

Hydrodec Development Corporation (UK) Limited
Annual Report and Financial Statements
31 December 2018

Company Registration Number: 09237750



Hydrodec Development Corporation (UK) Limited
DIRECTORS, ADVISORS AND OFFICERS

DIRECTOR

David Dinwoodie

REGISTERED OFFICE

76 Brook Street
London
W1K 5EE

AUDITOR

KPMG LLP
15 Canada Square
London
E14 5GL

SOLICITOR

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

Hydrodec Development Corporation (UK) Limited

DIRECTOR'S REPORT

The Director presents his report and the financial statements of Hydrodec Development Corporation (UK) Limited (the "Company") for the year ended 31 December 2018.

The Director has taken advantage of the exemption available from preparing a strategic report as the Company qualifies as a small company and is part of a larger group producing consolidated accounts which includes the information required on a consolidated basis.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company are to develop new technology and improve processes to re-refine used-oil to produce SUPERFINE transformer oil and napthenic based oil as well as provide engineering consulting services.

During the year, the Company continued to support the engineering activities of the Group in respect of its existing technology.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company strategy are subject to the following risks:

Credit and liquidity risk

The Company is reliant upon funding from its ultimate parent company, Hydrodec Group plc. The principal risks and uncertainties faced by the Company are the same as those faced by the Group, details of which are outlined in the ultimate parent company's consolidated financial statements, which are available from Companies House.

Going concern

The Company's ultimate parent company, Hydrodec Group plc, has confirmed that it will assist in meeting the Company's liabilities as and when they fall due, to the extent that funds are not otherwise available to meet these liabilities. The ultimate parent company has agreed to provide the financial support outlined above for a period of at least 12 months from the signing of the accounts for the year ended 31 December 2018. Considering the ultimate parent company and its group's current forecast and projections, available facilities and on-going support from Andrew Black (a non-executive Director of the ultimate parent company and its largest shareholder), the Director has a reasonable expectation that the ultimate parent company will have adequate resources to meet this commitment. Accordingly, the Director continues to adopt the going concern basis in preparing the Annual Report and financial statements.

Brexit risk

On 23 June 2016, the UK electorate voted to discontinue its membership of the EU. Until further clarity is known regarding terms in which the UK will exit, the Director is not able to assess the impact on the Company or what impact the wider regulatory and legal consequences of the UK leaving the EU would be on the Company.

KEY PERFORMANCE INDICATORS

A number of key performance indicators are calculated and reviewed for the group as a whole, these are set out in the ultimate parent company's consolidated financial statements.

The Company made a loss after taxation for the year of £0.04 million (2017: £0.06 million). There was no turnover during the year (2017: nil).

DIVIDENDS

The Director does not recommend a dividend for the year ended 31 December 2018 (2017: nil).

DIRECTORS

The following were Directors during the year and held office throughout the year, unless otherwise indicated:

Christopher John Ellis (resigned 4 April 2018)

David Dinwoodie (appointed 4 April 2018)

Hydrodec Development Corporation (UK) Limited

DIRECTOR'S REPORT

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

The Company currently has in place, and had for the year ended 31 December 2018, Directors and officers liability insurance for the benefit of all Directors of the Company.

FINANCIAL INSTRUMENTS

During the year, the Company applied financial risk management policies in accordance with those set out in the ultimate parent company's consolidated financial statements.

POLITICAL CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the year.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Director who held office on the date of approval of this Director's Report has confirmed that, so far as he 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 he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



David Dinwoodie
Director

76 Brook Street
London W1K 5EE

27 September 2019

Hydrodec Development Corporation (UK) Limited

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE DIRECTOR'S REPORT AND THE FINANCIAL STATEMENTS

The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern; and
- use the going concern basis of accounting unless he either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Hydrodec Development Corporation (UK) Limited

OPINION

We have audited the financial statements of Hydrodec Development Corporation (UK) Limited ("the Company") for the year ended 31 December 2018 which comprise the Profit and loss account and other comprehensive income, Balance Sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our other ethical responsibilities under, and are independent of the Company in accordance with UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

THE IMPACT OF UNCERTAINTIES DUE TO THE UK EXITING THE EUROPEAN UNION ON OUR AUDIT

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

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

GOING CONCERN

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Hydrodec Development Corporation (UK) Limited

DIRECTOR'S REPORT

The Director is responsible for the Director's report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Director's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Director's report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

DIRECTOR'S RESPONSIBILITIES

As explained more fully in his statement set out on page 5, the Director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Hydrodec Development Corporation (UK) Limited

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Lynton Richmond (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
E14 5GL
27 September 2019

Hydrodec Development Corporation (UK) Limited
PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Administrative expenses		(36)	(57)
Impairment of fixed assets		-	-
Loss before taxation	3	(36)	(57)
Taxation	6	-	-
Loss for the year and total comprehensive loss for the year		(36)	(57)

There are no recognised gains or losses in either year other than the loss for that year.

