

Project Bond Bidco Limited

Annual report

For the year ended 31 December 2018

Registered number: 08711574



Project Bond Bidco Limited

Strategic report for the year ended 31 December 2018

Introduction

The directors present their strategic report and audited financial statements of the company for the year ended 31 December 2018.

Principal activities

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

Review of business

The financial position of the company as at the year end is net assets of £688,000 (2017: £330,000).

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 Parkinson

Director

26 June 2019

Project Bond Bidco Limited

Directors' report for the year ended 31 December 2018

Introduction

The directors present their report and audited financial statements for the year ended 31 December 2018.

Results and dividends

The company's loss for the financial year before taxation is £10,000 (2017: profit for the period of £14,837,000). During the year, the company received a waiver for amounts owed from group undertakings of £62,293,000, as well as waivering amounts owed to group undertakings of £62,283,000, this resulted in a net loss of £10,000 (2017: £Nil).

The directors decided not to pay a dividend for the year ended 31 December 2018 (2017: £370,000).

Exceptional costs

The business has not incurred any exceptional of exceptional one-off costs in the year (2017: £2,000).

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 company, Lianhe Chemical Technology Co. 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 L Kingsbury	Director	
Dr N Parkinson	Director	(appointed 29 March 2018)
Mr M Xu	Director	
Mr A Dietrich	Director	(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 2018 (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 year. 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 year. 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 Parkinson
Director
26 June 2019

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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 2018; the statement of comprehensive income and statement of changes in equity for the year 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

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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 year ended 31 December 2018 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. 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.

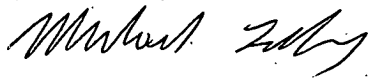
Other required reporting

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
26 June 2019

Project Bond Bidco Limited

Statement of comprehensive income

	Note	Year Ended 31 December 2018 £'000	Period Ended 31 December 2017 £'000
Administrative expenses			
Excluding exceptional items		-	(842)
Exceptional items	4	-	(2)
Administrative expenses including exceptional		-	(844)
Other operating income	1	-	17,600
Operating result/profit	2	-	16,756
Interest payable and similar expenses	5	-	(1,919)
Intercompany waiver	6	(10)	-
(Loss)/profit before taxation		(10)	14,837
Tax on (loss)/profit	7	368	(36)
Profit for the financial year/period		358	14,801
Total comprehensive income for the year/period		358	14,801

All amounts relate to continuing operations.

Project Bond Bidco Limited

Statement of financial position

	Note	Year Ended 31 December 2018 £'000	Period Ended 31 December 2017 £'000
Current assets			
Debtors	9	688	62,613
			62,613
Creditors - amounts falling due within one year	10	-	(62,283)
Net current assets		688	330
Total assets less current liabilities		688	330
Net assets		688	330
Capital and reserves			
Called up share capital	12	10	10
Profit and loss account		678	320
Total shareholders' funds		688	330

The financial statements on pages 7 to 17 were approved by the board of directors on 26 June 2019 and were signed on its behalf by:



Dr N 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 2016		10	(14,111)	(14,101)
Comprehensive income for the period				
Profit for the financial period		-	14,801	14,801
Total comprehensive income for the period		-	14,801	14,801
Dividends	7	-	(370)	(370)
At 31st December 2017		10	320	330
At 1 January 2018		10	320	330
Comprehensive income for the year				
Profit for the financial year		-	358	358
Total comprehensive income for the year		-	358	358
At 31 December 2018		10	678	688

Project Bond Bidco Limited

Statement of accounting policies

Company information

Project Bond Bidco Limited ('the Company') acts as a 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.

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 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 13 gives details of the company's ultimate parent and from where its consolidated financial statements may be obtained.

During the year the company adopted IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments". There were no material changes on adoption.

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.

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 year in which the estimates are revised and in any future years 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 year ended 31 December 2018

1 Other operating income

	Year Ended 31 December 2018 £'000	Period Ended 31 December 2017 £'000
Dividend received from subsidiary undertaking	-	17,600
Total	-	17,600

2 Operating result/profit

	Year Ended 31 December 2018 £'000	Period Ended 31 December 2017 £'000
Operating result/profit is stated after charging:		
Amortisation of capitalised debt issue costs	-	738

The auditors' fees are borne by a fellow subsidiary undertaking, Fine Organics Limited, and amounted to £1,850 in the year (2017: £1,500).

