

Celanese Sales UK Limited
Director's report and financial statements
For the year ended 31 December 2018



Celanese Sales UK Limited

Company Information

Director	P A Rourke
Company secretary	W R Davies
Registered number	3429561
Registered office	1 Holme Lane Spondon Derby DE21 7BS
Auditor	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
Bankers	HSBC Bank plc 1 Station Road Wellington Telford Shropshire TF1 1BZ

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**Strategic report
For the year ended 31 December 2018**

The director presents her strategic report for the year ended 31 December 2018.

Business review

The principal activity of the Company in the year under review was that of a sales and marketing agency in the United Kingdom and Ireland for technical thermoplastic materials manufactured principally by other Celanese group companies.

The immediate parent undertaking is Celanese Sales Germany GmbH, incorporated in Germany. The Company receives a commission based on the UK and Irish sales generated by Celanese Sales UK Limited on behalf of Celanese Sales Germany GmbH and other operating income being the reimbursement by Celanese Sales Germany GmbH for its costs incurred. It means that the Company does not face exposure to price, credit or cash flow risks in that sales are invoiced by the parent company.

In addition to these controls, Key Performance Indicators (KPIs) are used on a European level to assess performance. These include:

Sales turnover vs prior year – Sales commission received in 2018 was approximately 56% higher than in 2017, an excellent performance driven by volume growth from new opportunities and some price improvements.

Average prices vs prior year improved – The measure is always influenced by customer and product mix, as well as fluctuations of the GBP/Euro exchange rate as performance is tracked in Euros.

Trading Working Capital – on behalf of Celanese Sales Germany GmbH, who hold small amounts of stock in the United Kingdom. This was managed within the guidelines and strategy of Celanese Sales, whilst still achieving delivery targets. Overdues were managed closely to achieve goals of Celanese Sales Europe on behalf of Celanese Sales Germany GmbH.

Customer satisfaction and complaint management – quality systems run by Celanese Group to ISO TS 16949:2016 within centralised SAP computer systems. Analysis is on a regional basis. These included customer evaluations, external surveys through Net Promoter Score (NPS) and also on-time shipping analysis.

EHSA – participation in Celanese’s “Alert” programme to ensure minimal injuries and provide a safe working environment.

Principal risks and uncertainties

The Company’s business activities, together with the factors likely to impact its future development, performance and position are set out in the business review above.

The director believes that the Company is well placed to manage its business risks due to being fully supported through an agency agreement by its parent Celanese Sales Germany GmbH, which is expected to generate positive cash flow.

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £2,432,000 (2017: net current liabilities of £2,872,000) because the director has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, supported by the agency agreement with its parent company, with respect to ongoing access to the group cash pooling facility.

This report was approved by the board on 25 November 2019 and signed on its behalf by:



P A Rourke
Director

Director's report
For the year ended 31 December 2018

The director presents her report and the financial statements for the year ended 31 December 2018.

Dividends

The profit for the year, after taxation, amounted to £810,000 (2017 - £524,000).

The director does not recommend the payment of a final dividend (2017 - £nil).

Directors

The director who served during the year was:

P A Rourke

Disclosure of information to auditor

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

- so far as she is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- she 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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

Pursuant to a shareholders' resolution, the Company has reappointed its auditor therefore KPMG LLP will continue in office.

This report was approved by the board on 25 November 2019 and signed on its behalf.



P A Rourke
Director

1 Holme Lane
Spondon
Derby
DE21 7BS

**Statement of Director's responsibilities in respect of the Strategic Report, the Director's Report and the Financial Statements
For the year ended 31 December 2018**

The director is responsible for preparing the strategic report, the 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 she has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 she 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 she 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 her to ensure that the financial statements comply with the Companies Act 2006. She is responsible for such internal control as she determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to her 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 Sales UK Limited

Opinion

We have audited the financial statements of Celanese Sales UK Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet and Statement of changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The director has prepared the financial statements on the going concern basis as she does not intend to liquidate the company or to cease its operations, and as she has concluded that the company's financial position means that this is realistic. She has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 the going concern period. In our evaluation of the director's conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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

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.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Director's responsibilities

As explained more fully in the director's responsibilities statement set out on page 3, the director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as she 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 she either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditors' 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.

