

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018  
FOR  
SEMCON ENGINEERING UK LIMITED**



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FOR THE YEAR ENDED 31 DECEMBER 2018

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**SEMCON ENGINEERING UK LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**DIRECTORS:**

N Chekaoui  
M Granlund  
C Krapichler

**REGISTERED OFFICE:**

Langstone Gate - Building 200  
Solent Road  
Havant  
PO9 1TR

**REGISTERED NUMBER:**

02993766 (England and Wales)

**AUDITORS:**

Ernst & Young LLP  
One Colmore Square  
Birmingham  
B4 6HQ

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

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 2018 was £900,000 (2017: £nil).

**DIRECTORS AND SECRETARY**

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

N Chekaoui  
M Granlund  
C Krapichler

P Chandler resigned as Secretary on 21 June 2019.

**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;
- state whether applicable UK Accounting Standards 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 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 auditors are 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 auditors are aware of that information.

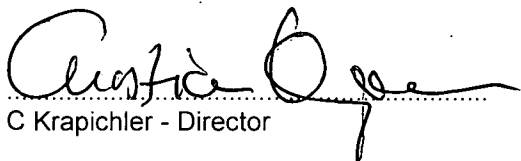
**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**AUDITORS**

The auditors, Ernst & Young LLP, who were appointed during the year, 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:**



C Krapichler - Director

Date: 03/9/2019

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEMCON ENGINEERING UK LIMITED**

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### **Opinion**

We have audited the financial statements of Semcon Engineering UK Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

- 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.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Auditors' Report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

### **Opinions on other matters 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEMCON ENGINEERING UK LIMITED

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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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 take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors Report.

### Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

### Use of our report

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 a Report of the Auditors 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.



Andrew Merrick (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
One Colmore Square  
Birmingham  
B4 6HQ

Date: 4/9/19

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018

|  | Notes | 2018<br>£          | 2017<br>£          |
|--|-------|--------------------|--------------------|
| <b>TURNOVER</b>                                    | 3     | 9,142,233          | 9,447,656          |
| Cost of sales                                      |       | <u>(7,656,400)</u> | <u>(7,687,154)</u> |
| <b>GROSS PROFIT</b>                                |       | 1,485,833          | 1,760,502          |
| Administrative expenses                            |       | <u>(1,453,397)</u> | <u>(1,334,629)</u> |
| <b>OPERATING PROFIT</b>                            | 5     | 32,436             | 425,873            |
| Interest receivable and similar income             | 6     | <u>3,922</u>       | <u>887</u>         |
|  |       | 36,358             | 426,760            |
| Interest payable and similar expenses              | 7     | <u>(22)</u>        | <u>(1,820)</u>     |
| <b>PROFIT BEFORE TAXATION</b>                      |       | 36,336             | 424,940            |
| Tax credit/(charge) on profit                      | 8     | <u>88,012</u>      | <u>(82,943)</u>    |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>               |       | 124,348            | 341,997            |
| <b>OTHER COMPREHENSIVE INCOME</b>                  |       | <u>-</u>           | <u>-</u>           |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE YEAR</b> |       | <u>124,348</u>     | <u>341,997</u>     |

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2018

|  | Notes | 2018<br>£      | 2017<br>£        |
|--|-------|----------------|------------------|
| <b>FIXED ASSETS</b>                          |       |                |                  |
| Intangible assets                            | 10    | 2,533          | 5,814            |
| Tangible assets                              | 11    | 6,937          | 18,680           |
| Investments                                  | 12    | <u>1</u>       | <u>1</u>         |
|  |       | 9,471          | 24,495           |
| <b>CURRENT ASSETS</b>                        |       |                |                  |
| Debtors                                      | 13    | 1,000,377      | 1,426,001        |
| Cash at bank                                 |       | <u>384,761</u> | <u>719,897</u>   |
|  |       | 1,385,138      | 2,145,898        |
| <b>CREDITORS</b>                             |       |                |                  |
| Amounts falling due within one year          | 14    | <u>741,659</u> | <u>739,560</u>   |
| <b>NET CURRENT ASSETS</b>                    |       | <u>643,479</u> | <u>1,406,338</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | 652,950        | 1,430,833        |
| <b>PROVISIONS FOR LIABILITIES</b>            | 16    | <u>1,318</u>   | <u>3,549</u>     |
| <b>NET ASSETS</b>                            |       | <u>651,632</u> | <u>1,427,284</u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                |                  |
| Called up share capital                      | 17    | 15,000         | 15,000           |
| Retained earnings                            | 18    | <u>636,632</u> | <u>1,412,284</u> |
| <b>SHAREHOLDERS' FUNDS</b>                   |       | <u>651,632</u> | <u>1,427,284</u> |

