

Registered number
01601509

Petrochem UK Limited
Directors' Report and Financial Statements
31 December 2014

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Petrochem UK Limited
Directors' Report and Financial Statements
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Petrochem UK Limited
Company Information

Directors

Nigel Wright
Duncan Stonehouse

Secretary

Nigel Wright

Auditor

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

Royal Bank of Scotland
280 Bishopsgate
London
EC2M 4RB

Registered office

Cedar Court
Guildford Road
Letherhead
Surrey
KT22 9RX

Registered number

01601509

Petrochem UK Limited Strategic Report

The directors present their strategic report for the year ended 31 December 2014.

Review of the business

The company has made a retained loss of £35,436,000 (2013: profit of £1,231,000).

During the year the Group undertook a restructuring exercise. Capital contributions were made to Oval (2005) Limited of £48,587,000 (2013: £nil) and to Petrochem Carless Limited of £8,982,000 (2013: £nil) by forgiving loans outstanding and capitalising these as an investment. Subsequently as a result of the sale of Petrochem Carless Limited by Oval (2005) Limited to PCL Bidco Limited (both group undertakings), the investment of £57,569,000 was impaired in full (2013: £nil). The company underwent a capital reduction reducing share capital to £1 (2013: £33,911,000) and share premium to £0 (2013: £100,000).

Following completion of the Group restructuring in 2014, it is the intention of the directors to liquidate the company in 2015.

Principal risks

The company's operations expose it to financial risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring and managing levels of this risk. The principal risks and measures taken to address them are as follows:

Credit risk

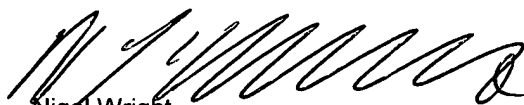
Credit risk is primarily attributable to the company's ability to collect balances due from group companies which are stated in the balance sheet at original invoice less any provision for impairment. In order to mitigate this risk, the directors monitor on a regular basis the underlying performance of any counterparty and their ability to repay outstanding finance.

The company is not impacted by commodity price risk, liquidity risk or exchange risk.

Key performance indicators

The directors of the UK parent, PCL Holdco Limited, manage the operations on a Group basis. For this reason, together with the nature of the business of the company, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance and position of Petrochem UK Limited.

This report was approved by the board on 8 May 2015 and signed on its behalf.



Nigel Wright
Director

Petrochem UK Limited

Registered number:

01601509

Directors' Report

The directors present their report and accounts for the year ended 31 December 2014.

Principal activities

The company's principal activity during the year continued to be as a holding company.

Going concern

As the company is intended to be liquidated during 2015 following the corporate restructuring that occurred in 2014, the Directors have prepared the financial statements on a break-up basis.

Research and development

The company incurred no expenditure related to research and development in the year.

Dividends

The directors recommend a final dividend of £nil (2013: £nil)

Directors

The following persons served as directors during the year:

Nicolas Brian Pye (resigned 18 July 2014)
Nigel Wright
Duncan Stonehouse

Political and charitable donations

The company made no political or charitable donations (2013: £nil).

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he 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 the company's auditor is aware of that information.

Third party indemnity provisions

There were third party indemnity provisions in place for the directors during the year end and at the date of approval of these financial statements.

Reappointment of auditors

The auditors Ernst & Young LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report was approved by the board on 8 May 2015 and signed on its behalf.



Nigel Wright
Director

Petrochem UK Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts 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 accounts 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 accounts, the directors are 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

Petrochem UK Limited
Independent auditors' report
to the members of Petrochem UK Limited

We have audited the accounts of Petrochem UK Limited for the year ended 31 December 2014 which comprise the Income Statement, Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standards 101 'Reduced Disclosure Framework'. As set out in note 1, these financial statements have been prepared on a basis other than that of a going concern.

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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatement or inconsistencies we consider the implications for our report.

Opinion on the accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the accounts are prepared is consistent with the financial statements.

