

Project Bond Bidco Limited

Annual report

For the period ended 31 December 2017

Registered number: 08711574



# Project Bond Bidco Limited

## Annual report for the period ended 31 December 2017

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# **Project Bond Bidco Limited**

## **Strategic report for the period ended 31 December 2017**

### **Introduction**

The directors present their strategic report and audited financial statements of the company for the 15 month period ended 31 December 2017.

### **Principal activities**

The principal activity of the company during the year was acting as an investment holding company.

### **Review of business**

Project Bond Bidco Limited continued to hold the investment in Fine Industries Limited and its subsidiaries until the acquisition of the entire issued, and to be issued share capital of Project Bond Holdco Limited and its subsidiaries by Lianhetech Holdco Limited. This has resulted in a dividend in specie of the share capital of the investments held during the financial period.

The financial position of the company as at the period end is net assets of £330,000 (30 September 2016: net liabilities of £14,101,000).

### **Principal risks and uncertainties**

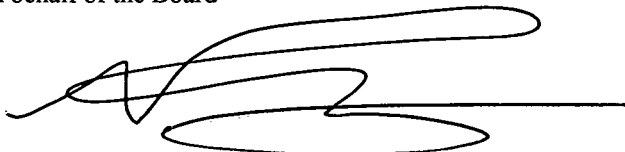
The management of the business and the execution of the company's strategy are subject to a number of risks. The main risks and uncertainties are as follows:

- Pricing - competition in the company's portfolio is based primarily on price, with additional weighting being placed on product quality, reliability of supply and customer service.
- Raw material and energy prices are a significant cost to the business. Mitigation of this exposure is actioned by wherever practicable procuring on a global basis.
- Utilisations of assets - the company's results are materially influenced by the degree to which assets are utilised in order to achieve maximum production volumes.

### **Key performance indicators (KPIs)**

In conjunction with the management of costs and working capital to improve profit, the company uses a number of KPIs to monitor performance. These KPIs are monitored both on a product-by-product basis and also for the company as a whole, compared to budget.

On behalf of the Board



Dr N C Parkinson

**Director**

28 September 2018

# Project Bond Bidco Limited

## Directors' report for the period ended 31 December 2017

### Introduction

The directors present their report and audited financial statements for the 15 month period ended 31 December 2017.

### Results and dividends

The company's profit for the financial period before taxation is £14,837,000 (2016: loss for the financial year of £3,963,000). The directors decided to pay a dividend for the year ended 31 December 2017 of £370,000 (2016: nil).

### Exceptional costs

The business has incurred £2,000 of exceptional one-off costs in the year (2016: £96,000). These costs were in relation to one off professional fees and changes to the financing of the company.

### Going Concern

The directors consider the business to be a going concern as it has the backing and support of its investors and external funders. A letter of support from the ultimate parent undertaking, Lianhe Chemical Technology Co. Ltd., has been obtained.

### Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

Mr C Gowland	Chief Executive Officer	(resigned 26 May 2017)
Mr L Kingsbury	Director	
Mr N Parkinson	Director	(resigned 26 May 2017, appointed 25 April 2018)
Mr J Douglas	Director	(resigned 19 July 2017)
Mr J Lightwing	Director	(appointed 26 May 2017)
Mr B Davidson	Director	(resigned 12 April 2017)
Mr R Stenton	Director	(resigned 12 April 2017)
Mr W Ley	Director	(resigned 12 April 2017)
Mr G Potts	Director	(resigned 12 April 2017)
Mr B Wildsmith	Director	(resigned 12 April 2017)
Dr C Richards	Director	(resigned 12 April 2017)
Mr M Xu	Director	(appointed 12 April 2017)
Mr A Dietrich	Director	(appointed 12 April 2017, resigned 29 March 2018)

### Risk management

The key risk factor for the company is interest rate risk. The company has in place a risk management programme that seeks to limit the effects of adverse interest rate movements on the financial performance of the company.

# **Project Bond Bidco Limited**

## **Directors' report for the year ended 31 December 2017 (continued)**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial 15 month period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors 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.

