

MW High Tech Projects UK Limited

**Strategic report, Directors' report and
financial statements**

Registered number 5179071

Period ended 30 December 2017



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Directors' report

The directors present their Directors' report and financial statements for the period ended 30 December 2017. The comparative period is the year ended 31 December 2016.

Financial instruments

The Company's financial instruments comprise cash balances, payables and receivables that arise from its operations. The Company has no third party debt, and it obtains financial support as and when needed from its ultimate operational parent company, M+W Group GmbH, by way of loans. The Company's activities expose it to various financial risks, market risk (foreign exchange risk), hedging instruments (by way of forward exchange deals and currency options) and credit risk, and these are discussed more fully in Note 19 of the financial statements.

Events after the reporting period

Details of events after the reporting period are presented in full in note 24 of the financial statements.

Going Concern

Whilst the company is wholly committed to completing all of its current contracts (including project completion, hand-over, commissioning and defects period), subsequent to the period end and due to a reorganisation of the Group, the company has ceased all new tendering activities in accordance with an instruction of its ultimate operational parent. As a result of this decision and the fact that there is no intention to acquire a replacement trade, these financial statements have not been prepared on a going concern basis. Notwithstanding this the company still continues to receive the full backing and support of the ultimate operational parent, M+W Group GmbH. Further detail can be found in note 1 to these financial statements.

Proposed dividend

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

Directors

The directors who held office during the period and up to the date of signing this Directors' report were as follows:

Mr A J Barrett
Mrs J Fowler
Mr P A Symonds (resigned 23 August 2017)
Mr J Taylor (resigned 31 March 2017)
Mr R Digoïn (resigned 17 August 2017)

Political contributions

Neither the Company nor any of its subsidiaries made any political contributions nor incurred any political expenditure during the period (2016: £Nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



J Fowler
Director



A Barrett
Director

Methuen South
Bath Road
Chippenham
Wiltshire
SN14 0GT

22 March 2019

Strategic report

Principal activities

During the period the principal activities of the Company were the design and project management of clean room, technical, manufacturing, research facilities and Energy from Waste plants. These activities included building construction, mechanical and electrical equipment installation, piping construction, electrical construction and facility management.

However, subsequent to the period end the directors have been instructed by its ultimate operational parent to cease all tendering activities with the long term intention that, once it has completed all of its current contractual requirements and closed out all of its contractual liabilities on existing projects, the company will cease to trade. Therefore as there is no intention to acquire a replacement trade the financial statements have not been prepared on a going concern basis. The effect of this is explained in note 1 of the financial statements.

Business Review

In the last 24 months, the Company has faced unprecedented levels of disruption and significant challenges. Whilst good progress has been made on the construction completion of its Energy from Waste ("EfW") projects further provisions have been made in the 2017 accounts resulting in further losses.

The reduction in revenue and increased losses reflected in the period are predominantly the result of the difficulties faced on the EfW projects. As a result of the decision to cease all tendering activities and the preparation of the accounts on a non going concern basis, the Directors no longer consider the goodwill balance to be recoverable, as such the balance has been fully impaired, and charged to the profit and loss account in the period.

Trade receivables and cash balances have also reduced during the period as a result of the above, whilst current liabilities have significantly increased as a direct result of the continued financial support the company has received from its Parent Company by way of loans, in order to meet the liabilities as they fall due.

Principle risks and uncertainties

The company has a number of projects that need to be completed over the next few years, the principal risks and uncertainties for the Company arising from these projects are similar to those risks associated with other companies operating within the same business environment.

The mitigation strategies and the Risk Management Initiative have been reviewed and it is felt that these risks have not changed from the prior year. These risks include:

- Changes to economic conditions and government policy.
- Breach of health, safety and environmental laws, regulations and standards.
- Failure to win new contracts within our core sectors.
- Commercial counterparty competence and solvency;
- Retaining or recruiting key personnel;
- Information technology and security;
- Taxation, interest rate and foreign exchange risk.

The Company's activities expose it to various financial risks, market risk (foreign exchange risk) and credit risk, and these are discussed in more detail in Note 19 of the financial statements.

It is acknowledged that these strategies and the company's risk management initiative will need wholesale review arising from the decision in 2018 to cease tendering and the long term strategy to cease trading.

Strategic report (continued)

Brexit

Given the ongoing negotiations between the UK Government and European Union, the full impact of Brexit is still to be determined due to the uncertainty surrounding the final deal that will be agreed. The directors are monitoring the potential impact on the company in respect of both its customer and suppliers, and do not expect there to be any risk or material impact to the company, regardless of the final outcome.

Subsequent events

On 27 June 2018, the company sold 100% of the 2 wholly owned subsidiary companies for €202,000,000 in the form of cash held in deposit at Group level, as follows:

- Exyte Hargreaves Limited (formerly MW Hargreaves Limited) was sold to Exyte Singapore Pte. Ltd (formerly M+W Singapore Limited) for a deferred consideration of €27,000,000 (£23,982,000), and
- Exyte Northern Europe Ltd (formerly M+W Ireland High Tech Projects Ireland Limited) was sold to Exyte Europe Holdings GmbH (formerly M+W Europe GmbH) for a deferred consideration of €175,000,000 (£155,440,000)

Total profit resulting from the sale of these subsidiary companies was £174,909,000, and further details of the impact that this has on the company balance sheet are detailed in note 24.