Petrochem UK Limited
Independent auditors' report
to the members of Petrochem UK Limited

(continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

Ernst & Young LLP

Andrew Smyth
(Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP
Statutory Auditor
8 May 2015

1 More London Place
London
SE1 2AF

Petrochem UK Limited
Income Statement
for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Administrative expenses - Group restructuring	3	(56,567)	-
Operating loss	2	<u>(56,567)</u>	<u>-</u>
Income from shares in group undertakings		19,400	-
Interest receivable		2,746	1,618
Interest payable	6	(971)	(431)
(Loss)/profit on ordinary activities before taxation		<u>(35,392)</u>	<u>1,187</u>
Income tax (expense)/credit	7	(44)	44
(Loss)/profit for the financial year		<u>(35,436)</u>	<u>1,231</u>

The accompanying notes form an integral part of this Income statement.

Petrochem UK Limited
Statement of changes in equity
for the year ended 31 December 2014

	Called up share capital £'000	Share Premium £'000	Retained earnings £'000	Total equity £'000
At 1 January 2013	33,911	100	19,194	53,205
Profit for the financial year	-	-	1,231	1,231
Dividend paid	-	-	(19,000)	(19,000)
At 31 December 2013	<u>33,911</u>	<u>100</u>	<u>1,425</u>	<u>35,436</u>
Capital reduction	(33,911)	(100)	34,011	-
Loss for the financial year	-	-	(35,436)	(35,436)
At 31 December 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes form an integral part of this Statement of changes in equity.

Petrochem UK Limited
Balance Sheet
as at 31 December 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Investments	8	-	-
Current assets			
Debtors	9	-	54,868
Creditors: amounts falling due within one year	10	-	(19,432)
Net current assets		-	35,436
Net assets		-	35,436
Capital and reserves			
Called up share capital	12	-	33,911
Share premium	13	-	100
Profit and loss account	14	-	1,425
Total equity	16	-	35,436

The accompanying notes form an integral part of this Balance Sheet.



Nigel Wright
Director

Approved by the board on 8 May 2015

Petrochem UK Limited
Notes to the Accounts
for the year ended 31 December 2014

1 Accounting policies

Authorisation of financial statements and statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)

The financial statements of Petrochem UK Limited for the year ended 31 December 2014 were approved by the board of directors on 8 May 2015 and the balance sheet was signed on the board's behalf by Nigel Wright. Petrochem UK Limited is a limited company incorporated in England and Wales.

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2014 the company has changed its accounting framework from previously extant United Kingdom Generally Accepted Accounting Practice (UK GAAP) to FRS 101 as issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 and the provisions of the Companies Act 2006.

A qualifying entity may apply FRS 101 for accounting periods beginning on or after 1 January 2015, however early application is permitted by the standard and as such Petrochem UK Limited has elected to apply FRS 101 early.

The prior year financial statements were re-stated for material adjustments on adoption of FRS 101 in the current year. For more information see Note 17.

The financial report is presented in Great British Pounds and all amounts have been rounded to the nearest thousand pounds.

Petrochem UK Limited
Notes to the Accounts
for the year ended 31 December 2014

1 Accounting policies (continued)

Basis of preparation

The financial statements of Petrochem UK Limited ("the company") have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. The financial statements have been prepared on a break-up basis, which requires assets to be stated at their recoverable value and liabilities to include all anticipated closure costs. Since the Company did not have any external assets or liabilities following the group restructuring that took place in 2014, the directors considered that no adjustments were required to the financial statements as a result of adopting the break-up basis of preparation. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The company transitioned from UKGAAP to FRS 101 for all periods presented.

