

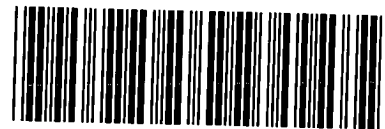
Registered number: SC163213

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS
EAST KILBRIDE ENGINEERING SERVICES LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

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**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

COMPANY INFORMATION

Directors

N R Montour
E Ferris (appointed 20 March 2018)
K Matthews (appointed 20 March 2018)
M M Naylor (appointed 20 March 2018)

Registered number

SC163213

Registered office

Scottish Enterprise Technology Park
Kelvin Building
Bramah Avenue East Kilbride
Lanarkshire
G75 0RD

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
141 Bothwell Street
Glasgow
G2 7EQ

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present the Strategic Report of Belcan Engineering Services UK Limited (the "Company") for the year ended 31 December 2017.

Business review

The results for the financial year show an operating profit of £4.30m (2016: operating loss of £0.04m) on turnover of £19.04m (2016: £16.03m) for the financial year as compared to last year. The company has a net balance sheet value of £14.25m at 31 December 2017 (2016: £10.90m).

Principal risks and uncertainties

We believe that the company can meet key business risks of competition, both local and national, and also of employee retention.

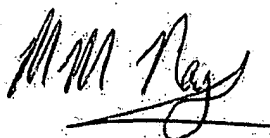
Financial key performance indicators (KPIs)

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Future developments

The company continues to work closely with its customers to provide the highest standard of services both in the UK and abroad.

This report was approved by the board and signed on its behalf by:



M M Naylor
Director

Date: 27/9/18

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their annual report and the audited financial statements of Belcan Engineering Services UK Limited (the "Company") for the year ended 31 December 2017.

On 26 March 2018 the company changed its name from East Kilbride Engineering Services Limited to Belcan Engineering Services UK Limited.

Principal activities

The principal activity of the company in the year under review was that of the provision of engineering services.

Results and dividends

The profit for the financial year amounted to £3,505,527 (2016: loss of £69,590).

The directors do not recommend the payment of a dividend (2016: £2,000,000).

Directors

The directors who served during the year and up to the date of signing of the financial statements, unless otherwise stated, were:

R T Davies (resigned 21 March 2018)
N Macleod (resigned 21 March 2018)
N R Montour
A Steedman (resigned 21 March 2018)
M Wirth (resigned 21 March 2018)
E Ferris (appointed 20 March 2018)
K Matthews (appointed 20 March 2018)
M M Naylor (appointed 20 March 2018)
C M Cohen (resigned 14 February 2017)

Future developments

The future developments of the company are discussed in the Strategic Report.

Financial risk management

Foreign exchange risk

The company is not materially exposed to foreign exchange risk.

Cash flow risk

The cash flow of the company is exposed to non-payment risk by customers. The company manages this risk by carefully appraising the credit quality of customers prior to entering into contracts and thereafter engaging in credit control measures.

Liquidity risk

The directors review the liquidity position on a regular basis and are confident that the business has sufficient cash resources to meet its trading needs.

Credit risk

Credit risk is managed by careful review of customers' financial standing and appropriate credit checks on potential customers prior to sale.

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Directors' responsibilities statement

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; 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 time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:


M M Naylor
Director

Date: 27/9/18

BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE ENGINEERING SERVICES LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE ENGINEERING SERVICES LIMITED)

Report on the audit of the financial statements

Opinion

In our opinion, Belcan Engineering Services UK Limited (formerly known as East Kilbride Engineering Services 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 year 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 and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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.

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.

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BELCAN ENGINEERING SERVICES UK
LIMITED (FORMERLY KNOWN AS EAST KILBRIDE ENGINEERING SERVICES LIMITED) (CONTINUED)**

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 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 Directors' Responsibilities Statement set out on page 4, 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.

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.

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BELCAN ENGINEERING SERVICES UK
LIMITED (FORMERLY KNOWN AS EAST KILBRIDE ENGINEERING SERVICES LIMITED) (CONTINUED)**

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.

Kenneth Wilson

Kenneth Wilson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow

Date: 27 September 2018

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	19,035,939	16,027,085
Cost of sales		(13,473,149)	(11,204,735)
Gross profit		5,562,790	4,822,350
Administrative expenses		(1,903,324)	(5,523,454)
Other operating income	5	635,899	656,763
Operating profit/(loss)	6	4,295,365	(44,341)
Interest receivable and similar income	10	2,205	5,226
Interest payable and similar expenses	11	(131,407)	(45,183)
Profit/(loss) before taxation		4,166,163	(84,298)
Tax on profit/(loss)	12	(660,636)	14,708
Profit/(loss) for the financial year		3,505,527	(69,590)
Total comprehensive income/(expense) for the financial year		3,505,527	(69,590)

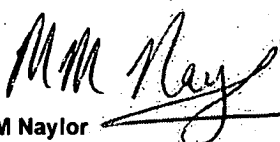
The notes on pages 11 to 24 form part of these financial statements.