The financial statements were approved by the Board of Directors on 03/9/2019 and were signed on its behalf by:

  
C Krapichler - Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

|                                    | Called up<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Total<br>equity<br>£ |
|------------------------------------|------------------------------------|---------------------------|----------------------|
| <b>Balance at 1 January 2017</b>   | 15,000                             | 675,437                   | 690,437              |
| <b>Changes in equity</b>           |                                    |                           |                      |
| Total comprehensive income         | -                                  | 736,847                   | 736,847              |
| <b>Balance at 31 December 2017</b> | 15,000                             | 1,412,284                 | 1,427,284            |
| <b>Changes in equity</b>           |                                    |                           |                      |
| Dividends                          | -                                  | (900,000)                 | (900,000)            |
| Total comprehensive income         | -                                  | 124,348                   | 124,348              |
| <b>Balance at 31 December 2018</b> | 15,000                             | 636,632                   | 651,632              |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**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.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with 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.

**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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

**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, Lindholmsallén 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 2018**

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**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 2018**

**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:

|                       | 2018<br>£        | 2017<br>£        |
|-----------------------|------------------|------------------|
| Rendering of services | 9,142,233        | 9,447,656        |
|                       | <u>9,142,233</u> | <u>9,447,656</u> |

An analysis of turnover by geographical market is given below:

|                | 2018<br>£        | 2017<br>£        |
|----------------|------------------|------------------|
| United Kingdom | 5,660,000        | 5,668,594        |
| Sweden         | 3,482,233        | 3,684,586        |
| Germany        | -                | 94,476           |
|                | <u>9,142,233</u> | <u>9,447,656</u> |

**4. EMPLOYEES AND DIRECTORS**

|                       | 2018<br>£        | 2017<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 1,644,905        | 1,634,912        |
| Social security costs | 181,635          | 178,865          |
| Other pension costs   | 282,009          | 237,380          |
|                       | <u>2,108,549</u> | <u>2,051,157</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**
**4. EMPLOYEES AND DIRECTORS - continued**

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

|                | 2018      | 2017      |
|----------------|-----------|-----------|
| Productive     | 24        | 25        |
| Administrative | <u>9</u>  | <u>9</u>  |
|                | <u>33</u> | <u>34</u> |

|  | 2018<br>£     | 2017<br>£     |
|--|---------------|---------------|
| Directors' remuneration                                    | 191,811       | 169,753       |
| Directors' pension contributions to money purchase schemes | <u>46,071</u> | <u>34,840</u> |

The number of directors to whom retirement benefits were accruing was as follows:

|                        |          |          |
|------------------------|----------|----------|
| Money purchase schemes | <u>2</u> | <u>2</u> |
|------------------------|----------|----------|

**5. OPERATING PROFIT**

The operating profit is stated after charging:

|                                   | 2018<br>£     | 2017<br>£     |
|-----------------------------------|---------------|---------------|
| Other operating leases            | 120,411       | 109,366       |
| Depreciation - owned assets       | 11,743        | 17,249        |
| Loss on disposal of fixed assets  | -             | 2,428         |
| Patents and licences amortisation | 3,281         | 3,389         |
| Auditors' remuneration            | 5,000         | 4,625         |
| Foreign exchange differences      | <u>18,786</u> | <u>13,030</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**

|                          | 2018<br>£    | 2017<br>£  |
|--------------------------|--------------|------------|
| Deposit account interest | 348          | 183        |
| Group interest charge    | 2,803        | 704        |
| Corporation tax interest | <u>771</u>   | <u>-</u>   |
|                          | <u>3,922</u> | <u>887</u> |