The company has taken advantage of the following disclosure exemptions under FRS101:

- a) The requirements of IFRS 7 'Financial Instruments: Disclosures';
- b) the requirements in paragraphs 91-99 IFRS 13 'Fair Value Measurement';
- c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements';
- d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 'Presentation of Financial Statements';
- e) the requirements of IAS 7 'Statement of Cash Flows';
- f) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies Changes in Accounting Estimates and Errors';
- g) the requirements of paragraph 17 of IAS 24 'Related Party Disclosures'; and
- h) the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is party to the transaction is a wholly owned by such a member

The company has taken advantage of the exemption provided by section 400 of the Companies Act 2006 not to present Group accounts, because the company is a wholly owned subsidiary of a Group which prepares publically available consolidated financial statements. The company is included in the consolidated financial statements of PCL Holdco Limited, whose financial statements are available from Companies House.

Petrochem UK Limited
Notes to the Accounts
for the year ended 31 December 2014

1 Accounting policies (continued)

Deferred taxation

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Fixed asset investments

Investments in subsidiary undertakings are valued at cost plus incidental expenses less any provision for impairment. Impairment reviews are undertaken by management when there has been an indication of impairment.

Petrochem UK Limited
Notes to the Accounts
for the year ended 31 December 2014

1 Accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Financial liabilities are stated at amortised cost and are removed from the balance sheet when the related obligation is discharged, cancelled or expired.

Foreign currency

Transactions in foreign currencies are translated into Sterling using the rate of exchange ruling at the transaction date, or if hedged forward the rate of exchange under the related forward contract. Monetary assets and liabilities denominated on foreign currencies are translated into Sterling using the rate of exchange ruling at the balance sheet date.

2 Operating loss

The audit fee for this company was borne by a fellow subsidiary undertaking in both years.

3 Exceptional items	2014 £'000	2013 £'000
Write off of balance held with group undertaking	1,002	-
Impairment of investments	(57,569)	-
	<u>(56,567)</u>	<u>-</u>

As a result of the Group restructuring undertaken this year, the investment in Oval (2005) Limited was impaired by £57,569,000 (2013: £nil) and a creditor balance with a group undertaking of £1,002,000 (2013: £nil) was written off.

4 Directors' emoluments

The directors did not receive or waive any emoluments in respect of their services to the company during the year ended 31 December 2014 (2013: £nil). The directors were also directors of Petrochem Carless Limited, a fellow subsidiary undertaking, in whose financial statements the information required by the Companies Act 2006 is disclosed.

5 Employees

The company had no employees during the year (2013: nil).

Petrochem UK Limited
Notes to the Accounts
for the year ended 31 December 2014

6 Interest payable	2014	2013
	£'000	£'000
Interest on loans from group undertakings	971	431
	<hr/>	<hr/>
7 Income tax expense	2014	2013
	£'000	£'000
Analysis of charge/ (credit) in period		
Deferred tax:		
Origination and reversal of timing differences	44	(44)
	<hr/>	<hr/>
Tax charge/ (credit) on profit/(loss) on ordinary activities	44	(44)
	<hr/>	<hr/>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2014	2013
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(35,392)	1,187
	<hr/>	<hr/>
Standard rate of corporation tax in the UK	21.50%	23.25%
	<hr/>	<hr/>
	£'000	£'000
(Loss)/ Profit on ordinary activities multiplied by the standard rate of corporation tax	(7,609)	276
Effects of:		
Permanent differences	7,991	(63)
World wide debt cap	(233)	-
Group relief	(149)	-
Utilisation of unrecognised opening losses	-	(213)
Recognition of carry forward loss	-	(44)
Adjustments to tax charge in respect of previous periods	44	-
	<hr/>	<hr/>
Total tax expense/ (credit) reported in the Income statement	44	(44)
	<hr/>	<hr/>

Factors that may affect future tax charges

A reduction from 21% to 20% was substantively enacted in July 2013 and will be effective from 1 April 2015. Accordingly, these rates have been applied in the measurement of the deferred tax assets and liabilities at 31 December 2014 (2013: 20%).