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)
REGISTERED NUMBER: SC163213**

**BALANCE SHEET
AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	14	378,132	355,825
Investments	15	20,391	23,451
		<u>398,523</u>	<u>379,276</u>
Current assets			
Stocks	16	1,656,265	1,335,828
Debtors	17	17,812,194	12,096,508
Cash at bank and in hand	18	3,310,941	3,371,056
		<u>22,779,400</u>	<u>16,803,392</u>
Creditors: amounts falling due within one year	19	(5,543,203)	(2,750,629)
Net current assets		<u>17,236,197</u>	<u>14,052,763</u>
Total assets less current liabilities		<u>17,634,720</u>	<u>14,432,039</u>
Provisions for liabilities			
Deferred tax	21	(35,882)	
Other provisions	22	3,193,532	3,532,260
Net assets		<u>14,405,306</u>	<u>10,899,779</u>
Capital and reserves			
Called up share capital	23	31,405	31,405
Profit and loss account	24	14,373,901	10,868,374
Total shareholders' funds		<u>14,405,306</u>	<u>10,899,779</u>

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


M M Naylor
Director

Date: 27/9/18

The notes on pages 11 to 24 form part of these financial statements.

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 1 January 2016	25,105	12,937,964	12,963,069
Comprehensive expense for the financial year			
Loss for the financial year	-	(69,590)	(69,590)
Total comprehensive expense for the financial year	-	(69,590)	(69,590)
Contributions by and distributions to owners			
Dividends: Equity capital	-	(2,000,000)	(2,000,000)
Shares issued during the year	6,300	-	6,300
Total transactions with owners	6,300	(2,000,000)	(1,993,700)
At 31 December 2016 and 1 January 2017	31,405	10,868,374	10,899,779
Comprehensive income for the financial year			
Profit for the financial year	-	3,505,527	3,505,527
Total comprehensive income for the financial year	-	3,505,527	3,505,527
At 31 December 2017	31,405	14,373,901	14,405,306

The notes on pages 11 to 24 form part of these financial statements.

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. General information

Belcan Engineering Services UK Limited (the "Company") is a private company, limited by shares, incorporated and registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

The principal activity of the company in the year under review was that of the provision of engineering services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Belcan International Limited as at 31 December 2017 and these financial statements may be obtained from Kelvin House Rtc Business Park, London Road, Derby, England, DE24 8UP.

The company is a wholly-owned subsidiary of Belcan International Limited and is included in the consolidated financial statements of Belcan International Limited 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.

2.3 Turnover

Turnover relates to the provision of engineering services and is represented by net invoiced sales of goods and services, excluding value added tax.

Turnover is recognised when a service has been delivered against defined milestones contracts.

Turnover that has been recognised but not invoiced at the year end is included in debtors as accrued income.

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.4 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Improvement to property	- Over the period of the lease
Fixtures and fittings	- 15%
Computer equipment	- 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

2.5 Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

2.6 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value.

Work in progress includes the cost of direct materials and labour plus attributable overheads based on a normal level of activity. Net realisable value is based on estimated selling price less any costs expected to be incurred to completion.

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

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

2.12 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.14 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.15 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.16 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

4. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	18,557,378	16,027,085
Europe	478,561	-
	<u>19,035,939</u>	<u>16,027,085</u>

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. Other operating income

	2017 £	2016 £
Management charges	<u>635,899</u>	<u>656,763</u>

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2017 £	2016 £
Depreciation of tangible assets	120,005	109,497
Operating lease rentals	<u>230,670</u>	<u>191,189</u>

7. Auditors' remuneration

	2017 £	2016 £
Fees payable to the company's auditors for the audit of the company's annual financial statements	<u>26,000</u>	<u>30,000</u>

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
ENGINEERING SERVICES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	3,804,690	4,039,548
Social security costs	483,906	459,934
Other pension costs	290,356	333,733
	<u>4,578,952</u>	<u>4,833,215</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 Number	2016 Number
Direct	85	70
Administration	12	17
Directors	5	5
	<u>102</u>	<u>92</u>

9. Directors' remuneration

	2017 £	2016 £
Aggregate directors' remuneration	323,133	333,456
Company contributions to defined contribution pension schemes	31,596	43,556
	<u>354,729</u>	<u>377,012</u>

During the year retirement benefits were accruing to 2 directors (2016: 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £123,812 (2016: £170,616).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £29,553 (2016: £25,525).

10. Interest receivable and similar income

	2017 £	2016 £
Other interest receivable	<u>2,205</u>	<u>5,226</u>

BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE ENGINEERING SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Interest payable and similar expenses

	2017 £	2016 £
Other loan interest payable	131,407	45,183

12. Tax on profit/(loss)

	2017 £	2016 £
Corporation tax		
Current tax on profit/(loss) for the financial year	604,494	33,379
Total current tax	604,494	33,379
Deferred tax		
Origination and reversal of timing differences	22,763	(12,393)
Changes to tax rates		(2,315)
R&D notional tax	33,379	(33,379)
Total deferred tax	56,142	(48,087)
Total tax	660,636	(14,708)

Factors affecting tax charge/(credit) for the year

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

	2017 £	2016 £
Profit/(loss) before taxation	4,166,163	(84,298)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	801,986	(16,860)
Effects of:		
Expenses not deductible for tax purposes	7,258	7,666
Non-taxable income	10,758	(3,199)
Changes to tax rate	(1,772)	(2,315)
R&D tax credits in respect of current periods	(157,594)	
Total tax charge/(credit) for the financial year	660,636	(14,708)

BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE ENGINEERING SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Tax on profit/(loss) (continued)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate 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.

