

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
SEMCON ENGINEERING UK LIMITED**



**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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SEMCON ENGINEERING UK LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016**

DIRECTORS:

A M Hill
N Chekaoui
M Granlund

SECRETARY:

P Chandler

REGISTERED OFFICE:

Langstone Gate - Building 200
Solent Road
Havant
PO9 1TR

REGISTERED NUMBER:

02993766 (England and Wales)

AUDITOR:

Deloitte LLP
Statutory Auditor
Nottingham
UK

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

The Directors' report has been prepared in accordance with the special provisions relating to small companies under Section 415A of the Companies Act 2006.

The Company has availed of the small companies' exemption under Section 414B of the Companies Act 2006 from providing a Strategic Report.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of supply of computer aided design services to the automotive and energy sectors.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2016 was £500,000 (2015: £750,000).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

A M Hill
N Chekaoui

Other changes in directors holding office are as follows:

M Granlund - appointed 31 March 2016

EVENTS AFTER THE BALANCE SHEET DATE

The company disposed of its investment in Semcon Koln GMBH on 16th February 2017 as disclosed in note 12.

GOING CONCERN

Semcon International AB have confirmed that they will not require repayment of the inter company balance due from Semcon Engineering UK Limited until the earlier of the company having sufficient funds to repay the balance or twelve months from the date of signing these financial statements. Semcon International AB have also confirmed that they will support the company for the next twelve months, from the date of signing these financial statements, in respect of the company's external liabilities. On this basis the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors have reviewed the cash requirements for the 12 months from the date of approval of these financial statements, which confirm that these financial statements should be prepared on a going concern basis. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016**

PRINCIPAL RISKS AND UNCERTAINTIES

The company's activities expose it to a number of financial risks including credit risk, foreign exchange risk and liquidity risk. The company's credit risk is primarily attributable to its trade receivables. Where considered necessary appropriate allowance is made for doubtful debtors. However all the company's customers are substantial businesses and the risk of them failing to meet their obligations is considered to be low.

The company is exposed to some foreign exchange risk but will always attempt to mitigate the effect by matching, in the same currency, the cost of supply against the corresponding receivable.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments the company is reliant on short-term debt finance from its parent company with which it has a very flexible funding arrangement.

The company also operates in a competitive environment and addresses this risk by striving to maintain high standards and delivering its service at market rates.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these 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; 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 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

The auditors, Deloitte LLP, have expressed their willingness to continue in office and will be proposed for re-appointment at the forthcoming Annual General Meeting.

SIGNED BY ORDER OF THE DIRECTORS:



N Chekaoui - Director

Date:

10/08/17

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMCON ENGINEERING UK LIMITED

We have audited the financial statements of Semcon Engineering UK Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:


- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMCON ENGINEERING UK LIMITED (continued)

Matters on which we are required to report by exception

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

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



William Smith MA FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Nottingham, UK
10 August 2017

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £	2015 £
TURNOVER	3	9,235,848	8,933,576
Cost of sales		<u>7,577,659</u>	<u>7,290,834</u>
GROSS PROFIT		1,658,189	1,642,742
Administrative expenses		<u>1,211,916</u>	<u>1,209,452</u>
OPERATING PROFIT	5	446,273	433,290
Interest receivable and similar income	6	<u>220</u>	<u>767</u>
		446,493	434,057
Interest payable and similar expenses	7	<u>7,593</u>	<u>10,096</u>
PROFIT BEFORE TAXATION		438,900	423,961
Tax on profit	8	<u>83,275</u>	<u>76,767</u>
PROFIT FOR THE FINANCIAL YEAR		355,625	347,194
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>355,625</u></u>	<u><u>347,194</u></u>

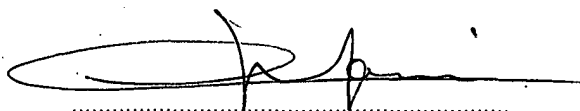
The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Intangible assets	10	9,427	9,732
Tangible assets	11	29,406	41,970
Investments	12	<u>1</u>	<u>1</u>
		38,834	51,703
CURRENT ASSETS			
Debtors	13	1,187,826	1,285,017
Cash at bank		<u>587,000</u>	<u>685,504</u>
		1,774,826	1,970,521
CREDITORS			
Amounts falling due within one year	14	<u>1,117,342</u>	<u>1,179,019</u>
NET CURRENT ASSETS		<u>657,484</u>	<u>791,502</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		696,318	843,205
PROVISIONS FOR LIABILITIES	16	<u>5,881</u>	<u>8,393</u>
NET ASSETS		<u>690,437</u>	<u>834,812</u>
CAPITAL AND RESERVES			
Called up share capital	17	15,000	15,000
Retained earnings	18	<u>675,437</u>	<u>819,812</u>
SHAREHOLDERS' FUNDS		<u>690,437</u>	<u>834,812</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 10/08/17 and were signed on its behalf by:



N Chekaoui - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 31 December 2014	15,000	1,222,618	1,237,618
Changes in equity			
Dividends	-	(750,000)	(750,000)
Total comprehensive income	-	347,194	347,194
Balance at 31 December 2015	<u>15,000</u>	<u>819,812</u>	<u>834,812</u>
Changes in equity			
Dividends	-	(500,000)	(500,000)
Total comprehensive income	-	355,625	355,625
Balance at 31 December 2016	<u>15,000</u>	<u>675,437</u>	<u>690,437</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. STATUTORY INFORMATION

Semcon Engineering UK Limited is a private company, limited by shares, registered in England. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

Semcon International AB have confirmed that they will not require repayment of the inter company balance due by Semcon Engineering UK Limited until the earlier of the company having sufficient funds to repay the balance or twelve months from the date of signing these financial statements. Semcon International AB have also confirmed that they will support the company for the next twelve months, from the date of signing these financial statements, in respect of the company's external liabilities. On this basis the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors have reviewed the cash requirements for the 12 months from the date of approval of these financial statements, which confirm that these financial statements should be prepared on a going concern basis. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Preparation of consolidated financial statements

The financial statements contain information about Semcon Engineering UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Semcon International AB, Lindholmsallen 2, SE-41780 Gothenburg, Sweden.

Significant judgements and estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the individual accounting policies below.

Turnover

Turnover represents amounts derived from the provision of services which fall within the company's ordinary activities after deduction of value added tax. Turnover represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of service provided to date. The turnover and pre-tax profit is attributable to the principal activity of the company.

Intangible assets - patents and licences

Patents and licenses are included at cost and amortised in equal annual instalments over a period of 10 years which is their estimated useful economic life. Provision is made for any impairment.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant and machinery	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 20% on cost

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. The selection of these residual values and estimated lives requires the exercise of judgement. The directors are required to assess whether there is an indication of impairment to the carrying value of assets. In making that assessment, judgements are made in estimating value in use. The directors consider that the individual carrying values of assets are supportable by their value in use.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Taxation

Current taxation, including UK Corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Lease commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the statement of comprehensive income in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES - continued

Financial instruments

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income under administrative expenses.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the statement of comprehensive income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

3. TURNOVER

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

An analysis of turnover by class of business is given below:

	2016 £	2015 £
Rendering of services	<u>9,235,848</u>	<u>8,933,576</u>
	<u>9,235,848</u>	<u>8,933,576</u>

An analysis of turnover by geographical market is given below:

	2016 100.00%	2015 100.00%
United Kingdom	<u>100.00%</u>	<u>100.00%</u>

4. EMPLOYEES AND DIRECTORS

	2016 £	2015 £
Wages and salaries	1,870,535	1,746,467
Social security costs	205,111	190,020
Other pension costs	<u>233,255</u>	<u>202,652</u>
	<u>2,308,901</u>	<u>2,139,139</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

4. EMPLOYEES AND DIRECTORS - continued

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

	2016	2015
Productive	31	32
Administrative	<u>9</u>	<u>9</u>
	<u>40</u>	<u>41</u>

	2016 £	2015 £
Directors' remuneration	160,852	178,875
Directors' pension contributions to money purchase schemes	<u>31,377</u>	<u>15,993</u>

5. OPERATING PROFIT

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

	2016 £	2015 £
Other operating leases	121,987	100,901
Depreciation - owned assets	21,558	20,836
Profit on disposal of fixed assets	-	(423)
Patents and licences amortisation	4,305	3,617
Auditors' remuneration	2,875	3,500
Foreign exchange differences	<u>(150,746)</u>	<u>9,295</u>

Auditor's remuneration comprises the fee payable to the auditor for the statutory audit of the company's financial statements. There was no auditor remuneration in relation to non-audit services in the current or preceding year.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £	2015 £
Deposit account interest	9	-
Group interest charge	<u>211</u>	<u>767</u>
	<u>220</u>	<u>767</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016 £	2015 £
Group interest payable	<u>7,593</u>	<u>10,096</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2016 £	2015 £
Current tax:		
UK corporation tax	85,787	85,304
Over/under provision in prior year	-	(2,793)
Total current tax	85,787	82,511
Deferred tax	(2,512)	(5,744)
Tax on profit	<u>83,275</u>	<u>76,767</u>

UK corporation tax has been charged at 20%.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Profit before tax	<u>438,900</u>	<u>423,961</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.250%)	87,780	85,852
Effects of:		
Expenses not deductible for tax purposes	965	718
Capital allowances in excess of depreciation	-	(1,040)
Adjustments to tax charge in respect of previous periods	-	(2,793)
Group Relief	<u>(5,470)</u>	<u>(5,970)</u>
Total tax charge	<u>83,275</u>	<u>76,767</u>

In March 2013 the Government announced that the main rate of Corporation Tax would reduce from 21% to 20% with effect from 1 April 2015. The reduction in the rate of corporation tax to 20% was substantively enacted on 2 July 2013, hence the rate applied in 2015 is the blended rate for 2015 of 20.250%.