Petrochem UK Limited
Notes to the Accounts
for the year ended 31 December 2014

8 Investments

	Investments in subsidiary undertakings £'000	Other investments £'000	Total £'000
Cost			
At 1 January 2014	-	-	-
Additions	57,569	-	57,569
Impairment	(57,569)	-	(57,569)
At 31 December 2014	-	-	-

As a result of the Group restructuring, the company has derecognised creditor balances with Oval (2005) Limited of £48,587,000 and Petrochem Carless Limited of £8,982,000. These amounts were treated as capital contributions to the subsidiaries.

Subsequently as part of the group restructuring Petrochem Carless Limited was sold by Oval (2005) Limited (a subsidiary) to PCL Bidco Limited (a parent), this has resulted in an impairment of the investment balances previously capitalised of £57,569,000 (2013: £nil).

The company holds 20% or more of the share capital of the following entities:

Company	Shares held Class	%	Principal activity
Oval (2005) Limited	Ordinary	100	Non-trading company

9 Debtors

	2014 £'000	2013 £'000
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	54,824
Deferred tax asset (see note 11)	-	44
	<u>-</u>	<u>54,868</u>

Petrochem UK Limited
Notes to the Accounts
for the year ended 31 December 2014

10 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
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Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	19,432
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11 Deferred taxation

	2014 £'000	2013 £'000
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Losses carried forward	-	(44)
Deferred tax asset	-	(44)

	2014 £'000	2013 £'000
At 1 January	(44)	-
Deferred tax charge/ (credit) in income statement	44	(44)
At 31 December	-	(44)

12 Share capital

	Nominal value	2014 Number	2014 £	2013 £
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Allotted, called up and fully paid:				
Ordinary shares	£1 each	1	1	33,911,000

A capital reduction was performed in year as part of a wider group restructuring that reduced the share capital to £1 (2013: £33,911,000).

13 Share premium

	2014 £'000
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At 1 January 2014	100
Capital reduction	(100)

At 31 December 2014	-
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A capital reduction was performed in the year as part of a wider group restructuring that reduced the share premium to £nil (2013: £100,000).

Petrochem UK Limited
Notes to the Accounts
for the year ended 31 December 2014

14 Profit and loss account	2014	
	£'000	
At 1 January 2014	1,425	
Loss for the financial year	(35,436)	
Capital reduction	34,011	
	<hr/>	
At 31 December 2014	-	
	<hr/>	
15 Dividends	2014	2013
	£'000	£'000
Dividends for which the company became liable during the year:		
Dividends paid	-	19,000
	<hr/>	<hr/>
16 Reconciliation of movement in shareholders' funds	2014	2013
	£'000	£'000
At 1 January	35,436	53,205
(Loss)/profit for the financial year	(35,436)	1,231
Dividends	-	(19,000)
	<hr/>	<hr/>
At 31 December	-	35,436
	<hr/>	<hr/>

17 Transition to FRS 101

As set out in note 1, these are the first financial statements for the company under FRS 101.

The date of transition for the Company is 01 January 2013. The Company has no differences between FRS 101 and UKGAAP and as such has not presented a reconciliation of income statement, balance sheet or cash flow for any period.

18 Contingent liabilities

The Company is a guarantor with other group undertakings for the Group financing facility with RBS and Proventus Capital Partners II AB. At the balance sheet date £61,123,000 was outstanding (2013: £71,016,000).

Petrochem UK Limited
Notes to the Accounts
for the year ended 31 December 2014

19 Ultimate controlling party

The immediate parent undertaking is Petrochem Carless Holdings Limited. The ultimate parent is H.I.G. Europe Capital Partners L.P.

At 31 December 2014 the controlling party and largest group to consolidate the financial statements is HCS GmbH, a German company. The consolidated financial statements of HCS GmbH are available from HCS Group, Gateway Gardens, Edmund-Rumpler-Strasse 3, 60549 Frankfurt, Germany.

PCL Holdco Limited is the smallest group of undertakings to consolidate these financial statements at 31 December 2014. The consolidated financial statements of PCL Holdco Limited can be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ.