# Lubrizol Adibis Holdings (UK) Limited

Annual Report and Financial Statements

Year Ended

31 December 2016

Company Number 00530121

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# Lubrizol Adibis Holdings (UK) Limited

## Company Information

| | |
|---|---|
| **Directors** | Lubrizol Holdings France SAS<br>O Wyrley-Birch<br>S J Griffiths (appointed 1 January 2017) |
| **Company secretary** | M M J Verthongen |
| **Registered number** | 00530121 |
| **Registered office** | The Knowle<br>Nether Lane<br>Hazelwood<br>Derbyshire<br>DE56 4AN |
| **Independent auditor** | BDO LLP<br>Regent House<br>Clinton Avenue<br>Nottingham<br>NG5 1AZ |

# Lubrizol Adibis Holdings (UK) Limited

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# Lubrizol Adibis Holdings (UK) Limited

## Strategic Report
## For the Year Ended 31 December 2016

### Introduction

The directors present their strategic report for the year ended 31 December 2016.

### Principal activity and business review

The company is an intermediate holding company of the Lubrizol Adibis group of companies. The company did not trade during the year. The future of the company is dependent on the future of its subsidiaries, which is discussed in the Directors' Reports of those companies, which do not form part of this report.

### Business review

The company had no employees during the current and preceding financial year.

The directors do not anticipate any change in the level of activity for the foreseeable future.

### Principal risks and uncertainties

The principal risks for the company are the carrying value of its investments and the recoverability of the amounts owed to it from group undertakings. The risk is managed through regular contact and review with subsidiary companies' executive teams.

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

**S J Griffiths**
Director

Date: 6th September 2017

# Lubrizol Adibis Holdings (UK) Limited

## Directors' Report
## For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

**Results and dividends**

The profit for the year, after taxation, amounted to £3,031,000 (2015 - £2,176,000).

The directors agreed not to pay any dividend this year (2015 - £Nil).

**Directors**

The directors who served during the year were:

J Pilley (resigned 15 January 2016)
D Morl (US citizen) (resigned 1 January 2017)
Lubrizol Holdings France SAS
O Wyrley-Birch (appointed 15 January 2016)

S J Griffiths was appointed director on 1 January 2017.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

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

**S J Griffiths**
Director

Date: 6th September 2017

## Directors' Responsibilities Statement
## For the Year Ended 31 December 2016

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Lubrizol Adibis Holdings (UK) Limited

## Independent Auditor's Report to the Members of Lubrizol Adibis Holdings (UK) Limited

We have audited the financial statements of Lubrizol Adibis Holdings (UK) Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

### Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

**Gareth Singleton** (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Nottingham
United Kingdom
7 September 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Lubrizol Adibis Holdings (UK) Limited

## Statement of Comprehensive Income
## For the Year Ended 31 December 2016

| | Note | 2016 £000 | 2015 £000 |
|---|---|---|---|
| Income from shares in group undertakings | | **3,191** | 2,289 |
| **Profit before tax** | | **3,191** | 2,289 |
| Tax on profit | 5 | **(160)** | (113) |
| **Profit for the year** | | **3,031** | 2,176 |

There was no other comprehensive income for 2016 (2015:£000NIL).

The notes on pages 9 to 13 form part of these financial statements.

# Lubrizol Adibis Holdings (UK) Limited

**Registered number: 00530121**

## Statement of Financial Position
**As at 31 December 2016**

| | Note | | 2016 £000 | | 2015 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Investments | 6 | | **3,582** | | 3,582 |
| **Current assets** | | | | | |
| Debtors: amounts falling due within one year | 7 | **6,718** | | 3,687 | |
| **Total assets less current liabilities** | | | **10,300** | | 7,269 |
| **Net assets** | | | **10,300** | | 7,269 |
| **Capital and reserves** | | | | | |
| Called up share capital | 8 | | **5,087** | | 5,087 |
| Profit and loss account | 9 | | **5,213** | | 2,182 |
| | | | **10,300** | | 7,269 |

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

**S J Griffiths**
Director

Date: 6th September 2017

The notes on pages 9 to 13 form part of these financial statements.

# Lubrizol Adibis Holdings (UK) Limited

## Statement of Changes in Equity
## For the Year Ended 31 December 2016

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £000 | £000 | £000 |
| At 1 January 2016 | 5,087 | 2,182 | 7,269 |
| **Comprehensive income for the year** | | | |
| Profit for the year | - | 3,031 | 3,031 |
| **At 31 December 2016** | 5,087 | 5,213 | 10,300 |

## Statement of Changes in Equity
## For the Year Ended 31 December 2015

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £000 | £000 | £000 |
| At 1 January 2015 | 5,087 | 6 | 5,093 |
| **Comprehensive income for the year** | | | |
| Profit for the year | - | 2,176 | 2,176 |
| **At 31 December 2015** | 5,087 | 2,182 | 7,269 |

The notes on pages 9 to 13 form part of these financial statements.