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

### **Disclosure of information to auditors**

Each of the persons who are directors at the date of approval of this report confirm that:

- (a) so far as that the directors are aware, there is no relevant information of which the company's auditors are unaware, and
- (b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

On behalf of the board



Dr N C Parkinson  
**Director**

28 September 2018

# **Project Bond Bidco Limited**

## **Independent auditors' report to the members of Project Bond Bidco Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Project Bond Bidco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the 15 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income and the statement of changes in equity for the 15 month period then ended; the accounting policies; and the notes to the financial statements.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

# **Project Bond Bidco Limited**

## **Independent auditors' report to the members of Project Bond Bidco Limited (continued)**

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for 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.

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.

# **Project Bond Bidco Limited**

## **Independent auditors' report to the members of Project Bond Bidco Limited (continued)**

### *Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Michael Jeffrey (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
28 September 2018



# Project Bond Bidco Limited

## Statement of comprehensive income

	Note	15 month period ended 31 December 2017 £'000	Year ended 30 September 2016 £'000
Administrative expenses			
Excluding exceptional items		(842)	(427)
Exceptional items		(2)	(52)
Administrative expenses including exceptional items		(844)	(479)
Other operating income	1	17,600	170
<b>Operating profit/(loss)</b>	2	<b>16,756</b>	<b>(309)</b>
Interest payable and similar expenses			
Excluding exceptional items	5	(1,919)	(3,610)
Exceptional items	4	-	(44)
Interest payable and similar expenses including exceptional items		(1,919)	(3,654)
<b>Profit/(loss) before taxation</b>		<b>14,837</b>	<b>(3,963)</b>
Tax on profit/(loss)	6	(36)	1,059
<b>Profit/(loss) for the financial period/year</b>		<b>14,801</b>	<b>(2,904)</b>
<b>Total comprehensive income for the period/year</b>		<b>14,801</b>	<b>(2,904)</b>

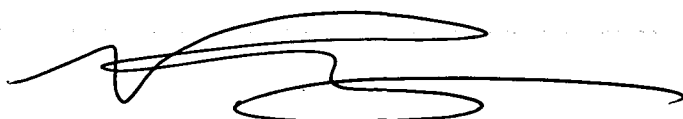
All amounts relate to continuing operations.

# Project Bond Bidco Limited

## Statement of financial position

	Note	Period ended 31 December 2017 £'000	Year ended 30 September 2016 £'000
<b>Fixed assets</b>			
Investments	7	-	40,829
<b>Current assets</b>			
Debtors	9	62,613	11,107
		62,613	11,107
<b>Creditors - amounts falling due within one year</b>	10	62,283	(7,004)
<b>Net current assets</b>		330	4,103
<b>Total assets less current liabilities</b>		330	44,932
<b>Creditors - amounts falling due after more than one year</b>	11	-	(59,033)
<b>Net assets/(liabilities)</b>		330	(14,101)
<b>Capital and reserves</b>			
Called up share capital	16	10	10
Profit and loss account		320	(14,111)
<b>Total shareholders' funds/(deficit)</b>		330	(14,101)

The financial statements on pages 7 to 20 were approved by the board of directors on 28 September 2018 and were signed on its behalf by:



Dr N C Parkinson  
**Director**

Company registration number 08711574

# Project Bond Bidco Limited

## Statement of changes in equity

	Note	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds/(deficit) £'000
At 1 October 2015		10	(11,207)	(11,197)
<b>Comprehensive income for the year</b>				
Loss for the financial year		-	(2,904)	(2,904)
<b>Total comprehensive income for the year</b>		-	(2,904)	(2,904)
<b>At 30 September 2016</b>		<b>10</b>	<b>(14,111)</b>	<b>(14,101)</b>
At 1 October 2016		10	(14,111)	(14,101)
<b>Comprehensive income for the period</b>				
Profit for the financial period		-	14,801	14,801
<b>Total comprehensive income for the period</b>		-	<b>14,801</b>	<b>14,801</b>
Dividends	8	-	(370)	(370)
<b>At 31 December 2017</b>		<b>10</b>	<b>320</b>	<b>330</b>

# **Project Bond Bidco Limited**

## **Statement of accounting policies**

### **Company information**

Project Bond Bidco Limited ('the Company') acts as an investment holding company.

The company is a private company limited by shares and is incorporated, domiciled and registered in England, UK. The address of its registered office is Seal Sands, Middlesbrough.