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

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.



Ian Borley (Senior statutory auditor)
for and on behalf of **KPMG LLP**, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

28 November 2019

**Statement of comprehensive income
For the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000
Turnover	3	804	500
Gross profit		<u>804</u>	<u>500</u>
Administrative expenses		(318)	(292)
Exceptional administrative expenses	10	(56)	(40)
Other operating income		7	41
Operating profit	4	<u>437</u>	<u>209</u>
Interest payable and expenses	7	(74)	(51)
Interest receivable and similar income	8	391	387
Profit before tax		<u>754</u>	<u>545</u>
Tax on profit	9	56	(21)
Profit for the financial year		<u><u>810</u></u>	<u><u>524</u></u>
Other comprehensive income for the year			
Actuarial gains/(losses) on defined benefit pension scheme		328	(130)
Movement of deferred tax relating to pension surplus		(56)	21
Other comprehensive income for the year		<u>272</u>	<u>(109)</u>
Total comprehensive income for the year		<u><u>1,082</u></u>	<u><u>415</u></u>

The notes on pages 11 to 25 form part of these financial statements.

Celanese Sales UK Limited

**Balance sheet
As at 31 December 2018.**

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible fixed assets	11	-	1
		<hr/>	<hr/>
		-	1
Current assets			
Debtors: amounts falling due within one year	12	1,027	1,106
Cash at bank and in hand	13	5	6
		<hr/>	<hr/>
		1,032	1,112
Creditors: amounts falling due within one year	14	(3,464)	(3,984)
		<hr/>	<hr/>
Net current liabilities		(2,432)	(2,872)
Total assets less current liabilities		<hr/>	<hr/>
		(2,432)	(2,871)
Pension asset	16	15,077	14,434
		<hr/>	<hr/>
Net assets		<u>12,645</u>	<u>11,563</u>
Capital and reserves			
Called up share capital	15	2,282	2,282
Share premium account		7,353	7,353
Capital redemption reserve		3,706	3,706
Retained earnings		(696)	(1,778)
		<hr/>	<hr/>
		<u>12,645</u>	<u>11,563</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 November 2019.



P A Rourke
Director

The notes on pages 11 to 25 form part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2018

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 January 2018	2,282	7,353	3,706	(1,778)	11,563
Comprehensive income for the year					
Profit for the year	-	-	-	810	810
Actuarial gains on pension scheme	-	-	-	328	328
Deferred tax movements	-	-	-	(56)	(56)
Other comprehensive income for the year	-	-	-	272	272
Total comprehensive income for the year	-	-	-	1,082	1,082
Total transactions with owners	-	-	-	-	-
At 31 December 2018	<u>2,282</u>	<u>7,353</u>	<u>3,706</u>	<u>(696)</u>	<u>12,645</u>

The notes on pages 11 to 25 form part of these financial statements.

**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 2017	2,282	7,353	3,706	(2,193)	11,148
Comprehensive income for the year					
Profit for the year	-	-	-	524	524
Actuarial losses on pension scheme	-	-	-	(130)	(130)
Deferred tax movements	-	-	-	21	21
Other comprehensive income for the year	-	-	-	(109)	(109)
Total comprehensive income for the year	-	-	-	415	415
Total transactions with owners	-	-	-	-	-
At 31 December 2017	<u>2,282</u>	<u>7,353</u>	<u>3,706</u>	<u>(1,778)</u>	<u>11,563</u>

The notes on pages 11 to 25 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2018

1. Accounting policies

1.1 Basis of preparation of financial statements

Celanese Sales UK Limited (registered number 3429561) 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 amendments to FRS 102 issued in March 2018 have been applied.

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.

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).

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 7 Statement of Cash Flows;
- 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 2018 and these financial statements may be obtained from Celanese Corporation, 222 West Las Colinas Boulevard, Suite 900N, Irving, Texas, 75039, USA.