**Notes to the Financial Statements**
**For the Year Ended 31 December 2016**

## 1. General information

Lubrizol Adibis Holdings (UK) Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity are set out in the strategic report.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 3).

The following principal accounting policies have been applied:

### 2.2 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 Berkshire Hathaway Inc. as at 31 December 2016 and these financial statements may be obtained from 3666 Farnam Street, Suite 1440, Omaha, NE68131, USA.

### 2.3 Going concern

The directors have considered the nature of the operations of the company and have prepared the financial statements on a going concern basis. The company has no liabilities at the year end, no expenditure expected in the forthcoming year and it has substantial net assets.

The directors have a reasonable expectation that the company has adequate resources to meet any obligations that may fall due and continue in operational existence for a period of no less than twelve months from the date of approval of the financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

The company is part of a very successful group, its ultimate parent being Berkshire Hathaway Inc. listed on the New York Stock Exchange.

## 2. Accounting policies (continued)

### 2.4 Exemption from preparing consolidated financial statements

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 401 of the Companies Act 2006 because it is a wholly-owned subsidiary of Berkshire Hathaway Inc., a US-based company that prepares consolidated financial statements that are publicly available.

### 2.5 Valuation of investments

*Investments in subsidiaries are measured at cost less accumulated impairment.*

### 2.6 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.

### 2.7 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 reporting date in the countries where the Company operates and generates income.

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

In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements relate to the following:

**Recoverability of intercompany loans**

The directors review intercompany debtors and make assessment as to whether a provision is required if there is any indicators that the debt is not recoverable.

**Valuation of fixed asset investment**

The directors review the carrying value of the fixed asset investment and make assessment as to whether a provision is required for if there are any indicators that the investment is impaired.

## 4. Operating profit

The company has not traded for the financial periods ended 31 December 2016 and 31 December 2015.

The auditor's remuneration for audit services of £1,000 has been borne by Lubrizol Adibis (UK) Limited, another group company. There were no fees for non-audit services charged in the current or prior year.

The directors received no emoluments in respect of their services to the company in both the current and prior year. The directors receive emoluments from other group entities for their services. It is not considered practical or possible to accurately apportion these costs to each entity in the group. Given the relative size of the respective group entities the effect of not apportioning these costs for disclosure purposes is not considered to be material.

In both the current and prior year the directors were the only employees.

## 5. Taxation

| | 2016<br>£000 | 2015<br>£000 |
|---|---|---|
| **Corporation tax** | | |
| Adjustments in respect of previous periods | - | (2) |
| Tax on franked investment income | 160 | 115 |
| **Total current tax** | 160 | 113 |

### Factors affecting tax charge for the year

All income related to dividend receipts and the tax charge has been calculated based on the relevant tax on franked investment income.

### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

## 6. Fixed asset investments

| | Investments in subsidiary companies £000 |
|---|---|
| **Cost or valuation** | |
| At 1 January 2016 | **3,582** |
| At 31 December 2016 | **3,582** |
| **Net book value** | |
| At 31 December 2016 | **3,582** |
| At 31 December 2015 | 3,582 |

## 6. Fixed asset investments (continued)

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Class of shares | Holding | Principal activity |
|---|---|---|---|
| Lubrizol South Africa (Proprietary) Limited | Ordinary | 100 % | Importation and distribution of lubricating oil additives |

The subsidiary undertaking is incorporated in South Africa.

## 7. Debtors

| | 2016 £000 | 2015 £000 |
|---|---|---|
| Amounts owed by group undertakings | **6,718** | 3,687 |

## 8. Share capital

| | 2016 £000 | 2015 £000 |
|---|---|---|
| **Shares classified as equity** | | |
| **Authorised, allotted, called up and fully paid** | | |
| 5,087,325 Ordinary shares of £1 each | **5,087** | 5,087 |

## 9. Reserves

### Profit and loss account

This comprises of opening retained earnings, the profit or loss for the year and dividends as set out in the Statement of Changes in Equity.

## 10. Immediate and ultimate parent company

The ultimate parent company and controlling party is Berkshire Hathaway Inc. a company incorporated in the United States of America, the parent undertaking of the largest group for which group financial statements are drawn up and of which the reporting company is a member.

The immediate parent company is Lubrizol Holdings France SAS, which is a company incorporated in France, the smallest group of which the reporting company is a member.

Copies of the group financial statements of Berkshire Hathaway Inc. are available from 3555 Farnam Street, Suite 1440, Omaha, NE68131, USA.