

Registered number: 5859422

Celanese Production UK Limited

Report and financial statements

For the year ended 31 December 2017

TUESDAY



A7J4938Y
20/11/2018 #23
A27
COMPANIES HOUSE

Celanese Production UK Limited

Company Information

Director	M J Lington
Registered number	5859422
Registered office	1 Holme Lane Spondon Derby DE21 7BS
Auditor	KPMG LLP St Nicholas House Park Row NG1 6FQ

Celanese Production UK Limited

Contents

	Page
Strategic report	1 - 2
Director's report	3 - 4
Director's responsibilities statement	5
Independent auditor's report to the members of Celanese Production UK Limited	6 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 26

Celanese Production UK Limited

Strategic report For the year ended 31 December 2017

Results

The loss for the year, after taxation, amounted to £1.6 million (2016 - loss of £0.2 million).

Business review

Following the closure of the acetate, flake and tow manufacturing operations in late 2012, the principal activity of the Company is now the manufacture and sale of Clarifoil Cellulose Films. This business manufactures diacetate films for packaging, tape, lamination and specific technical application markets with sales to group companies.

Turnover for 2017 was £12.3 million (2016: £11.9 million). Of this, £nil (2016: £nil) relates to the discontinued acetate, flake and tow manufacturing operation. A loss of £1.6 million before tax in 2017, including £0.01 million of restructuring costs (2016: a loss of £0.2 million before tax, including £0.03 million restructuring costs) has been realised.

The Clarifoil Cellulose Films business is not part of the main site plant closure of its acetate flake and tow manufacturing operations. The work to improve the Clarifoil production facility has finished and is completely stand alone. The parent company continues to support and invest in these operations.

Celanese Corporation manages its operations on a divisional basis. For this reason, the Company's director believes that further key performance indicators for the Company are not necessary for an understanding of the development, performance or position of the business. The performance of the division of Celanese Corporation, which includes this Company, is discussed in the group's annual report, which does not form part of this report.

The Clarifoil business achieved a profit in 2017 after making losses in previous years. However, overall in 2017 the Company made a loss because of the costs incurred in the demolition of the Celanese flake/filter tow units. Celanese continues to invest and strategically plan for the growth of the Clarifoil business on a long term basis. Celanese has invested in people, technology, and innovation platforms to grow the business. Business leadership continues to grow both revenue and earnings while reducing cost. Additionally, the leadership team has mapped that the business will grow in 3 ways through revenue growth, productivity on cost, and investment in innovation.

Revenue growth

The focus on new innovation products, namely Anti fog, has started to impact the company's results and this new material continues to be adopted globally, especially by freezer door and eyewear manufacturers. The potential to continue to grow revenue in these end uses is very encouraging and this is one of the company's major objectives. Revenue growth is also anticipated to occur in the base business as the focus on biodegradable polymers as a replacement for "traditional plastics" continues to dominate the news.

Productivity on cost

There will be a continued focus on productivity and cost reduction. Savings will come from raw material sourcing, labour synergies and energy savings measures that resulted in approximately £0.6 million savings in 2017 with an estimate of another £0.454 million of savings in 2018.

Innovation

In addition to Antifog, additional investments are being incurred to identify other uses for our film products including uses in LED lighting, medical applications and construction.

With the combination of these actions, Celanese believes that the Clarifoil business will strengthen its profitability and is in the company's strategic plan to grow earnings for the company as a whole.

Strategic report (continued)
For the year ended 31 December 2017

Principal risks and uncertainties

The Celanese tow unit has been demolished and the flake unit is nearing demolition completion with some administrative buildings still to be demolished. There is a risk that the actual cost of the environmental cleanup process differs from our best estimate recorded in these financial statements. This risk was mitigated through the use of environmental experts and surveyors in forming our estimate and regularly monitoring actual versus expected expenses.

The continuing Clarifoil operation is exposed to cost competition, strategic risk from changes in consumer demand, price risk from both raw material price fluctuations and price competition and exchange risk from operating across global geographic markets. The Company adopted appropriate policies to mitigate such risks where practical in line with group objectives and strategies.

This report was approved by the board on 16th November 2018 and signed on its behalf.



M J Lington
Director

Celanese Production UK Limited

Director's report For the year ended 31 December 2017

The director presents this report and the Financial Statements for the year ended 31 December 2017.

Dividends

The director does not recommend the payment of a dividend (2016: £nil).

Director

The director who served during the year was:

M J Lington

Political contributions

The Company made no political and charitable donations during the year (2016: £nil).

