

Lubrizol Adibis (UK) Limited

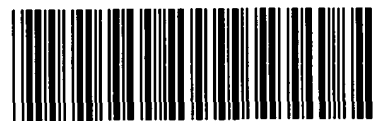
Directors' Report and Financial Statements

Year Ended

31 December 2020

Company Number 03529718

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Lubrizol Adibis (UK) Limited

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Lubrizol Adibis (UK) Limited

Company Information

| | |
|----------------------------|---|
| Directors | A J Fisher (appointed 1 May 2020) A M Smits |
| Company secretary | E R Swann |
| Registered number | 03529718 |
| Registered office | The Knowle Nether Lane Hazelwood Derby DE56 4AN |
| Independent auditor | BDO LLP Two Snowhill Birmingham B4 6GA |

Lubrizol Adibis (UK) Limited

Directors' Report For the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the company was the development of chemical additives and related sales activities. However, effective from 1 January 2020 the company ceased trading; its trade and assets were transferred to Lubrizol Limited.

Directors

The directors who served during the year were:

S J Griffiths (resigned 1 May 2020)
A J Fisher (appointed 1 May 2020)
A M Smits

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.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



A J Fisher
Director

Date: 9 June 2021

Lubrizol Adibis (UK) Limited

Statement of Directors' Responsibilities For the Year Ended 31 December 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As explained in note 2.2 to the financial statements, the directors do not believe the going concern basis to be appropriate and, in consequence, these financial statements have not been prepared on that basis.

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 (UK) Limited

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

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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.

We have audited the financial statements of Lubrizol Adibis (UK) Limited ("the company") for the year ended 31 December 2020 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).

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.

Emphasis of matter - Financial statements prepared on a basis other than that of a going concern

We draw attention to note 2.2 to the financial statements, which explains that the directors intend to cease trading and therefore do not consider the company to be a going concern. Accordingly the financial statements have been prepared on a basis other than that of a going concern as described in note 2.2. Our opinion is not modified in respect of this matter.

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Lubrizol Adibis (UK) Limited

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

Other Companies Act 2006 reporting

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Statement of Directors Responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities,

Lubrizol Adibis (UK) Limited

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

including fraud is detailed below.

In identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

We obtained an understanding of the legal and regulatory frameworks applicable to the company based on our understanding of the company, sector experience and discussions with management. Our enquires of management included obtaining and reviewing supporting documentation concerning the company's policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

Based on the understanding and knowledge gained the engagement team, who undertook the audit testing, held a discussion to assess how and where fraud might occur in the financial statements and any potential indicators of fraud. We then designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. Given the nature of the entity and the activities in the year, we obtained assurance by substantively agreeing all material transactions in the year and year-end balances to supporting evidence. We also reviewed the company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws.

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.

DocuSigned by:

Gareth Singleton

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

11 June 2021

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

Lubrizol Adibis (UK) Limited

Statement of Comprehensive Income For the Year Ended 31 December 2020

| | Note | 2020 £ | 2019 £ |
|--|------|---------------|------------------|
| Turnover | 4 | - | 803,149 |
| Administrative expenses | | 65,139 | (876,818) |
| Operating profit/(loss) | 5 | 65,139 | (73,669) |
| Interest receivable and similar income | | 864 | 3,110 |
| Interest payable and similar charges | 7 | - | (35,000) |
| Profit/(loss) before tax | | 66,003 | (105,559) |
| Tax on profit/(loss) | 8 | - | 7,310 |
| Profit/(loss) for the financial year | | 66,003 | (98,249) |
| Other comprehensive income for the year | | | |
| Movement of deferred tax relating to pension deficit | 11 | - | 44,710 |
| Actuarial losses on defined benefit pension scheme | 12 | - | (263,000) |
| Other comprehensive income for the year | | - | (218,290) |
| Total comprehensive income for the year | | 66,003 | (316,539) |

The notes on pages 10 to 19 form part of these financial statements.