3 Directors and employees

(a) Remuneration of directors

The directors receive no emoluments in respect of their services to the company (2017: none).

(b) Employee cost

The company had no employees during the year (2017: none).

Project Bond Bidco Limited

Notes to the financial statements for the year ended 31 December 2018

4 Exceptional items

During the year the company incurred £Nil (2017: £2,000) of one off costs in relation to organisational restructuring.

5 Interest payable and similar expenses

	Year Ended 31 December 2018 £'000	Period Ended 31 December 2017 £'000
Operating interest payable on loan facilities	-	437
Interest on loan notes	-	1,472
Similar expenses	-	10
Total	-	1,919

6 Intercompany waiver

During the year, the company waived amounts owed from group undertakings of £62,293,000, as well as waiving amounts owed to group undertakings of £62,283,000, this resulted in a net loss of £10,000 (2017: £Nil).

Project Bond Bidco Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

7 Tax on (loss)/profit

(a) Analysis of (credit)/charge in the year/period

The tax (credit)/charge is made up as follows:

	Year Ended 31 December 2018 £'000	Period Ended 31 December 2017 £'000
Current tax		
United Kingdom corporation tax on loss for the year/period	-	(703)
Total current tax	-	(703)
Deferred tax		
Movement in timing differences	176	715
Adjustment in respect of prior period	(525)	-
Effect of changes in tax rates	(19)	24
Total deferred tax (note 11)	(368)	739
Total tax on (loss)/profit for the year/period	(368)	36

(b) Factors affecting the tax (credit)/charge for the year

The tax for the year is lower (2017: lower) than the standard rate of corporation tax in the United Kingdom of 19% (2017: 19.4%), as explained below:

	Year Ended 31 December 2018 £'000	Period Ended 31 December 2017 £'000
(Loss)/profit before taxation	(10)	14,837
(Loss)/profit before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2017: 19.4%)	(2)	2,878
Effects of:		
Expenses not deductible for tax purposes	2	97
Non-taxable income	-	(3,414)
Group relief not paid for	176	184
Deferred tax not provided	-	268
Adjustment in respect of prior period	(525)	-
Tax rate changes	(19)	23
Tax (credit)/charge for current year/period	(368)	36

Project Bond Bidco Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

7 Tax on (loss)/profit (continued)

(b) Factors affecting current and future tax charges

	2018 Recognised £'000	2018 Unrecognised £'000	2017 Recognised £'000	2017 Unrecognised £'000
Analysis of deferred tax asset				
Short term timing differences	(556)	-	(85)	-
Losses	(132)	(342)	(235)	(445)
Total	(688)	(342)	(320)	(445)

The company has an unrecognised deferred tax asset as at 31 December 2018 of £342,000 (2017: £445,000). 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.

8 Dividend paid

The dividend paid during the year ending 31 December 2018 was £Nil (2017: £370,000).

9 Debtors

	Year Ended 31 December 2018 £'000	Period Ended 31 December 2017 £'000
Amounts owed by group undertakings	-	62,293
Deferred tax asset (note 11)	688	320
Total	688	62,613

Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment date. During the year, the company agreed to waiver amounts owed by group undertakings of £62,293,000.

Project Bond Bidco Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

10 Creditors: amounts falling due within one year

	Year Ended 31 December 2018 £'000	Period Ended 31 December 2017 £'000
Amounts owed to group undertakings	-	62,283
Total	-	62,283

During the year, the company waived amounts owed to group undertakings of £62,283,000.

11 Deferred taxation

	Year Ended 31 December 2018 £'000	Period Ended 31 December 2017 £'000
Deferred tax asset (note 9)	688	320
		£'000
At 1 October 2018		320
Debited to the profit and loss account (note 7)		368
At 31 December 2018		688

Project Bond Bidco Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

12 Called up share capital

	Year Ended 31 December 2018 £'000	Period Ended 31 December 2017 £'000
Authorised		
9,900 (2017: 9,900) ordinary shares of £1 each	10	10
Allotted and fully paid		
9,900 (2017: 9,900) ordinary shares of £1 each	10	10

13 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.

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