Future developments

The continuing Clarifoil operation puts a lot of focus on commercializing its new product. The management team is constantly seeking future possibilities to expand the market share and improve/guarantee future profitability.

Employees

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

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

The Company 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.

Going concern

The financial statements have been prepared on the going concern basis. The majority of the transactions of the Company are with related parties. The respective related party agreement determines and guarantees a certain mark-up for the transaction, which ensures a profit for the Company. Exceptional items however can result in a loss for the Company. Under the terms of the cash pooling agreement between the company and its fellow subsidiary, Celanese Europe B.V., Celanese Europe B.V. can only require repayment of amounts owed to it by the company, if the company still has sufficient funds to continue to meet its liabilities as they fall due. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

Overall in 2017 the Company made a loss because of the costs incurred in the demolition of the Celanese flake/filter tow units. Celanese continues to invest and strategically plan for the growth of the Clarifoil business on a long term basis, which is profitable at a gross margin level. The Company is loss making overall due to exchange rate losses and costs in the current year. Celanese has invested in people, technology, and innovation platforms to grow the business. Overall in 2017, Celanese focused to strengthen Business Leadership. This leadership brought focus to the business to grow both revenue and earnings while reducing cost. Additionally, the leadership team has mapped that the business will grow in 3 ways through revenue growth, productivity on cost, and investment in innovation.

**Director's report (continued)
For the year ended 31 December 2017**

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditor annually and KPMG LLP will therefore continue in office.

This report was approved by the board on **16th November 2018** and signed on its behalf.



M J Lington
Director

1 Holme Lane
Spondon
Derby
DE21 7BS

Statement of Director's responsibilities in respect of the Strategic Report, the Directors Report and the Financial Statements
For the year ended 31 December 2017

The Director is responsible for preparing the Strategic Report, Director's report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Director to prepare Financial Statements for each financial year. Under that law the director has elected to prepare the Financial Statements in accordance with UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under Company law the Director must not approve the Financial Statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these Financial Statements, the director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless he either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. The director is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Opinion

We have audited the financial statements of Celanese Production UK Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and director's report

The director is responsible for the strategic report and the director's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the director's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the director's report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Director's responsibilities

As explained more fully in the Director's responsibilities statement on page 5, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless he either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

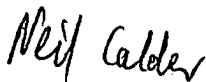
Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at : www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Neil Calder (Senior statutory auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
NG1 6FQ
Date: 16 November 2018

Celanese Production UK Limited

Statement of comprehensive income
For the year ended 31 December 2017

	Note	Continuing operations 2017 £000	Discontinued operations 2017 £000	Total 2017 £000	Continuing operations 2016 £000	Discontinued operations 2016 £000	Total 2016 £000
Turnover	3	12,253	-	12,253	11,944	-	11,944
Cost of sales		(9,923)	(1,485)	(11,408)	(8,994)	(986)	(9,980)
Gross profit		<u>2,330</u>	<u>(1,485)</u>	<u>845</u>	<u>2,950</u>	<u>(986)</u>	<u>1,964</u>
Distribution costs		(378)	-	(378)	(519)	-	(519)
Administrative expenses		(1,743)	-	(1,743)	(1,256)	(13)	(1,269)
Operating (loss)/profit	4	<u>209</u>	<u>(1,485)</u>	<u>(1,276)</u>	<u>1,175</u>	<u>(999)</u>	<u>176</u>
Interest receivable and similar income	8	36	-	36	-	-	-
Interest payable and expenses	9	(389)	-	(389)	(340)	-	(340)
Loss before tax		<u>(144)</u>	<u>(1,485)</u>	<u>(1,629)</u>	<u>835</u>	<u>(999)</u>	<u>(164)</u>
Loss for the financial year		<u>(144)</u>	<u>(1,485)</u>	<u>(1,629)</u>	<u>835</u>	<u>(999)</u>	<u>(164)</u>
Other comprehensive income for the year							
Share based payments				19			(100)
Other comprehensive income for the year				<u>19</u>			<u>(100)</u>
Total comprehensive income for the year				<u>(1,610)</u>			<u>(264)</u>

The notes on pages 11 to 26 form part of these financial statements.