Lubrizol Adibis (UK) Limited
Registered number:03529718

Statement of Financial Position
As at 31 December 2020

| | Note | 2020 £ | 2020 £ | 2019 £ | 2019 £ |
|---|------|----------------|--------------------|------------------|--------------------|
| Current assets | | | | | |
| Debtors: amounts falling due after more than one year | 9 | - | | 281,350 | |
| Debtors: amounts falling due within one year | 9 | 192,192 | | 1,384,686 | |
| | | <u>192,192</u> | | <u>1,666,036</u> | |
| Creditors: amounts falling due within one year | 10 | (6,521,520) | | (7,780,017) | |
| Net current liabilities | | | (6,329,328) | | (6,113,981) |
| Pension liability | | | - | | (1,655,000) |
| Net liabilities | | | (6,329,328) | | (7,768,981) |
| Capital and reserves | | | | | |
| Called up share capital | 14 | | 2 | | 2 |
| Profit and loss account | 15 | | (6,329,330) | | (7,768,983) |
| | | | <u>(6,329,328)</u> | | <u>(7,768,981)</u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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



A J Fisher
Director

Date: 9 June 2021

The notes on pages 10 to 19 form part of these financial statements.

Lubrizol Adibis (UK) Limited

Statement of Changes in Equity For the Year Ended 31 December 2020

| | Called up share capital | Profit and loss account | Total equity |
|---|----------------------------|----------------------------|--------------------|
| | £ | £ | £ |
| At 1 January 2020 | 2 | (7,768,983) | (7,768,981) |
| Comprehensive income for the year | | | |
| Profit for the year | - | 66,003 | 66,003 |
| Total comprehensive income for the year | - | 66,003 | 66,003 |
| Contributions by and distributions to owners | | | |
| Transfer of pension liability to Lubrizol Limited | - | 1,655,000 | 1,655,000 |
| Deferred tax relating to pension scheme | - | (281,350) | (281,350) |
| Total transactions with owners | - | 1,373,650 | 1,373,650 |
| At 31 December 2020 | 2 | (6,329,330) | (6,329,328) |

Statement of Changes in Equity For the Year Ended 31 December 2019

| | Called up share capital | Profit and loss account | Total equity |
|---|----------------------------|----------------------------|--------------------|
| | £ | £ | £ |
| At 1 January 2019 | 2 | (7,452,449) | (7,452,447) |
| Comprehensive income for the year | | | |
| Loss for the year | - | (98,249) | (98,249) |
| Actuarial losses on pension scheme net of deferred taxation | - | (218,285) | (218,285) |
| Total comprehensive income for the year | - | (316,534) | (316,534) |
| At 31 December 2019 | 2 | (7,768,983) | (7,768,981) |

The notes on pages 10 to 19 form part of these financial statements.

Lubrizol Adibis (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

1. General information

Lubrizol Adibis (UK) Limited is a private 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 is set out in the directors' 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 Section 1A of 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 Going concern

The directors have taken the decision to transfer the company's trade and assets to another group undertaking and to cease trading within twelve months from the date of the approval of these financial statements. The financial statements have therefore not been prepared on a going concern basis. Assets and liabilities are presented at their net realisable value and all liabilities are held as current. No adjustments were required to the financial statements as a result of preparing them on a basis other than that of a going concern.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.5 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, loans to and from related parties.

Lubrizol Adibis (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.5 Financial instruments (continued)

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6 Creditors

Short term creditors are measured at the transaction price.

2.7 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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.

2.8 Operating leases

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

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Lubrizol Adibis (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.9 Pensions

Defined benefit pension plan

The company operated 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 a defined contribution plan.

As part of the process of winding up the company, on 1 January 2020, the element of the Lubrizol Plan relating to and being held within the company's accounts was transferred to Lubrizol Limited, which holds the other element of the fund.

The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting 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.

The cost of the defined benefit plan, recognised in 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 within interest payable.

2.10 Research and development

All research and development expenditure is written off in the year incurred.

2.11 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 change 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.