13. Dividends

	2017 £	2016 £
Dividends paid		2,000,000

14. Tangible assets

	Improvement to property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2017	256,111	156,124	685,121	1,097,356
Additions	4,235	9,636	128,441	142,312
Disposals	(99,508)	(71,538)	(475,281)	(646,327)
At 31 December 2017	160,838	94,222	338,281	593,341
Accumulated depreciation				
At 1 January 2017	119,586	82,206	539,739	741,531
Charge for the year	20,903	11,751	87,351	120,005
Disposals	(99,508)	(71,538)	(475,281)	(646,327)
At 31 December 2017	40,981	22,419	151,809	215,209
Net book value				
At 31 December 2017	119,857	71,803	186,472	378,132
At 31 December 2016	136,525	73,918	145,382	355,825

BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE ENGINEERING SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

15. Investments

**Investments
in subsidiary
companies
£**

Cost

At 1 January 2017	23,451
Foreign exchange movement	(3,060)
At 31 December 2017	20,391

Net book value

At 31 December 2017	20,391
At 31 December 2016	23,451

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Belcan Engineering Services Germany GmbH	Ordinary	100 %	Engineering consultants
EKES Poland SP.Z.O.O	Ordinary	100 %	Engineering consultants

Name	Registered office
Belcan Engineering Services Germany GmbH	The Townhouse, Ludwig-Erhard-Ring 4, 15827 Blankenfelde-Mahlow, Germany
EKES Poland SP.Z.O.O	Ul. Pi. Wolnosci 13/2, 35-073 Rzeszów, Poland

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. Stocks

	2017 £	2016 £
Work in progress	<u>1,656,265</u>	<u>1,335,828</u>

Stock recognised in cost of sales during the year as an expense was £12,578,852 (2016: £10,995,696).

An impairment loss of £Nil (2016: £Nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

17. Debtors

	2017 £	2016 £
Trade debtors	7,330,296	5,702,469
Amounts owed by group undertakings	10,290,152	5,830,869
Other debtors	957	7,198
Tax recoverable	-	295,492
Deferred taxation (note 21)	-	20,260
Prepayments and accrued income	190,789	240,220
	<u>17,812,194</u>	<u>12,096,508</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

18. Cash at bank and in hand

	2017 £	2016 £
Cash at bank and in hand	<u>3,310,941</u>	<u>3,371,056</u>

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	745,227	749,099
Amounts owed to group undertakings	2,326,179	87,932
Corporation tax	289,967	-
Taxation and social security	1,343,977	954,897
Other creditors	287,148	255,990
Accruals and deferred income	550,705	702,711
	<u>5,543,203</u>	<u>2,750,629</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

20. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>17,621,406</u>	<u>11,540,536</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(3,909,261)</u>	<u>(1,795,732)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

21. Deferred taxation

	2017 £
At beginning of year	20,260
Credited to profit or loss	(56,142)
At end of the financial year	<u>(35,882)</u>

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
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**NOTES TO THE FINANCIAL STATEMENTS
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21. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(39,936)	(30,162)
Tax losses carried forward		17,043
RDEC notional tax		33,379
Provisions	4,054	
	<u>(35,882)</u>	<u>20,260</u>

22. Other provisions

	German tax provision £
At 1 January 2017	3,532,260
Charged to profit or loss	(338,728)
At 31 December 2017	<u>3,193,532</u>

The company has an ongoing dispute with the German tax authorities relating to employee social security costs dating back to the period 2006-2010. A provision has been made for the current best estimate of the amount that may be settled.

23. Called up share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
25,105 (2016: 25,105) Ordinary shares of £1 each	25,105	25,105
6,300 (2016: 6,300) Ordinary B shares of £1 each	6,300	6,300
	<u>31,405</u>	<u>31,405</u>

24. Profit and loss account

The profit and loss account includes cumulative retained profits and losses, and is a distributable reserve.

**BELCAN ENGINEERING SERVICES UK LIMITED (FORMERLY KNOWN AS EAST KILBRIDE
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**NOTES TO THE FINANCIAL STATEMENTS
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25. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £290,356 (2016: £333,733).

26. Commitments under operating leases

At 31 December the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	137,000	137,000
Later than 1 year and not later than 5 years	392,000	464,000
Later than 5 years	178,750	243,750
	<u>707,750</u>	<u>844,750</u>

27. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Belcan International Limited. Belcan International Limited is the largest and smallest group of undertaking for which consolidated financial statements are drawn up. Belcan International Limited's registered address is Kelvin House Rtc Business Park, London Road, Derby, England, DE24 8UP.

Its ultimate parent undertaking is Belcan LLC, a company incorporated in the United States of America.