The rate used for closing deferred tax balances is 17%.

9. DIVIDENDS

	2016 £	2015 £
Interim	<u>500,000</u>	<u>750,000</u>

A dividend of £33 per share was declared and paid on 6 July 2016 (2015: £50 per share on 25 March 2015).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

10. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 January 2016	18,085
Additions	<u>4,000</u>
At 31 December 2016	<u>22,085</u>
AMORTISATION	
At 1 January 2016	8,353
Amortisation for year	<u>4,305</u>
At 31 December 2016	<u>12,658</u>
NET BOOK VALUE	
At 31 December 2016	<u>9,427</u>
At 31 December 2015	<u>9,732</u>

11. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2016	37,980	12,143	132,116	182,239
Additions	<u>-</u>	<u>-</u>	<u>8,994</u>	<u>8,994</u>
At 31 December 2016	<u>37,980</u>	<u>12,143</u>	<u>141,110</u>	<u>191,233</u>
DEPRECIATION				
At 1 January 2016	23,833	11,690	104,746	140,269
Charge for year	<u>4,654</u>	<u>453</u>	<u>16,451</u>	<u>21,558</u>
At 31 December 2016	<u>28,487</u>	<u>12,143</u>	<u>121,197</u>	<u>161,827</u>
NET BOOK VALUE				
At 31 December 2016	<u>9,493</u>	<u>-</u>	<u>19,913</u>	<u>29,406</u>
At 31 December 2015	<u>14,147</u>	<u>453</u>	<u>27,370</u>	<u>41,970</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2016 and 31 December 2016	<u>1</u>
NET BOOK VALUE	
At 31 December 2016	<u>1</u>
At 31 December 2015	<u>1</u>

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Semcon UK Limited

Registered office: Langstone Gate - Building 200, Solent Road, Havant, PO9 1TR

Nature of business: Provision of consulting services

	% holding	2016 £	2015 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		(154,947)	(127,596)
Loss for the year		<u>(27,351)</u>	<u>(29,481)</u>

Semcon Koln GMBH

Registered office: Russelsheim, Germany

Nature of business: Supplier of consultancy services

	% holding	2016 £	2015 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		123,000	85,484
Profit for the year		<u>25,000</u>	<u>5,158</u>

As disclosed in the Report of the directors the company disposed of the investment in Semcon Koln GMBH on 16 February 2017 at a profit.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	242,179	312,794
Amounts owed by group undertakings	505,363	565,248
Amounts recoverable on contracts	360,131	290,744
Other debtors	16,075	23,470
VAT	13,617	21,505
Prepayments and accrued income	<u>50,461</u>	<u>71,256</u>
	<u>1,187,826</u>	<u>1,285,017</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	523,855	436,023
Amounts owed to group undertakings	375,531	409,114
Tax	50,787	85,304
Social security and other taxes	50,245	55,252
Other creditors	46,322	40,396
Accruals and deferred income	70,602	152,930
	<u>1,117,342</u>	<u>1,179,019</u>

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016	2015
	£	£
Within one year	71,550	90,412
Between one and five years	<u>37,500</u>	<u>185,050</u>
	<u>109,050</u>	<u>275,462</u>

16. PROVISIONS FOR LIABILITIES

	2016	2015
	£	£
Deferred tax	<u>5,881</u>	<u>8,393</u>

	Deferred tax
	£
Balance at 1 January 2016	8,393
Utilised during year	<u>(2,512)</u>
Balance at 31 December 2016	<u>5,881</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016	2015
			£	£
15,000	Ordinary	£1	<u>15,000</u>	<u>15,000</u>

18. RESERVES

	Retained earnings
	£
At 1 January 2016	819,812
Profit for the year	355,625
Dividends	<u>(500,000)</u>
At 31 December 2016	<u>675,437</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

19. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 (1A) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly-owned subsidiaries within the group.

20. ULTIMATE CONTROLLING PARTY

The company's ultimate parent company is Semcon AB, a public quoted company registered in Sweden, this being the smallest and largest group into which this company is consolidated. A copy of the parent company financial statements, which are prepared in accordance with EEC 7th company Law Directive, are available from the company's registered office at Lindholmsallén 2, SE-41780 Gothenburg, Sweden.