1.3 Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £2,432,000 (2017: net current liabilities of £2,872,000) because the director has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, supported by the agency agreement with its parent company. The company is dependent on its fellow subsidiary, Celanese Europe B.V. not seeking repayment of the amounts currently due to it, which at 31 December 2018 amounted to £3,425,000. Celanese Europe B.V. has indicated that it does not intend to seek repayment of these amounts for the period for at least 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the director acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, she has no reason to believe that it will not do so. 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 therefore has prepared the financial statements on a going concern basis.

Notes to the financial statements
For the year ended 31 December 2018

1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is predominately earned from group companies based on intercompany agreements at a mark-up of 0.5 - 2%.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The rates of depreciation applied are as follows:

Fixtures & fittings	-	15%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

The carrying value of tangible fixed assets is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the statement of comprehensive income.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

1.6 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

1.7 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.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the financial statements
For the year ended 31 December 2018

1.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

1.10 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.

1.11 Foreign currency translation

The Company's functional and presentational currency is GBP.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

1.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not

Notes to the financial statements
For the year ended 31 December 2018

1.12 Pensions (continued)

a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in Sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in the statement of comprehensive income as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the statement of comprehensive income as a 'finance expense'.

Following a change in the agreed group policy in 2015 the responsibility for the pension scheme of Celanese Services UK Limited was transferred to Celanese Sales UK Limited and the asset is now recorded in the financial statements of Celanese Sales UK Limited. The transfer was accounted for via a current year adjustment in reserves in 2015.

1.13 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 2018

1.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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.

1.15 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2. Judgements 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:

Pensions and other post-employment benefits

The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality rates. Future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 16.

3. Analysis of turnover

Turnover consists of sales and marketing agency fees for thermoplastic materials manufactured principally by other Celanese group companies received from Celanese Sales Germany GmbH due to the Company's activity within the Celanese group.

All turnover arose within the European Union.

Notes to the financial statements
For the year ended 31 December 2018

4. Operating profit

The operating profit is stated after charging:

	2018 £'000	2017 £'000
Depreciation of tangible fixed assets	1	-
Operating lease rentals	31	50
Auditor's remuneration	12	12
Foreign exchange gain / (loss)	<u>30</u>	<u>(9)</u>

5. Staff costs

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

	2018 £'000	2017 £'000
Wages and salaries	429	425
Social security costs	59	60
Cost of defined benefit scheme	318	277
Cost of defined contribution scheme	10	54
	<u>816</u>	<u>816</u>

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

	2018 No.	2017 No.
Director	1	1
Sales and technical service	5	5
	<u>6</u>	<u>6</u>

Notes to the financial statements
For the year ended 31 December 2018

6. Director's remuneration

Director's remuneration has been paid by other group companies. The director is employed in group management roles. The time spent on the activities of the Company is negligible and it is not practical to allocate any of the remuneration to the Company.

7. Interest payable and expenses

	2018 £'000	2017 £'000
Interest payable on amounts due to group undertakings	74	51
	<u>74</u>	<u>51</u>

8. Other finance income

	2018 £'000	2017 £'000
Interest income on pension scheme assets (note 16)	1,036	1,101
Net interest on net defined benefit liability (note 16)	(673)	(714)
Interest receivable on amounts from group undertakings	28	
	<u>391</u>	<u>387</u>

Notes to the financial statements
For the year ended 31 December 2018

9. Taxation

	2018 £'000	2017 £'000
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(62)	21
Effect of changes in tax rates	6	-
Total deferred tax	<u>(56)</u>	<u>21</u>

Deferred tax (assets) / liabilities

	2018 £'000	2017 £'000
Deferred tax charge to income statement for the period	(56)	21
Deferred tax charge in OCI for the period	56	(21)
Deferred tax not previously recognised	(208)	(72)
Utilization of deferred tax not previously recognised	208	72
Deferred tax (assets)/liabilities	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Profit on ordinary activities before tax	<u>754</u>	<u>545</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	144	105
Effects of:		
Expenses not deductible for tax purposes	1	-
Deferred tax not previously recognised	(208)	(72)
Tax rate changes leading to an increase (decrease) in taxation	7	(12)
Total tax (credit) / charge for the year	<u>(56)</u>	<u>21</u>