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

|                          | 2018<br>£ | 2017<br>£    |
|--------------------------|-----------|--------------|
| Group interest payable   | 22        | -            |
| Corporation tax interest | <u>-</u>  | <u>1,820</u> |
|                          | <u>22</u> | <u>1,820</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**
**8. TAXATION****Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit for the year was as follows:

|                                    | 2018<br>£     | 2017<br>£       |
|------------------------------------|---------------|-----------------|
| Current tax:                       |               |                 |
| UK corporation tax                 | (5,335)       | (85,275)        |
| Over/under provision in prior year | <u>91,116</u> | <u>-</u>        |
| Total current tax                  | 85,781        | (85,275)        |
| Deferred tax                       | <u>2,231</u>  | <u>2,332</u>    |
| Tax credit/(charge) on profit      | <u>88,012</u> | <u>(82,943)</u> |

UK corporation tax was charged at 19.25% in 2017.

**Reconciliation of total tax (credit)/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:

|   | 2018<br>£       | 2017<br>£      |
|---|-----------------|----------------|
| Profit before tax   | <u>36,336</u>   | <u>424,940</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.247%) | 6,904           | 81,788         |
| Effects of:   |                 |                |
| Expenses not deductible for tax purposes  | 904             | 1,155          |
| Adjustments to tax charge in respect of previous periods                                    | (91,116)        | -              |
| Group Relief  | <u>(4,704)</u>  | <u>-</u>       |
| Total tax (credit)/charge   | <u>(88,012)</u> | <u>82,943</u>  |

At the Summer Budget 2015 the Government announced that the main rate of Corporation Tax would reduce from 20% to 19% with effect from 1 April 2017. The reduction in the rate of corporation tax to 19% was substantively enacted on 8 July 2015, hence the rate applied in 2017 is the blended rate of 19.25%.

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

**9. DIVIDENDS**

|         | 2018<br>£      | 2017<br>£ |
|---------|----------------|-----------|
| Interim | <u>900,000</u> | <u>-</u>  |

A dividend of £60 per share was declared and paid on 31/05/2018 (2017: none).

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

## 10. INTANGIBLE FIXED ASSETS

|   | Patents<br>and<br>licences<br>£ |
|---|---------------------------------|
| <b>COST</b>                               |                                 |
| At 1 January 2018<br>and 31 December 2018 | <u>21,500</u>                   |
| <b>AMORTISATION</b>                       |                                 |
| At 1 January 2018                         | 15,686                          |
| Amortisation for year                     | <u>3,281</u>                    |
| At 31 December 2018                       | <u>18,967</u>                   |
| <b>NET BOOK VALUE</b>                     |                                 |
| At 31 December 2018                       | <u>2,533</u>                    |
| At 31 December 2017                       | <u>5,814</u>                    |

## 11. TANGIBLE FIXED ASSETS

|   | Plant and<br>machinery<br>£ | Fixtures<br>and<br>fittings<br>£ | Computer<br>equipment<br>£ | Totals<br>£    |
|---|-----------------------------|----------------------------------|----------------------------|----------------|
| <b>COST</b>                               |                             |                                  |                            |                |
| At 1 January 2018<br>and 31 December 2018 | <u>30,962</u>               | <u>12,143</u>                    | <u>146,133</u>             | <u>189,238</u> |
| <b>DEPRECIATION</b>                       |                             |                                  |                            |                |
| At 1 January 2018                         | 28,297                      | 12,143                           | 130,118                    | 170,558        |
| Charge for year                           | <u>2,665</u>                | <u>-</u>                         | <u>9,078</u>               | <u>11,743</u>  |
| At 31 December 2018                       | <u>30,962</u>               | <u>12,143</u>                    | <u>139,196</u>             | <u>182,301</u> |
| <b>NET BOOK VALUE</b>                     |                             |                                  |                            |                |
| At 31 December 2018                       | <u>-</u>                    | <u>-</u>                         | <u>6,937</u>               | <u>6,937</u>   |
| At 31 December 2017                       | <u>2,665</u>                | <u>-</u>                         | <u>16,015</u>              | <u>18,680</u>  |