### **Statement of compliance**

The financial statements of Project Bond Bidco Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101") and the Companies Act 2006, as applicable to companies using FRS 101. This is the first year of financial statements being prepared under FRS 101.

### **Basis of preparation**

The financial statements are prepared on the going concern basis, under the historic cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The company is a wholly owned subsidiary of Project Bond Holdco Limited and is included in the consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies' Act 2006.

The company has taken advantage of the exemption, under IAS 7 'Statement of cashflows', from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate UK parent company Project Bond Holdco Limited includes the company's cash flow in its own consolidated financial statements.

The company has taken advantage of the exemption, under IAS 24 'Related Party Disclosures', from disclosing transactions with other group companies on the grounds that it is a wholly owned subsidiary of a group headed by Project Bond Holdco Limited whose financial statements are publicly available.

- the requirement of IFRS 7 Financial instruments: Disclosures
- the requirement of paragraphs 91-99 of IFRS 13 Fair value measurement - paragraph 79(a)(iv) of IAS1 and paragraph 73€ of IAS16 Property, plant and equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS1 Presentation of Financial statements
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting policies, changes in Accounting estimates and errors
- the requirements of paragraphs 134(d)-134(f) and 135(c) -135(e) of IAS36 Impairment of Assets

The company is a qualifying entity for the purpose of FRS101 and note 8 gives details of the company's ultimate parent and from where its consolidated financial statements may be obtained.

# **Project Bond Bidco Limited**

## **Statement of accounting policies (continued)**

### **Basis of preparation (continued)**

FRS101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which permits a qualifying entity to apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU, but makes amendments where necessary in order to comply with the Companies Act 2006.

### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been substantially enacted by the balance sheet date. Deferred tax assets and liabilities which have been recognised have not been discounted.

### **Investments**

Investments in subsidiary undertakings are stated at cost less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

### **Loans**

Loans are held at amortised cost net of capitalised issue costs which comprise associated costs of arranging finance.

### **Exceptional items**

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

### **Critical accounting judgements and key source of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Given the nature of the business, the directors do not consider there to be any critical accounting judgements and sources of estimation uncertainty.

# Project Bond Bidco Limited

## Notes to the financial statements for the period ended 31 December 2017

### 1 Other operating income

	Period ended 31 December 2017 £'000	Year ended 30 September 2016 £'000
Recharge of management services to subsidiary undertaking	-	170
Dividend received from subsidiary undertaking	17,600	-
<b>Total other operating income for the period/year</b>	<b>17,600</b>	<b>170</b>

### 2 Operating profit/(loss)

	Period ended 31 December 2017 £'000	Year ended 30 September 2016 £'000
Operating profit/(loss) is stated after charging:		
Amortisation of capitalised debt issue costs	738	239

The auditors' fees are borne by a fellow subsidiary undertaking, Fine Organics Limited, and amounted to £1,500 in the year (2016: £1,500).

### 3 Directors and employees

#### (a) Remuneration of directors

The directors receive no emoluments in respect of their services to the company (2016: none).

#### (b) Employee cost

The company had no employees during the year (2016: none).

# Project Bond Bidco Limited

## Notes to the financial statements for the period ended 31 December 2017

### 4 Exceptional items

During the year the company incurred £2,000 (2016: £52,000) of one off costs in relation to organisational restructuring.

### 5 Interest payable and similar expenses

	Period ended 31 December 2017 £'000	Year ended 30 September 2016 £'000
Operating interest payable on loan facilities	437	739
Interest on loan notes	1,472	2,857
Similar expenses	10	14
<b>Total interest payable and similar expenses</b>	<b>1,919</b>	<b>3,610</b>

### 6 Tax on profit/(loss)

#### (a) Analysis of charge in the period

The tax charge is made up as follows:

	Period ended 31 December 2017 £'000	Year ended 30 September 2016 £'000
<b>Current tax</b>		
United Kingdom corporation tax on loss for the period/year	(703)	-
<b>Total current tax</b>	<b>(703)</b>	<b>-</b>
<b>Deferred tax</b>		
Movement in timing differences	715	(1,115)
Effect of changes in tax rates	24	56
<b>Total deferred tax (note 12)</b>	<b>739</b>	<b>(1,059)</b>
<b>Total tax on profit/(loss) for the period/year</b>	<b>36</b>	<b>(1,059)</b>