Lubrizol Adibis (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

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

The directors have made no material judgements or key estimates in preparing these financial statements

4. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade and value added tax. The turnover and pre-tax profit, all of which arise in North America are attributable to the development of chemical additives and related sales activities. Turnover is recognised in the period in which the service is rendered or the goods dispatched. All turnover for the current and prior year is derived from outside the UK.

5. Operating profit/(loss)

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

| | 2020 £ | 2019 £ |
|---|-------------------|-------------------|
| Fees payable to the company's auditor and its associates for: | | |
| - the audit of the company's annual financial statements | 7,900 | 11,900 |
| - the preparation of financial statements | 1,100 | 1,000 |
| Exchange differences | (19,380) | 11,887 |
| Other operating lease rentals | - | 6,412 |
| | <u> </u> | <u> </u> |

6. Employees

The emoluments of the directors have been paid by another group undertaking in the current and prior year. No recharge has been made as it is not considered practical to reallocate these costs. 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.

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

| | 2020 No. | 2019 No. |
|----------------------|-------------|-------------|
| Research and testing | <u>2</u> | <u>6</u> |

7. Interest payable and similar charges

| | 2020 £ | 2019 £ |
|--------------------------|-----------|---------------|
| Pension interest payable | <u>-</u> | <u>35,000</u> |

Lubrizol Adibis (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

8. Taxation

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Corporation tax | | |
| Current tax on profits/(loss) for the year | - | - |
| Total current tax | - | - |
| Deferred tax | | |
| Tax rate changes in relation to pension | - | (7,310) |
| Taxation on profit/(loss) on ordinary activities | - | (7,310) |

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is higher than (2019 -lower than) the standard rate of corporation tax in the UK of 19.00% (2019 -19.00%). The differences are explained below:

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Profit/(loss) on ordinary activities before tax | 66,003 | (105,559) |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%) | 12,541 | (20,056) |
| Effects of: | | |
| Exenses not deductible for tax | - | 514 |
| Losses carried forward | (7,684) | 13,397 |
| Pension adjustment | - | 860 |
| Adjustment in research and development tax credit leading to a decrease in the tax charge | (4,822) | (1,982) |
| Capital allowances in excess of depreciation | (35) | (43) |
| Total tax charge/(credit) for the year | - | (7,310) |

Lubrizol Adibis (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

8. Taxation (continued)

Factors that may affect future tax charges

There is no charge to corporation tax as the company has losses of approximately £5,650,000 (2019 - £5,690,000) which are available to be carried forward and set against future profits.

The main rate of corporation tax in force at the statement of financial position date was 19%. A resolution to retain the corporation tax rate from 1 April 2020 at 19% was passed on 17 March 2020, and is enacted from this date.

The closing unprovided deferred taxation balance has therefore been calculated at 19%, being the rate substantively enacted at the statement of financial position date.

9. Debtors

| | 2020 £ | 2019 £ |
|-------------------------------------|-------------------|-------------------|
| Due after more than one year | | |
| Deferred tax asset (note 11) | - | 281,350 |
| | <u> </u> | <u> </u> |
| | 2020 £ | 2019 £ |
| Due within one year | | |
| Amounts owed by group undertakings | 6,767 | 1,150,205 |
| Other debtors | 185,425 | 233,017 |
| Prepayments and accrued income | - | 1,464 |
| | <u> </u> | <u> </u> |
| | 192,192 | 1,384,686 |
| | <u> </u> | <u> </u> |

10. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|-------------------|-------------------|
| Amounts owed to group undertakings | 6,511,534 | 7,719,097 |
| Other taxation and social security | - | 14,318 |
| Accruals and deferred income | 9,986 | 46,602 |
| | <u> </u> | <u> </u> |
| | 6,521,520 | 7,780,017 |
| | <u> </u> | <u> </u> |

Lubrizol Adibis (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

11. Deferred taxation

| | 2020 £ |
|---------------------------------------|-----------|
| At beginning of year | 281,350 |
| Transferred to Lubrizol Limited | (281,350) |
| Charged to other comprehensive income | - |
| At end of year | - |

The deferred tax asset is made up as follows:

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Deferred taxation on pension liability | - | 281,350 |

There is an unprovided deferred tax asset in respect of losses of approximately £1,075,805 (2019 - £1,083,000). This has not been recognised as there is uncertainty over its recovery in the foreseeable future.