Notes to the financial statements
For the year ended 31 December 2018

9. Taxation (continued)

Factors that may affect future tax charges

In his budget of 26 October 2015, the Chancellor of the Exchequer announced a reduction in the corporation tax rate to 19% for the Financial Year beginning 1 April 2017 and a further reduction to 18% for the Financial Year beginning 1 April 2020. The Finance Act 2016 reduced the main rate of corporation tax to 17% from 1 April 2020 (replacing the 18% rate) and was enacted on 6 September 2016. As these changes were substantively enacted at the balance sheet date, deferred tax has been calculated appropriately at these rates in these financial statements.

The Company has unrecognised tax losses as follows:

	2018 £'000	2017 £'000
Losses and accelerated capital allowances	4,207	4,417
	<u>4,207</u>	<u>4,417</u>

10. Exceptional items

	2018 £'000	2017 £'000
Restructuring costs	56	40
	<u>56</u>	<u>40</u>

The restructuring costs relate to severance and redundancy costs incurred in conjunction with the restructuring plan that was conducted throughout the Celanese group.

Notes to the financial statements
For the year ended 31 December 2018

11. Tangible fixed assets

	Fixtures & fittings £'000
Cost or valuation	
At 1 January 2018	9
At 31 December 2018	<u>9</u>
Depreciation	
At 1 January 2018	8
Charge for the year	1
At 31 December 2018	<u>9</u>
Net book value	
At 31 December 2018	<u>0</u>
At 31 December 2017	<u>1</u>

12. Debtors

	2018 £'000	2017 £'000
Trade debtors	53	108
Amounts owed by group undertakings	886	893
Other debtors	82	99
Prepayments and accrued income	6	6
	<u>1,027</u>	<u>1,106</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

13. Cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	5	6
	<u>5</u>	<u>6</u>

Notes to the financial statements
For the year ended 31 December 2018

14. Creditors: Amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	15	40
Amounts owed to group undertakings	3,350	3,737
Accruals and deferred income	99	207
	<u>3,464</u>	<u>3,984</u>

Amounts owed to group undertakings are unsecured at an interest rate of average one month LIBOR plus a spread of 10bps and are repayable on demand.

15. Share capital

	2018 £'000	2017 £'000
Allotted, called up and fully paid		
2,282,003 (2017 - 2,282,003) Ordinary shares of £1.00 each	<u>2,282</u>	<u>2,282</u>

16. Pension commitments

The Company participates in the Ticona UK Limited Pension Scheme. For employees who joined on or before 1 April 2000 this is a defined benefit scheme, for those after this date it is a defined contribution scheme.

Defined contribution scheme

The Company operates a Defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £10,000 (2017: £54,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Defined benefit scheme

Celanese Sales UK Limited is the sponsoring employer of a funded defined benefit pension scheme in the UK which provides retirement benefits based on members' salary when leaving employment. The net assets of the Scheme are held in a separately administered fund and the Scheme is administered by a trustee body (independent of Celanese Sales UK Limited) who are responsible for ensuring that the Scheme is sufficiently funded to meet current and future obligations.

Following a change in the agreed group policy in 2015, the responsibility for the pension scheme of Celanese Services UK Limited was transferred to Celanese Sales UK Limited and the asset is now recorded in the financial statements of Celanese Sales UK Limited. The transfer was accounted for via a current year adjustment in reserves in 2015. The Scheme is closed to new members.

The liabilities have been calculated based on the results of the full Scheme Funding assessment as of 31 March 2016, updated to 31 December 2018, allowing for additional benefit accrual and benefits paid. The present value of the defined benefit obligation, the related current service cost and past service costs were measured using the projected unit credit method. Celanese Sales UK Limited has agreed a funding plan with the Trustees, whereby ordinary contributions are made into the Scheme based on a percentage of active employees' salary. Additional contributions are agreed with the Trustees to reduce the funding deficit where necessary. The disclosures set out

Notes to the financial statements
For the year ended 31 December 2018

16. Pension commitments (continued)

below are based on calculations carried out as at 31 December 2018 by an independent qualified actuary. The results of the calculations and the assumptions adopted are shown below.