Celanese Production UK Limited
Registered number:5859422

Balance sheet
As at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible fixed assets	11	25	-
Tangible fixed assets	12	17,332	16,918
		<u>17,357</u>	<u>16,918</u>
Current assets			
Stocks	13	3,804	2,987
Debtors	14	3,549	6,558
		<u>7,353</u>	<u>9,545</u>
Creditors: amounts falling due within one year	15	(38,493)	(37,902)
Net current liabilities		<u>(31,140)</u>	<u>(28,357)</u>
Total assets less current liabilities		<u>(13,783)</u>	<u>(11,439)</u>
Provisions for liabilities			
Provisions	16	(2,856)	(3,590)
		<u>(2,856)</u>	<u>(3,590)</u>
Net liabilities		<u>(16,639)</u>	<u>(15,029)</u>
Capital and reserves			
Called up share capital	17	43,000	43,000
Share premium account	18	30,266	30,266
Capital redemption reserve	18	2,430	2,430
Profit and loss account		(92,335)	(90,725)
		<u>(16,639)</u>	<u>(15,029)</u>

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



M J Lington
Director

16th November 2018

The notes on pages 11 to 26 form part of these financial statements.

Celanese Production UK Limited

**Statement of changes in equity
For the year ended 31 December 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
At 1 January 2016	43,000	30,266	2,430	(90,461)	(14,765)
Comprehensive income for the year					
Loss for the year	-	-	-	(164)	(164)
Share based payment	-	-	-	(100)	(100)
Other comprehensive income for the year	-	-	-	(100)	(100)
Total comprehensive income for the year	-	-	-	(264)	(264)
At 1 January 2017	43,000	30,266	2,430	(90,725)	(15,029)
Comprehensive income for the year					
Loss for the year	-	-	-	(1,629)	(1,629)
Share based payment	-	-	-	19	19
Other comprehensive income for the year	-	-	-	19	19
Total comprehensive income for the year	-	-	-	(1,610)	(1,610)
At 31 December 2017	43,000	30,266	2,430	(92,335)	(16,639)

The notes on pages 11 to 26 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

Celanese Production UK Limited (registered number 5859422) is a private company limited by shares incorporated in England and Wales. The registered office is 1 Holme Lane, Spondon, Derby, DE21 7BS.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements have been prepared in sterling which is the functional currency of the Company. All amounts in the financial statements have been rounded to the nearest £1,000.

Notwithstanding net current liabilities of £31,140,000 as at 31 December 2017 and a loss for the year then ended of £1,629,000, the financial statements have been prepared on a going concern basis which the director considers to be appropriate for the following reasons.

The director has prepared cash flow forecasts for a period of 12 months from the date of approval of the financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's fellow subsidiary company, Celanese Europe B.V. not seeking repayment of the amounts currently due to it, which at 31 December 2017 amounted to £36,606,000. Under the terms of the cash pooling agreement between the company and Celanese Europe B.V., Celanese Europe B.V. can only require repayment of these amounts if the company will still have sufficient funds to continue to meet its liabilities as they fall due.

Consequently, the director is confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently the financial statements have been prepared on a going concern basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2). The amendments to FRS 102 issued in July 2015 have been applied.

Notes to the financial statements
For the year ended 31 December 2017

1. Accounting policies (continued)

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Celanese Corporation as at 31 December 2017 and these financial statements may be obtained from 222 West Las Colinas Boulevard, Suite 900N, Irving, Texas, 75039, USA..

1.3 Revenue

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue is recognised on delivery to customers, when the risks and rewards associated with the underlying products have been substantially transferred. Revenue is predominately earned from group companies based on intercompany agreements at a mark-up of between 7 and 13%.

1.4 Intangible fixed assets and amortisation

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less impairment losses.

- Trademarks - 25 years
- CO2 Emission allowances - 3 years

Notes to the financial statements
For the year ended 31 December 2017

1. Accounting policies (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	5% - 10%
Plant & machinery	-	6.67% - 20%
Fixtures & Fittings	-	6.67% - 20%
Motor vehicles	-	6.67% - 20%

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

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

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount.

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

Calculation of recoverable amount

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

1.6 Research and development

Research and development expenditure is charged to the Statement of comprehensive income as incurred.

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes an appropriate proportion of attributable overheads.

1.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements
For the year ended 31 December 2017

1. Accounting policies (continued)

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

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

Exchange gains and losses are recognised in the Statement of comprehensive income.

1.11 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.12 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Notes to the financial statements
For the year ended 31 December 2017

1. Accounting policies (continued)

1.13 Pensions

The cost of providing retirement pensions and related benefits in respect of defined contributions 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.

1.14 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

1.15 Provisions

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

1.16 Dividends unpaid on shares presented within shareholder's funds

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

1.17 Discontinued operations

Discontinued operations are components of the Company that have been disposed of at the reporting date and previously represented a separate major line of business or geographical area of operation.

