	75	9,835	58,093
Additions	809	11,662	318	(4,282)	8,507
Disposals	(5)	(374)	-	-	(379)
At 31 December 2009	14,703	45,572	393	5,553	66,221
Accumulated depreciation					
At 1 January 2009	2,824	7,554	43	-	10,421
Charge for the year	1,410	3,871	202	-	5,483
Disposals	(2)	(128)	-	-	(130)
At 31 December 2009	4,232	11,297	245	-	15,774
Net book value					
At 31 December 2009	**10,471**	**34,275**	**148**	**5,553**	**50,447**
At 31 December 2008	11,075	26,730	32	9,835	47,672

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

11 Stocks

	2009 £000	2008 £000
Raw materials	**2,779**	3,269
Spares and supplies	**1,077**	1,566
Work in progress	**2,304**	2,309
Finished goods	**7,347**	9,404
	13,507	16,548

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

Notes *(continued)*

12 Debtors

	2009	2008
Due within one year		
Trade debtors	**2,826**	3,035
Amounts owed by group undertakings	**10,245**	9,392
Other debtors	**2,235**	3,264
Prepayments and accrued income	**413**	513
	15,719	16,204
Due after one year		
Other debtors	**3,639**	3,127
	19,358	19,331

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

13 Creditors amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	**11,502**	13,536
Amounts due to group undertakings	**24,250**	55,300
Interest accrual	**41**	4,391
Accruals and deferred income	**1,111**	2,207
	36,904	75,434

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

14 Creditors: amounts falling due after more than one year

	2009 £000	2008 £000
Amounts due to group undertakings	**5,000**	-

The above amount relates to an unsecured loan from Celanese GmbH It is due to be repaid on 30 November 2011 and attracts interest at a rate of 4 42350%

15 Provision for liabilities and charges

	Restructuring £000	Health, safety /environment £000	Other £000	Total £000
At 1 January 2009	1,669	5,233	732	7,634
Charged to the profit and loss account	1,432	-	-	1,432
Released to the profit and loss account	(344)	344	-	-
Utilised during the year	(1,139)	(800)	(35)	(1,974)
At 31 December 2009	**1,618**	**4,777**	**697**	**7,092**

Notes *(continued)*

15 Provisions for liabilities and charges *(continued)*

Restructuring provision

The restructuring provision relates to redundancy costs of £218,000 (2008 £49,000) and demolition, remediation and decommissioning costs of £1,400,000 (2008 £1,620,000) in restructuring the business These were originally provided as part of the purchase accounting entries This year a further £1,218,000 was provided to cover the redundancy costs announced during the year, which the company continues to make progress with All redundancy costs should be utilised by 31 December 2010 and demolition, remediation and decommissioning costs are expected to be utilised in the next 3 years, subject to any amendment arising as a result of the potential closure plans as stated in note 23

Health, safety and environmental provision

The health, safety and environment provision relates to the expected cost of the environmental cleanup of land at the Spondon and Little Heath sites

It is expected that the provision will be largely utilised during the next five 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

16 Called up share capital

	2009 £000	2008 £000
Authorised		
43,000,001 ordinary shares of £1 each	**43,000**	20,000
Allotted, called up and fully paid		
43,000,001 ordinary shares of £1 each	**43,000**	20,000

During the year the company issued an additional 23 million ordinary shares of £1 each for consideration of £43,000,000, which was settled through balances with the parent undertaking An amount of £20,000,000 has been credited to the share premium account accordingly (note 17)

17 Reserves

	Share premium reserve £000	Capital Contribution Reserve £000	Profit and loss account £000
At 1 January 2009	-	2,389	(20,228)
Premium on share issues	20,000	-	-
Capital contribution from parent undertaking	-	-	37
Loss for the year	-	-	(10,558)
At 31 December 2009	**20,000**	**2,389**	**(30,749)**

The £37,000 (*2008 £18,000*) 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)*

18 Reconciliation of movement in shareholder's funds

	2009 £000	2008 £000
Loss for the year	**(10,558)**	(4,656)
Capital contribution from parent undertaking	**37**	18
Share capital issued in the year	**23,000**	-
Share premium	**20,000**	-
Net movement in shareholder's funds	**32,479**	(4,638)
Opening shareholder's funds	**2,161**	6,799
Closing shareholder's funds	**34,640**	2,161

19 Commitments

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

	2009 £000	2008 £000
Contracted for	**1,932**	2,579

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

	2009 £000	2008 £000
Operating leases which expire		
Within one year	**92**	446
Between two and five years	**38**	242
After more than five years	**-**	-
	130	688

20 Pension commitments

The company's employees are eligible to join the Celanese Acetate Limited Personal Pension Plan, and the company is contracted-in to the State Second Pension The plan, administered through Legal & General Assurance Society Ltd ('L&G'), is a defined contribution arrangement based on a personal contract between each participating employee and L&G Company contributions are related to those of each employee, and in 2009 amounted to £1,379,000 *(2008 £1,306,000)* being an average of 8 49% of members' pensionable salary for the relevant period The commitments outstanding at the year end amounted to £Nil *(2008 £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 2009 was £147,413 *(2008 £171,456)* 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 One payment of £110,000 was made under this scheme in 2009 *(2008 £Nil)*

Notes *(continued)*

21 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 22

22 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

23 Subsequent events

Celanese announced on 27 April 2010 that it is considering a consolidation of its global acetate manufacturing operations with the potential closure of the acetate plant in Spondon, Derby, United Kingdom The consolidation is designed to strengthen Celanese's competitive position, reduce fixed costs and align future production capacities with anticipated industry demand trends

If the proposed closure proceeds, Celanese expects to operate its Spondon plant through late 2011 to ensure a smooth closure process The Spondon plant has approximately 460 employees

Key products manufactured at Spondon include cellulose acetate flake, filter tow and Clarifoil cellulose diacetate films The plant's nameplate capacity is approximately 41,000 tons of acetate tow and 60,000 tons of acetate flake Celanese will continue to operate its Clarifoil business at Spondon while the company is evaluating alternative production locations That evaluation should be complete by the end of the second quarter 2010

Consultations are currently being conducted with the employees and management are actively considering the future of the entity which may include continued Clarifoil production and/or group distribution facilities