The notes on pages 12 to 17 form part of the financial statements.

Hydrodec Development Corporation (UK) Limited
BALANCE SHEET
As at 31 December 2018

Company registration no. 09237750

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible fixed assets	7	-	-
Intangible assets	8	-	-
		<u>-</u>	<u>-</u>
		-	-
		<u>-</u>	<u>-</u>
Creditors: amounts falling due within one year	9	(947)	(911)
		<u>(947)</u>	<u>(911)</u>
Net current liabilities		(947)	(911)
		<u>(947)</u>	<u>(911)</u>
Net liabilities		(947)	(911)
		<u>(947)</u>	<u>(911)</u>
Capital and reserves			
Called-up share capital	10	-	-
Profit and loss account		(947)	(911)
		<u>(947)</u>	<u>(911)</u>
Shareholder's deficit		(947)	(911)
		<u>(947)</u>	<u>(911)</u>

The notes on pages 12 to 17 form part of the financial statements.

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

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2019. They are signed on its behalf by:



David Dinwoodie
Director
27 September 2019

Hydrodec Development Corporation (UK) Limited
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2017	-	(854)	(854)
Loss for the year	-	(57)	(57)
Total comprehensive loss for the year	-	(57)	(57)
At 1 January 2018	-	(911)	(911)
Loss for the year	-	(36)	(36)
Total comprehensive loss for the year	-	(36)	(36)
At 31 December 2018	-	(947)	(947)

The notes on pages 12 to 17 form part of the financial statements.

Hydrodec Development Corporation (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

Hydrodec Development Corporation (UK) Limited (the "Company") is a private company limited by shares, incorporated, registered and domiciled in England in the United Kingdom under the Companies Act 2006. The Company registration number is 09237750. The address of the registered office is 76 Brook Street, London, W1K 5EE.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ('FRS 101'), the Financial Reporting Standard applicable in the UK and Republic of Ireland as issued in August 2014. The amendments to FRS 101 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Hydrodec Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Hydrodec Group plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from 76 Brook Street, London, W1K 5EE. In these financial statements, the Company is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- The requirements of IAS 24 Related Party Disclosures in regard to disclosure of transactions and balances with wholly-owned group companies;
- Key Management Personnel compensation;
- Capital management; and
- Standards in issue but not yet effective.

As the consolidated financial statements of Hydrodec Group plc include the equivalent disclosures, the Company has also take the exemptions under FRS101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets*; and
- Certain disclosures required by IFRS. 13 *Fair value measurement* and the disclosures required by IFRS 9 *Financial instrument disclosures*.

The principal accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

Judgements made by the Directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

A reconciliation of total comprehensive income has not been included in the accounts because there have been no transactions in the year or in the prior year which would impact this primary statement.

MEASUREMENT CONVENTION

The financial statements are prepared on the historical cost basis.

GOING CONCERN

The Company is dependent for its working capital on funds provided to it by Hydrodec Group plc, the Company's ultimate parent company. Hydrodec Group plc has indicated that it will, for a period of at least twelve months from the date of approval of these financial statements, continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. The Director considers that this should enable the Company to continue in operational existence for the foreseeable future

Hydrodec Development Corporation (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the Director acknowledges that there can be no certainty that this support will continue, however, having considered the ultimate parent company and its group's current forecast and projections, available facilities and on-going support from Andrew Black (a non-executive Director of the ultimate parent company and its largest shareholder), the Director has a reasonable expectation that the ultimate parent company will have adequate resources to meet its commitment. Details of the available facilities are disclosed in Hydrodec Group plc Annual Report and interim financial information published on the ultimate parent company's website www.hydrodec.com.

Accordingly, the Director feels it is appropriate to prepare the financial statements on the going concern basis.

FOREIGN CURRENCIES

Transactions in currencies other than the functional currency (pound sterling) of the Company ("foreign currencies") are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into the functional currency at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange differences are recognised in the profit and loss in the year in which they arise.

TAXATION

Tax on the profit and loss for the year comprises current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted at the reporting date.

TANGIBLE FIXED ASSETS

Property, plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. Property, plant and equipment are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property, plant and equipment. The following useful lives are applied:

- plant and equipment are depreciated at 30%.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Hydrodec Development Corporation (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses

INTANGIBLE ASSETS

Intangible assets acquired separately from a business combination are capitalised at cost and amortised over their useful lives. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered to have finite useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The patent is not yet available for use and amortisation has therefore not yet commenced. It is intended to amortise the patent over its useful life. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

FINANCIAL INSTRUMENTS

Classification of financial instruments

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instruments will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial asset for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

IMPAIRMENT

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount the Company would recover for the asset.