They are included in the statement of comprehensive income in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

Notes to the financial statements
For the year ended 31 December 2017

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Provisions

Provisions are measured at the best estimate at the Balance sheet date given the information available and taking into account relevant risks and uncertainties. Each provision is reviewed continuously. A reduction in the provision is charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation. When payments are eventually made, they are charged to the provision carried in the Balance sheet.

The environmental provision balance was reviewed in detail at the end of 2017 by Technical Accounting and REM Managers (Remediation Group) and it was determined to be a valid receivable as of 31 December 2017. The current status is that the amounts making up the receivable are legally valid based on the contract with 3rd parties (eg. Akzo Nobel). They represent costs incurred or to be incurred to remediate the site. Celanese and Akzo Nobel have discussed entering into a settlement relating to this site. Final settlement is going to be determined once the authorities have approved the clean-up methodology for the site. Recently, MNA (Monitored Natural Attenuation) methodology has been approved for the site by the governing authorities. With the clean-up methodology approved by the authorities, Celanese and Akzo Nobel will work on settling the claims between them. The settlement is expected to be at or above the current receivable balance. Therefore, there are no collectability issues with the receivable at this time.

Celanese Production UK Limited

Notes to the financial statements
For the year ended 31 December 2017

3. Turnover

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

	2017 £000	2016 £000
Sales of goods	12,253	11,944
	<u>12,253</u>	<u>11,944</u>

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	-	187
Rest of Europe	12,253	10,322
Rest of the world	-	1,435
	<u>12,253</u>	<u>11,944</u>

4. Operating (loss)/profit

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

	2017 £000	2016 £000
Research & development charged as an expense	-	98
Depreciation of tangible fixed assets	658	624
Amortisation of intangible assets, including goodwill	-	51
Foreign exchange differences	149	31
Defined contribution pension cost	157	194
	<u>157</u>	<u>194</u>

5. Auditor's remuneration

Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts

23	26
<u>23</u>	<u>26</u>

Celanese Production UK Limited

Notes to the financial statements
For the year ended 31 December 2017

6. Employees

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

	2017 £000	2016 £000
Wages and salaries	2,086	2,224
Social security costs	222	301
Cost of defined contribution scheme	157	194
	<u>2,465</u>	<u>2,719</u>

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

	2017 No.	2016 No.
Production	54	56
Administration	2	3
	<u>56</u>	<u>59</u>

7. Director's remuneration

	2017 £000	2016 £000
Director's emoluments	102	85
	<u>102</u>	<u>85</u>

During the year retirement benefits were accruing to no directors in respect of defined contribution pension schemes.

8. Interest receivable and similar income

	2017 £000	2016 £000
Interest receivable from group companies	36	-
	<u>36</u>	<u>-</u>

Celanese Production UK Limited

Notes to the financial statements
For the year ended 31 December 2017

9. Interest payable and similar expenses

	2017 £000	2016 £000
Unwind of discount on provisions	25	69
Loan interest payable	364	271
	<u>389</u>	<u>340</u>

10. Taxation

	2017 £000	2016 £000
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Loss on ordinary activities before tax	(1,983)	(164)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 -20%)	(382)	(33)
Effects of:		
Permanent differences	17	26
Deferred tax rate current year	43	-
Deferred tax not recognised	322	7
	<u>-</u>	<u>-</u>

Notes to the financial statements
For the year ended 31 December 2017

10. Taxation (continued)

Unprovided deferred tax asset

Deferred taxation comprises:

	2017 £000	2016 £000
Decelerated capital allowances	(7,428)	(7,268)
Tax losses	(3,844)	(3,773)
Other timing differences	(2)	-
	<u>(11,274)</u>	<u>(11,041)</u>

No deferred tax asset has been recognised as the director cannot be reasonably certain that future taxable profits will arise to allow the offset of these losses.

Factors that may affect future tax charges

The Finance (No. 2) Act 2015, substantively enacted on 26 October 2015, reduced the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020, whilst the Finance Act 2016, substantively enacted on 6 September 2016, included further reduction of the rate of 18% to 17% from 1 April 2020. This will reduce the Company's future tax charges accordingly. The effects of these changes would also affect any deferred tax balances recognised at 31 December 2017.

