

Hydrodec Re-Refining (UK) Limited

Registered number: 09237640

Directors' report and financial statements

For the year ended 31 December 2017

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Hydrodec Re-Refining (UK) Limited

Company Information

Directors	Andrew Black David Dinwoodie Mark Olpin
Registered number	09237640
Registered office	Lombard House Worcester Road Worcestershire DY13 9BZ
Independent auditors	Mazars LLP Chartered Accountants & Statutory Auditor 45 Church Street Birmingham B3 2RT

Hydrodec Re-Refining (UK) Limited

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**Directors' Report
For the Year Ended 31 December 2017**

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the 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;
- 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.

Principal activity

The principal activities of the company are to build and operate a high grade base oil-refinery in the UK.

Directors

The directors who served during the year were:

Andrew Black
David Dinwoodie
Mark Olpin

Directors' Report (continued)
For the Year Ended 31 December 2017

Future developments

The company is currently exploring options with regards to the development of a re-refinery based in Europe.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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 on *17th October 2018* and signed on its behalf.



Mark Olpin
Director

Independent Auditors' Report to the Members of Hydrodec Re-Refining (UK) Limited

Opinion

We have audited the financial statements of Hydrodec Re-Refining (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 FRS 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 loss 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 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.

Independent Auditors' Report to the Members of Hydrodec Re-Refining (UK) Limited

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 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 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.



Independent Auditors' Report to the Members of Hydrodec Re-Refining (UK) Limited

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 1, 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

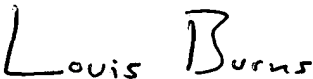
Auditor's responsibilities for the audit of the financial statements

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 on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.


Louis Burns

Louis Burns (Senior statutory auditor)
for and on behalf of
Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT

Date: 23 October 2018

Hydrodec Re-Refining (UK) Limited

**Statement of Comprehensive Income
For the Year Ended 31 December 2017**

	Note	2017 £000	2016 £000
Administrative expenses		(87)	(113)
Impairment of assets under construction		(1,100)	-
Operating loss		(1,187)	(113)
Tax on loss	4	85	-
Loss for the financial year		(1,102)	(113)
Other comprehensive income for the year			
Other comprehensive income		-	-
Total comprehensive income for the year		(1,102)	(113)

The notes on pages 9 to 16 form part of these financial statements.

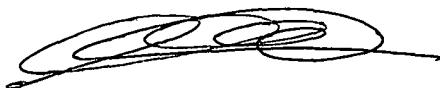
Statement of Financial Position
As at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	5	163	1,064
		<u>163</u>	<u>1,064</u>
Current assets			
Debtors: amounts falling due within one year	6	85	8
Bank and cash balances		8	-
		<u>93</u>	<u>8</u>
Creditors: amounts falling due within one year	7	(455)	(169)
Net current liabilities		<u>(362)</u>	<u>(161)</u>
Total assets less current liabilities		<u>(199)</u>	<u>903</u>
Net (liabilities)/assets		<u>(199)</u>	<u>903</u>
Capital and reserves			
Capital redemption reserve	9	1,320	1,320
Profit and loss account	9	(1,519)	(417)
		<u>(199)</u>	<u>903</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

17th October 2018



Mark Olpin
Director

Hydrodec Re-Refining (UK) Limited

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

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	-	1,320	(417)	903
Comprehensive income for the year				
Loss for the year	-	-	(1,102)	(1,102)
Total comprehensive income for the year	-	-	(1,102)	(1,102)
At 31 December 2017	-	1,320	(1,519)	(199)

The notes on pages 9 to 16 form part of these financial statements.

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

	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2016	-	(304)	(304)
Comprehensive income for the year			
Loss for the year	-	(113)	(113)
Total comprehensive income for the year	-	(113)	(113)
Other movement type 1	1,320	-	1,320
At 31 December 2016	1,320	(417)	903

The notes on pages 9 to 16 form part of these financial statements.

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

1. General information

Hydrodec Re-Refining (UK) Limited is a private company incorporated in England and Wales.

The principal activities of the company are detailed 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 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.

The following principal accounting policies have been applied:

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 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Greenbottle Limited as at 31 December 2016 and these financial statements may be obtained from Lombard House, Worcester Road, Worcester, DY13 9BZ.

2.3 Going concern

At the time of approving the financial statements, the Directors have support that the ultimate controlling party, Andrew Black, will provide adequate financial support to allow the company to continue as a going concern for a minimum of twelve months from the date of approval of the financial statements. The Directors have therefore prepared these financial statements on the going concern basis.

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

2. Accounting policies (continued)

2.4 Tangible fixed assets

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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

- Assets in the course of construction are not depreciated.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 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.

2.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 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.

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

2. Accounting policies (continued)

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. 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.

2.9 Creditors

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

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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.

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. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 of the recoverable amount, 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.

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

3. Auditors' remuneration

	2017 £000	2016 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>2</u>	<u>3</u>
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

4. Taxation

	2017 £000	2016 £000
Corporation tax		
Current tax credit on loss for the year	(7)	-
Adjustments in respect of previous periods	<u>(78)</u>	<u>-</u>
Taxation credit on loss on ordinary activities	<u>(85)</u>	<u>-</u>

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

4. Taxation (continued)**Factors affecting tax credit for the year**

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

	2017 £000	2016 £000
Loss on ordinary activities before tax	(1,187)	(113)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(229)	(23)
Effects of:		
Current year losses for which no deferred tax was recognised	-	16
Adjustment to deferred tax rate	224	7
Adjustments to tax charge in respect of prior periods	(78)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(2)	-
Total tax charge for the year	(85)	-

Recognition of the deferred tax asset has been restricted to an amount considered recoverable by the directors based on the future profitability of the group. An amount of £229k (2016: £84k) has therefore not been recognised.

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

5. Tangible fixed assets

	Assets under construction £000
Cost or valuation	
At 1 January 2017	1,064
Additions	199
At 31 December 2017	<u>1,263</u>
Depreciation	
Impairment charge	<u>1,100</u>
At 31 December 2017	<u>1,100</u>
Net book value	
At 31 December 2017	<u>163</u>
At 31 December 2016	<u><u>1,064</u></u>

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

6. Debtors

	2017 £000	2016 £000
Other debtors	85	8
	<u>85</u>	<u>8</u>

7. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	3	9
Amounts owed to group undertakings	445	156
Other taxation and social security	1	-
Accruals and deferred income	6	4
	<u>455</u>	<u>169</u>

8. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
2 (2016 - 2) Ordinary shares of £1.00 each	2	2
	<u>2</u>	<u>2</u>

9. Reserves

Capital Contribution reserve

On 4 March 2016 Mr Andrew Black acquired the Company from Hydrodec Group Plc. As a part of the sale agreement Hydrodec Group Plc forgave all debt due to it and its subsidiaries by the Company effective from 31 December 2015. The debt forgiven has been treated as a capital contribution as at 31 December 2017.

Profit and loss account

The profit and loss reserves comprise of the cumulative profits of the company.

10. Controlling party

As at 31 December 2017, the company's immediate parent company was Greenbottle Limited, a company incorporated in England and Wales.

The ultimate controlling party is Andrew Black who owns 100% of the share capital of Greenbottle Limited.