## 12. FIXED ASSET INVESTMENTS

|   | Shares in<br>group<br>undertakings<br>£ |
|---|---|
| <b>COST</b>                               |   |
| At 1 January 2018<br>and 31 December 2018 | <u>1</u>                                |
| <b>NET BOOK VALUE</b>                     |   |
| At 31 December 2018                       | <u>1</u>                                |
| At 31 December 2017                       | <u>1</u>                                |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

## 12. FIXED ASSET INVESTMENTS - continued

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

| Class of shares:               | %<br>holding | 2018<br>£       | 2017<br>£     |
|--------------------------------|--------------|-----------------|---------------|
| Ordinary                       | 100.00       |                 |               |
| Aggregate capital and reserves |              | (116,063)       | (91,306)      |
| (Loss)/profit for the year     |              | <u>(24,757)</u> | <u>63,641</u> |

## 13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                    | 2018<br>£        | 2017<br>£        |
|------------------------------------|------------------|------------------|
| Trade debtors                      | 216,335          | 371,566          |
| Amounts owed by group undertakings | 435,542          | 664,003          |
| Amounts recoverable on contracts   | 279,758          | 342,051          |
| Other debtors                      | 8,700            | 8,700            |
| Tax                                | 23,665           | -                |
| Prepayments and accrued income     | <u>36,377</u>    | <u>39,681</u>    |
|                                    | <u>1,000,377</u> | <u>1,426,001</u> |

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                    | 2018<br>£      | 2017<br>£      |
|------------------------------------|----------------|----------------|
| Trade creditors                    | 376,755        | 391,423        |
| Amounts owed to group undertakings | 27,074         | 6,091          |
| Tax                                | -              | 35,275         |
| Social security and other taxes    | 47,251         | 49,715         |
| VAT                                | 64,861         | 44,982         |
| Other creditors                    | 50,971         | 40,190         |
| Accruals and deferred income       | <u>174,747</u> | <u>171,884</u> |
|                                    | <u>741,659</u> | <u>739,560</u> |

## 15. LEASING AGREEMENTS

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

|                            | 2018<br>£     | 2017<br>£     |
|----------------------------|---------------|---------------|
| Within one year            | 12,000        | 51,800        |
| Between one and five years | <u>35,000</u> | <u>47,200</u> |
|                            | <u>47,000</u> | <u>99,000</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**
**16. PROVISIONS FOR LIABILITIES**

|   | 2018<br>£    | 2017<br>£            |
|---|--------------|----------------------|
| Deferred tax  | <u>1,318</u> | <u>3,549</u>         |
|   |              | Deferred<br>tax<br>£ |
| Balance at 1 January 2018                               |              | 3,549                |
| Credit to Statement of Comprehensive Income during year |              | <u>(2,231)</u>       |
| Balance at 31 December 2018                             |              | <u>1,318</u>         |

**17. CALLED UP SHARE CAPITAL**

| Allotted, issued and fully paid: |          |                   | 2018          | 2017          |
|----------------------------------|----------|-------------------|---------------|---------------|
| Number:                          | Class:   | Nominal<br>value: | £             | £             |
| 1,500                            | Ordinary | £10               | <u>15,000</u> | <u>15,000</u> |

**18. RESERVES**

|                     | Retained<br>earnings<br>£ |
|---------------------|---------------------------|
| At 1 January 2018   | 1,412,284                 |
| Profit for the year | 124,348                   |
| Dividends           | <u>(900,000)</u>          |
| At 31 December 2018 | <u>636,632</u>            |

**19. ULTIMATE PARENT COMPANY**

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.

**20. ULTIMATE CONTROLLING PARTY**

The company's ultimate controlling party is Semcon AB, a public quoted company registered in Sweden.