12. Pension commitments

The company operated a Defined Benefit Pension Scheme until 1 January 2020..

The most recent actuarial valuations of scheme assets and present value of the defined benefit obligation were carried out 31 December 2019 by a professionally qualified actuary employed by Willis Towers Watson Limited. The present value of the defined benefit obligation the related current service cost and past service cost was measured using the projected unit credit method.

As part of the process of winding up the company, on 1 January 2020, the element of the Lubrizol Plan relating to and being held within the company's accounts was transferred to Lubrizol Limited, which holds the other element of the fund. The impact of this was a decrease in the value of the scheme assets and liabilities in these accounts of £14,271,000 and £15,926,000 respectively. In addition, a movement of £1,655,000 has been recognised through other comprehensive income.

The pension cost figures included in the accounts relating to the pension scheme are stated in accordance with FRS 102.

Lubrizol Adibis (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

12. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

| | 2020 £ | 2019 £ |
|--|--------------|-------------------|
| Reconciliation of present value of plan liabilities | | |
| At the beginning of the year | 15,926,000 | 13,618,000 |
| Current service cost | - | 284,000 |
| Interest cost | - | 362,000 |
| Actuarial losses | - | 2,151,000 |
| Benefits paid | - | (489,000) |
| Transfer of pension liability to Lubrizol Limited | (15,926,000) | - |
| At the end of the year | - | 15,926,000 |

On 1 January 2020, the plan liabilities were transferred to Lubrizol Limited. Consequently, there are no movements in the year for the Company and the year end balance is £Nil.

Reconciliation of present value of plan assets:

| | 2020 £ | 2019 £ |
|---|--------------|-------------------|
| At the beginning of the year | 14,271,000 | 12,269,000 |
| Current service cost | - | 327,000 |
| Actuarial gains | - | 1,888,000 |
| Contributions | - | 276,000 |
| Benefits paid | - | (489,000) |
| Transfer of pension asset to Lubrizol Limited | (14,271,000) | - |
| At the end of the year | - | 14,271,000 |

On 1 January 2020, the plan assets were transferred to Lubrizol Limited. Consequently, there are no movements in the year for the Company and the year end balance is £Nil.

| | 2020 £ | 2019 £ |
|-------------------------------------|-----------|--------------------|
| Fair value of plan assets | - | 14,271,000 |
| Present value of plan liabilities | - | (15,926,000) |
| Net pension scheme liability | - | (1,655,000) |

Lubrizol Adibis (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

12. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

| | 2020 £ | 2019 £ |
|----------------------|-----------|----------------|
| Current service cost | - | 284,077 |
| Past service cost | - | 35,000 |
| Total | - | 319,077 |

The company expects to contribute £NIL to its Defined Benefit Pension Scheme until 1 January 2020. in 2021.

| | 2020 £ | 2019 £ |
|--|-----------|------------------|
| Analysis of actuarial loss recognised in Other Comprehensive Income | | |
| Actual return on scheme assets | - | 1,888,000 |
| Actuarial loss arising on the scheme liabilities | - | (2,151,000) |
| | - | (263,000) |

Lubrizol Adibis (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

13. Commitments under operating leases

At 31 December 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2020 £ | 2019 £ |
|-----------------------|-----------|-----------|
| Not later than 1 year | - | 3,682 |

14. Share capital

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid | | |
| 2 ordinary shares of £1 each | 2 | 2 |

15. 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.

16. Ultimate and immediate parent company

The ultimate parent company and controlling party is Berkshire Hathaway Inc. a company 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 Overseas Trading Corporation, the smallest group of which the reporting company is a member. Lubrizol Overseas Trading Corporation is also incorporated in the United States of America.

Copies of the group financial statements of Berkshire Hathaway Inc. are available from 3555 Farnam Street, Suite 1440, Omaha, NE 68131, USA.