Impairment losses are recognised in profit and loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment is reversed through profit and loss.

2. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the Director is required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are

Hydrodec Development Corporation (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

not readily apparent from other sources. The estimates and associated 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 on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both the current and future years.

There have been no critical judgements and estimations made by the Director in the process of applying the Company's accounting policies that would have any significant effect on the amounts recognised in the financial statements.

3. LOSS BEFORE TAXATION

The loss on ordinary activities before taxation has been arrived at after crediting:

	2018 £'000	2017 £'000
Net foreign exchange gains	6	2

4. AUDITOR'S REMUNERATION

Amounts payable to KPMG LLP and its associates in respect of both audit and non-audit services:

	2018 £'000	2017 £'000
Audit fees		
Fees payable to the Company's auditor for the statutory audit of the Company's annual accounts	2	2

Fees payable to the Company's auditor for the statutory audit of the Company's annual accounts are borne by the ultimate parent company.

Fees paid to the Company's auditor for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of Hydrodec Group plc, the Company's ultimate parent undertaking, are required to disclose such fees on a consolidated basis.

5. STAFF NUMBERS AND COSTS

The average monthly number of employees (including Directors) was:

	2018 No.	2017 No.
Office and management	1	1

All remuneration paid in respect of employees of the Company was paid by group entities.

DIRECTOR'S REMUNERATION

The Director provided no substantial services during the year to the Company and he has concluded that the proportion of time devoted to the management of this Company would lead to an immaterial proportional allocation.

Due to the nature of the operations of the Group, the remuneration of the Director for his services to Hydrodec Development Corporation (UK) Limited is not contained in the records of the Company. The Directors is remunerated for his services to the Group as a whole which is disclosed in the consolidated financial statements of the ultimate parent company, Hydrodec Group plc. The financial statements of Hydrodec Group plc are publicly available from 76 Brook Street, London, W1K 5EE.

Hydrodec Development Corporation (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

6. TAXATION

	2018 £'000	2017 £'000
Total current tax	-	-
Total deferred tax	-	-

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

	2018 £'000	2017 £'000
Loss on ordinary activities before taxation	(36)	(57)
Loss on ordinary activities multiplied by the standard rate of corporation tax for UK companies of 19% (2017: 19.25%)	(7)	(11)
Effects of: Losses for which no deferred tax expense was recognised	7	11
Tax charge on loss for the year	-	-

The Company has unrelieved tax losses of £561,000 (2017: £525,000) which, subject to agreement with HM Revenue & Customs, are available to carry forward and offset against future taxable profits of the same trade.

A deferred tax asset of £96,000 (2017: £89,000) has not been provided in respect of these losses as there is currently insufficient evidence that the asset will be recoverable in the foreseeable future.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

7. TANGIBLE FIXED ASSETS

	Property, plant and equipment £'000
Cost	
At 1 January 2017, 31 December 2017 and 31 December 2018	269
Depreciation and Impairment	
At 1 January 2017, 31 December 2017 and 31 December 2018	269
Carrying amount	
At 31 December 2018	-
At 31 December 2017	-

Hydrodec Development Corporation (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

8. INTANGIBLE ASSETS

	Patents £'000
Cost	
At 1 January 2017, 31 December 2017 and 31 December 2018	6
Depreciation and Impairment	
At 1 January 2017, 31 December 2018 and 31 December 2018	6
Carrying amount	
At 31 December 2018	-
At 31 December 2017	-

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Amounts due to parent company	808	766
Amounts due to related parties	139	145
	<u>947</u>	<u>911</u>

Loans from the Company's ultimate parent company and related parties are repayable on demand and the terms of the loan meant that there was no interest charged.

10. CALLED-UP SHARE CAPITAL

	2018 £	2017 £
Allotted, issued and fully paid:		
2 Ordinary Share of £1 each	2	2
	<u>2</u>	<u>2</u>

11. RELATED PARTY TRANSACTIONS

SUBSIDIARY UNDERTAKINGS

The Company has taken advantage of the exemption under FRS 101 in regard to disclosure of transactions and balances with wholly-owned group companies.

OTHER RELATED PARTY TRANSACTIONS

There were no other related party transactions in the year (2017: nil).

12. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The Company is controlled by its immediate parent company, Hydrodec Holdco Limited, a company incorporated in England and Wales. The ultimate parent undertaking is Hydrodec Group plc, a company incorporated in England and Wales. Copies of the Group accounts in which the Company is included are available from Companies House and the parent company's website, www.hydrodec.com.