Composition of plan assets:

	2018 £'000	2017 £'000
Annuity policy	82	83
Dynamic Growth Fund	8,372	8,768
Dynamic LDI	32,346	32,663
Cash	41	42
Total plan assets	<u>40,841</u>	<u>41,556</u>

	2018 £'000	2017 £'000
Fair value of plan assets	40,841	41,556
Present value of plan liabilities	(25,764)	(27,122)
Net pension scheme asset	<u>15,077</u>	<u>14,434</u>

Notes to the financial statements
For the year ended 31 December 2018

16. Pension commitments (continued)

The amounts recognised in the statement of comprehensive income are as follows:

	2018 £'000	2017 £'000
Current and past service costs	(318)	(244)
Interest on obligation	(673)	(714)
Expected return on scheme assets	1,036	1,101
Total	<u>45</u>	<u>143</u>

Reconciliation of fair value of plan liabilities were as follow:

	2018 £'000	2017 £'000
Opening defined benefit obligation	27,122	26,886
Current and past service costs	318	244
Interest cost	673	714
Contributions by scheme participants	18	21
Actuarial (losses) / gains	(1,844)	122
Benefits paid	(523)	(865)
Closing defined benefit obligation	<u>25,764</u>	<u>27,122</u>

Reconciliation of fair value of plan assets were as follows:

	2018 £'000	2017 £'000
Opening fair value of scheme assets	41,556	41,032
Expected return on assets	1,036	1,101
Actuarial losses	(1,516)	(13)
Contributions by employer	270	280
Contributions by scheme participants	18	21
Benefits paid	(523)	(865)
	<u>40,841</u>	<u>41,556</u>

**Notes to the financial statements
For the year ended 31 December 2018**

16. Pension commitments (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2018 %	2017 %
Discount rate at 31 December	2.9	2.5
Expected return on scheme assets at 31 December 2018	2.5	2.5
Future salary increases	4.5	4.4
Future increases in deferred pensions	3.5	3.4
Inflation assumption based on RPI	3.5	3.4
Mortality rates		
Rate of increase to pensions in payment - LPI (max 3%) based on RPI	2.5	2.5
Rate of increase to pensions in payment - LPI (max 5%) based on RPI	<u>3.2</u>	<u>3.2</u>

In valuing the liabilities of the pension fund at 31 December 2018, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity.

	2018 Years	2017 Years
Future life expectancy of male aged 65 at balance sheet date	22.1	22.2
Future life expectancy of male achieving age 65 20 years after balance sheet date	23.5	23.6
Future life expectancy of female aged 65 at balance sheet date	24.1	24.2
Future life expectancy of female achieving aged 65 20 years after balance sheet date	25.7	25.7

Notes to the financial statements
For the year ended 31 December 2018

16. Pension commitments (continued)

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Defined benefit obligation	(25,764)	(27,122)	(26,886)	(22,779)	(20,389)
Scheme assets	40,841	41,556	41,032	29,849	24,259
Surplus	<u>15,077</u>	<u>14,434</u>	<u>14,146</u>	<u>7,070</u>	<u>3,870</u>
Experience adjustments on scheme liabilities (gain) / loss	(1,844)	122	(3,526)	(108)	-
Experience adjustments on scheme assets gain / (loss)	<u>(1,516)</u>	<u>(13)</u>	<u>8,782</u>	<u>-</u>	<u>2,034</u>

17. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £'000	2017 £'000
Not later than 1 year	42	42
Later than 1 year and not later than 5 years	<u>-</u>	<u>42</u>

18. Related party transactions

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

19. Immediate and ultimate parent undertaking

The Company is a subsidiary undertaking of Celanese Sales 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.