# Project Bond Bidco Limited

## Notes to the financial statements for the period ended 31 December 2017 (continued)

### (b) Factors affecting the tax charge for the period

The tax for the period is lower (2016: lower) than the standard rate of corporation tax in the United Kingdom of 19.4% (2016: 20.0%), as explained below:

	Period ended 31 December 2017 £'000	Year ended 30 September 2016 £'000
Profit/(loss) before taxation	14,837	(3,963)
Profit/(loss) before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 19.4% (2016: 20.0%)	2,878	(792)
Effects of:		
Expenses not deductible for tax purposes	97	132
Non-taxable income	(3,414)	-
Group relief not paid for	184	660
Deferred tax not provided	268	(1,115)
Tax rate changes	23	56
<b>Tax charge for current period/year</b>	<b>36</b>	<b>(1,059)</b>



# Project Bond Bidco Limited

## Notes to the financial statements for the period ended 31 December 2017 (continued)

### 6 Tax on profit/loss (continued)

#### (c) Factors affecting current and future tax charges

	Period ended 31 December 2017	Period ended 31 December 2017	Year ended 30 September 2016	Year ended 30 September 2016
	Recognised £'000	Unrecognised £'000	Recognised £'000	Unrecognised £'000
<b>Analysis of deferred tax asset</b>				
Short term timing differences	(85)	-	(1,059)	-
Losses	(235)	(445)	-	(235)
<b>Total</b>	<b>(320)</b>	<b>(445)</b>	<b>(1,059)</b>	<b>(235)</b>

The company has an unrecognised deferred tax asset as at 31 December 2017 of £445,000 (2016: £235,000). This has not been recognised in the financial statements due to uncertainty over the future income streams required for the potential asset to be recovered.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 26 October 2016) and Finance Bill 2017 (on 7 September 2017). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 7 Investments

	£'000
At 1 October 2017	40,829
Transferred to immediate parent undertaking via dividend in specie	(40,829)
<b>At 31 December 2017</b>	<b>-</b>

The above investment reflects holdings in Fine Industries Limited and its subsidiaries. The directors believe that the carrying value of the investment is supported by their underlying net assets. The address of this investment is the same as the parent company.

# Project Bond Bidco Limited

## Notes to the financial statements for the period ended 31 December 2017 (continued)

### 8 Dividend paid

The dividend paid during the period ending 31 December 2017 was £370,000, or £37.37 per share. (2016: £Nil).

### 9 Debtors

	31 December 2017 £'000	30 September 2016 £'000
Amounts owed by group undertakings	62,293	10,043
Other debtors	-	5
Deferred tax asset (note 12)	320	1,059
<b>Total</b>	<b>62,613</b>	<b>11,107</b>

Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date.

### 10 Creditors: amounts falling due within one year

	31 December 2017 £'000	30 September 2016 £'000
Bank loans and overdrafts	-	6,186
Amounts owed to group undertakings	62,283	-
Loan notes	-	500
Taxation and social security	-	10
Accruals and deferred income	-	308
<b>Total</b>	<b>62,283</b>	<b>7,004</b>

# Project Bond Bidco Limited

## Notes to the financial statements for the period ended 31 December 2017 (continued)

### 11 Creditors: amounts falling due after more than one year

	31 December 2017 £'000	30 September 2016 £'000
Bank loans and overdrafts	-	12,625
Loan notes	-	35,136
Accruals and deferred income	-	11,272
<b>Total</b>	<b>-</b>	<b>59,033</b>
Repayments fall due as follows:		
Between one and two years	-	3,464
Between two and five years	-	10,261
After five years	-	45,308
<b>Total</b>	<b>-</b>	<b>59,033</b>

### 12 Deferred taxation

	31 December 2017 £'000	30 September 2016 £'000
Deferred tax asset (note 9)	320	1,059
		£'000
At 1 October 2017		1,059
Debited to the profit and loss account (note 6)		(739)
<b>At 31 December 2017</b>		<b>320</b>

# Project Bond Bidco Limited

## Notes to the financial statements for the period ended 31 December 2017 (continued)

### 13 Bank and other borrowings

	31 December 2017 £'000	30 September 2016 £'000
<b>Due within one year or on demand:</b>		
Bank loans and overdrafts		
Secured	-	6,186
Loan notes	-	500
<b>Due after one year:</b>		
Bank loans and overdrafts		
Secured	-	12,625
Loan notes	-	35,136
<b>Total borrowings</b>	<b>-</b>	<b>54,447</b>

- (a) The secured bank loans are secured by a fixed charge over the Project Bond Holdco Limited's freehold property at Seal Sands and over all plant and machinery and assets of Project Bond Holdco Limited.

