Lubrizol Adibis Holdings (UK) Limited

Annual Report and Financial Statements

Year Ended

31 December 2017

Company Number 00530121

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Lubrizol Adibis Holdings (UK) Limited

Company Information

Directors	S J Griffiths A M Smits
Company secretary	M M J Verthongen
Registered number	00530121
Registered office	The Knowle Nether Lane Hazelwood Derby DE56 4AN
Independent auditor	BDO LLP Regent House Clinton Avenue Nottingham NG5 1AZ

Lubrizol Adibis Holdings (UK) Limited

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Lubrizol Adibis Holdings (UK) Limited

Strategic Report
For the Year Ended 31 December 2017

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2017.

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 subsidiary, which is discussed in the directors' reports of that company, which does 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.

S J Griffiths
Director

Date: 20th July 2018

Lubrizol Adibis Holdings (UK) Limited

Directors' Report
For the Year Ended 31 December 2017

The directors present their report together with the audited financial statements for the year ended 31 December 2017.

Results and dividends

The profit for the year, after taxation, amounted to £3,585,000 (2016 - £3,031,000).

The directors agreed to pay a dividend of £8,500,000 this year (2016 - £Nil).

Directors

The directors who served during the year were:

Lubrizol Holdings France SAS (resigned 1 October 2017)
O Wyrley-Birch (resigned 30 April 2018)
S J Griffiths (appointed 1 January 2017)
A M Smits (appointed 1 October 2017)
D Morl (US Citizen) (resigned 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 on

S J Griffiths
Director

Date: 20th July 2018

Lubrizol Adibis Holdings (UK) Limited

Directors' Responsibilities Statement
For the Year Ended 31 December 2017

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

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

Opinion

We have audited the financial statements of Lubrizol Adibis Holdings (UK) Limited ("the company") for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 and directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

BDO LLP

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

3 August 2018

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 2017

	Note	2017 £000	2016 £000
Income from shares in group undertakings		**3,759**	3,191
Interest receivable and similar income		**14**	-
Profit before tax		**3,773**	3,191
Tax on profit	5	**(188)**	(160)
Profit for the financial year		**3,585**	3,031

There was no other comprehensive income for 2017 (2016:£000NIL).

The notes on pages 10 to 15 form part of these financial statements.

Lubrizol Adibis Holdings (UK) Limited

Registered number: 00530121

Statement of Financial Position
As at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments	7	**3,582**	3,582
Current assets			
Debtors: amounts falling due within one year	8	**1,803**	6,718
Net assets		**5,385**	10,300
Capital and reserves			
Called up share capital	9	**5,087**	5,087
Profit and loss account	10	**298**	5,213
Total equity		**5,385**	10,300

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

S J Griffiths
Director
Date: 20th July 2018.

The notes on pages 10 to 15 form part of these financial statements.

Lubrizol Adibis Holdings (UK) Limited

Statement of Changes in Equity
For the Year Ended 31 December 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	5,087	5,213	10,300
Comprehensive income for the year			
Profit for the year	-	3,585	3,585
Total comprehensive income for the year	-	3,585	3,585
Dividends: Equity capital	-	(8,500)	(8,500)
Total transactions with owners	-	(8,500)	(8,500)
At 31 December 2017	5,087	298	5,385

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
Total comprehensive income for the year	-	3,031	3,031
At 31 December 2016	5,087	5,213	10,300

The notes on pages 10 to 15 form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 December 2017

1. General information

Lubrizol Adibis Holdings (UK) Limited is a company limited by shares and incorporated in England and Wales under the Companies Act 2006. 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 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 judgement 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 2017 and these financial statements may be obtained from 3555 Farnam Street, Suite 1440, Omaha, NE 68131, USA.

2. Accounting policies (continued)

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 not 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.

2.4 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 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.8 Interest income

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

2.9 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. Judgements 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:

- Valuation of fixed asset investment (see note 7)

  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.

- Recoverability of intercompany balances (see note 8)

  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.

4. Operating profit

The company has not traded for the financial periods ended 31 December 2017 and 31 December 2016.

The auditor's remuneration for audit services of £1,050 (2016 - £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

	2017 £000	2016 £000
Corporation tax		
Tax on franked investment income	**188**	160

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. Dividends

	2017 £000	2016 £000
Dividends paid	**8,500**	-

7. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2017	**3,582**
At 31 December 2017	**3,582**
Net book value	
At 31 December 2017	**3,582**
At 31 December 2016	3,582

7. Fixed asset investments (continued)

Subsidiary undertakings

The following is a subsidiary undertaking 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.

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £000	Profit £000
Lubrizol South Africa (Proprietary) Limited	**20,294**	**4,539**

8. Debtors

	2017 £000	2016 £000
Amounts owed by group undertakings	**1,803**	6,718

9. Share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
5,087,325 ordinary shares of £1 each	**5,087**	5,087

10. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

11. 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, NE 68131, USA.