Notes to the financial statements
For the year ended 31 December 2017

11. Intangible assets

	Trademarks £000	C02 Emission allowances £000	Total £000
Cost			
At 1 January 2017	304	333	637
Additions	-	25	25
At 31 December 2017	304	358	662
Amortisation			
At 1 January 2017	304	333	637
At 31 December 2017	304	333	637
Net book value			
At 31 December 2017	-	25	25
At 31 December 2016	-	-	-

Notes to the financial statements
For the year ended 31 December 2017

12. Tangible fixed assets

	Freehold property and land £000	Plant & machinery £000	Capital work in progress £000	Fixtures & fittings £000	Total £000
Cost or valuation					
At 1 January 2017	14,876	62,982	1,833	532	80,223
Additions	-	-	1,063	-	1,063
Transfers intra group	-	14	-	-	14
Disposals	-	(1,602)	(34)	-	(1,636)
At 31 December 2017	14,876	61,394	2,862	532	79,664
Depreciation					
At 1 January 2017	7,664	55,133	7	501	63,305
Charge for the year on owned assets	30	620	8	-	658
Transfers intra group	-	4	-	-	4
Disposals	-	(1,635)	-	-	(1,635)
At 31 December 2017	7,694	54,122	15	501	62,332
Net book value					
At 31 December 2017	7,182	7,272	2,847	31	17,332
At 31 December 2016	7,212	7,849	1,826	31	16,918

Notes to the financial statements
For the year ended 31 December 2017

13. Stocks

	2017 £000	2016 £000
Raw materials and consumables	1,114	121
Work in progress (goods to be sold)	223	2,253
Finished goods and goods for resale	2,467	613
	<u>3,804</u>	<u>2,987</u>

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

The write down of stocks to net realisable value amounted to £233,353 (2016 : £556,735). This represents the value of stock adjustments related to scrapping of raw materials, work in progress and finished goods. The level of scrapping was much lower in 2017 compared to 2016.

14. Debtors

	2017 £000	2016 £000
Trade debtors	2,522	2,009
Amounts owed by group companies	403	3,110
Other debtors	541	1,354
Prepayments & accrued income	83	85
	<u>3,549</u>	<u>6,558</u>

The amounts owed by group undertakings are unsecured and repayable on demand.

Notes to the financial statements
For the year ended 31 December 2017

15. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	1,343	843
Amounts owed to group undertakings	36,915	37,023
Other taxation and social security	110	-
Accruals and deferred income	125	36
	<u>38,493</u>	<u>37,902</u>

The above amounts owed to group undertakings include cash pool liabilities at an interest rate of 1 month LIBOR + 0.5%.

16. Provisions

	Restructuring £000	Health, safety & environmental £000	Total £000
At 1 January 2017	986	2,604	3,590
Charged to profit or loss	(25)	-	(25)
Utilised in year	(228)	(481)	(709)
At 31 December 2017	<u>733</u>	<u>2,123</u>	<u>2,856</u>

Restructuring provision

The restructuring provision of £733,000 (2016: £986,000) relates to redundancy, decommissioning, deactivation and remediation. It is expected that the provision will be utilised in the next year.

Health, safety and environmental

The health, safety and environmental provision relates to the expected cost of the environmental cleanup of land at the Spondon site. It is expected that the provision will be utilised over a period of the next 1-4 years.

17. Share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
43,000,002 (2016 - 43,000,002) Ordinary shares of £1 each	<u>43,000</u>	<u>43,000</u>

Notes to the financial statements
For the year ended 31 December 2017

18. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the Company.

19. Capital commitments

At 31 December 2017 the Company had capital commitments as follows:

	2017 £000	2016 £000
Contracted for but not provided in these financial statements	104	31
	<u>104</u>	<u>31</u>

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 2017 amounted to £157,000 (2016: £194,000) being an average of 11.43% of members' pensionable salary for the relevant period. The commitments outstanding at the year-end amounted to £nil (2016: £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 2017 was £14,000 (2016: £95,000). Members of the Celanese Acetate Group Personal Pension Plan (who joined the scheme at either 1 August 2004 or at the commencement of their employment, whichever is the later) are also covered by a self-insured lump sum scheme providing a payment to any member leaving the Company's employment on grounds of permanent medical incapacity. Payments made under this scheme in 2017 were £nil (2016: £nil).

21. Related party transactions

The Company has adopted the provisions of FRS 102 'Related Party Disclosures' and has taken advantage of the exemption from the disclosure requirements regarding related party transactions as the Company is a 100% subsidiary of a group whose consolidated accounts are publicly available.

22. Immediate and ultimate parent undertaking

The Company is a subsidiary undertaking of Celanese Services Germany GmbH, Am Unisys Park 1, 65843, Sulzbach (Taunus), Germany, incorporated in Germany. The ultimate parent undertaking and controlling party is Celanese Corporation, incorporated in the USA.

The largest and smallest group in which the results of the Company are consolidated is that headed by Celanese Corporation. The consolidated financial statements of Celanese Corporation are available to the public and can be obtained from 222 West Las Colinas Boulevard, Suite 900N, Irving, Texas, 75039, USA.