Total borrowings are stated net of unamortised issue costs of £739,000 (2016 £978,000). The company incurred issue costs in respect of loan notes, senior debt facilities and flexible capital funding facilities entered into to fund the purchase of the Fine Industries group. These costs are allocated to the profit and loss account over the six year term of the funding agreement. Interest on the facilities is calculated using the straight line method.

- (b) Loan notes are repayable in 1-6 years. They attract interest at 6% and 12%.

On acquisition of Project Bond Holdco limited and all of its subsidiaries, the debt facilities; including loan notes, senior debt and flexible capital funding facilities, as well as interest accrued to that point, were repaid in full.

# Project Bond Bidco Limited

## Notes to the financial statements for the period ended 31 December 2017 (continued)

### 14 Related Parties

Until its acquisition, the group was controlled by NorthEdge Capital I LP (incorporated in the UK), which owns 53.7% (2016: 68.7%) of the company's shares. The remaining 46.3% (2016: 31.3%) of the shares are widely held. The group's ultimate parent and controlling party was NorthEdge Capital I LP. As of 12 April 2017, the group's ultimate parent and controlling party is Lianhe Chemical Technology Co. Ltd, a company incorporated and registered in China.

The following transactions were carried out with related parties:

Purchase of goods and services

	Period ended 31 December 2017 £'000	Year ended 30 September 2016 £'000
<b>Purchase of services:</b>		
Entity controlled by key management personnel	49	117
Immediate parent	47	75
	96	192

Services are bought from associates and an entity controlled by key management personnel on normal commercial terms and conditions. There are two entities controlled by key management personnel from which the Group purchases such services. The first is a Limited Liability Partnership in which Mr B Davidson, a director of the company, is a partner. The second is a Limited Liability Company of which Dr C Richards, a director of the company, is a director. Both entities provide monitoring services, which are provided on a commercial basis.

There was £Nil (30 September 2016: £17,300) due to related parties as at 31 December 2017.

Following acquisition by Lianhetech Europe Limited, there were no related parties transactions carried out.

### 15 Going Concern

The directors are confident that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of Lianhetech Europe Limited.

The directors have received confirmation that Lianhetech Europe Limited will continue to support the company for at least one year after these financial statements are signed.

# Project Bond Bidco Limited

## Notes to the financial statements for the period ended 31 December 2017 (continued)

### 16 Called up share capital

	31 December 2017 £'000	30 September 2016 £'000
<b>Authorised</b>		
9,900 (2016: 9,900) ordinary shares of £1 each	10	10
<b>Allotted and fully paid</b>		
9,900 (2016: 9,900) ordinary shares of £1 each	10	10

### 17 Ultimate parent undertaking

The immediate parent undertaking of the company is Lianhetech Europe Limited.

The ultimate parent and controlling party is Lianhe Chemical Technology Co., a company incorporated in China.

Lianhe Chemical Technology Co. is the parent company of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Lianhe Chemical Technology Co. are available from the registered office, 8 Yongjiao Road, Huangyan Economic Development Zone, Taizhou, Zhejiang Province, China, 318020.

Project Bond Holdco Limited is the parent undertaking of the smallest group of companies to consolidate these financial statements. The consolidated financial statements of Project Bond Holdco Limited can be obtained from the company's registered office, c/o Fine Industries Limited, Seal Sands, Middlesbrough, TS2 1UB.

### 18 Transition to FRS 101

This is the first year that the Company has presented its results under FRS 101. The last financial statements were prepared under FRS 102 for the year ended 30 September 2016. The effective date of transition to FRS 101 was 1 October 2015. No adjustments have been noted upon transition.