On the 4th March 2019 the company received a letter of termination from its client Energy Works Hull Ltd (EWH) purporting to terminate the contract for the construction of the fluidized bed gasification power plant at Cleveland Street, Kingston Upon Hull, and subsequently M+W's work on this site has ceased. The company is receiving external legal advice on this issue.

The directors do not consider this event to have any bearing on the financial statements for the period ending 30 December 2017.

By order of the board



J Fowler
Director



A Barrett
Director

Methuen South
Bath Road
Chippenham
Wiltshire
SN14 0GT

22 March 2019

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, the Directors' report 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS101 Reduced Disclosure Framework.

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 judgments and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of MW High Tech Projects UK Limited

Disclaimer of opinion

We were engaged to audit the financial statements of MW High Tech Projects UK Limited ("the company") for the period ended 30 December 2017 which comprise the Statement of Profit and Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

We do not express an opinion on the financial statements. Due to the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

The audit evidence available to us was limited due to unexpected cost overruns and delays on Energy from Waste ("EfW") contracts, the directors were unable to prepare reliable future cost forecasts in respect of those contracts. As a result of this we have been unable to obtain sufficient appropriate audit evidence concerning revenue and cost of sales for the period ended 30 December 2017, and payments received on account and onerous contract provisions as at that date.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Due to the significance of the matter described in the basis for disclaimer of opinion on financial statements paragraph, and the consequential effect on the related disclosures in the Strategic Report and Directors' Report, although in our opinion the information given in the Strategic Report and the Directors' Report for the financial period is consistent with the financial statements, we do not express an opinion on the preparation of those reports in accordance with the Companies Act 2006 or whether we have identified material misstatements in those reports.

Matters on which we are required to report by exception

In respect solely of the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- 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.

Independent auditor's report to the members of MW High Tech Projects UK Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements in accordance with FRS 101 Reduced Disclosure Framework, and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. These financial statements have not been prepared on the going concern basis for the reason set out in note 1.

Auditor's responsibilities

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (UK), and to issue an auditor's report. However, due to the significance of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard.

The purpose of our audit work and to whom we owe our responsibilities

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.



Huw Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

28 March 2019

Statement of Profit and Loss and Other Comprehensive Income
for period ended 30 December 2017

	Note	364 day Period ended 30 Dec 2017 £000	Year Ended 31 Dec 2016 £000
Revenue	1,2	172,909	214,528
Cost of sales		(290,965)	(290,308)
Gross loss		(118,056)	(75,780)
Administrative expenses		(17,378)	(13,796)
Other operating income		1,337	-
Operating loss	3-5	(134,097)	(89,576)
Financial income	6	50	553
Financial expenses	6	(1,600)	(78)
Net financing income		(1,550)	475
Loss before tax		(135,647)	(89,101)
Taxation	7	(6,379)	6,653
Loss for the period		(142,026)	(82,448)
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedges	19	(5,350)	7,167
Income tax on items that are or may be reclassified subsequently to profit or loss	7	873	(1,218)
Other comprehensive income for the period		(4,477)	5,949
Total comprehensive income for the period		(146,503)	(76,499)

The results for the current and previous financial year all arose from discontinued operations.

Balance Sheet
at 30 December 2017

	<i>Note</i>	30 Dec 2017 £000	31 Dec 2016 £000
Non-current assets			
Property, plant and equipment	8	821	1,395
Intangible assets	9	-	3,987
Investments in subsidiaries	10	4,513	4,808
		<u>5,334</u>	<u>10,190</u>
Current assets			
Inventories	12	-	249
Trade and other receivables	13	40,369	99,085
Cash and cash equivalents	14	2,916	10,096
		<u>43,285</u>	<u>109,430</u>
Total assets		<u>48,619</u>	<u>119,620</u>
Current liabilities			
Trade and other payables	15	(205,093)	(106,627)
Provisions	16	(31,325)	(45,547)
		<u>(236,418)</u>	<u>(152,174)</u>
Net Current liabilities		<u>(193,133)</u>	<u>(42,744)</u>
Non-current liabilities			
Provisions	16	(9,453)	(18,195)
		<u>(9,453)</u>	<u>(18,195)</u>
Total liabilities		<u>(245,871)</u>	<u>(170,369)</u>
Net liabilities		<u>(197,252)</u>	<u>(50,749)</u>
Equity			
Share capital	18	100	100
Share premium	18	2,601	2,601
Retained earnings		(201,425)	(59,399)
Hedging Reserve	19	1,472	5,949
Total equity		<u>(197,252)</u>	<u>(50,749)</u>

These financial statements were approved by the board of directors on 22 March 2019 and were signed on its behalf by:


J. Fowler
Director


A Barrett
Director

Statement of Changes in Equity

	Share capital £000	Share premium £000	Retained earnings £000	Hedging reserve £000	Total equity £000
Balance at 1 January 2016	100	2,601	23,049	-	25,750
Total comprehensive income for the year					
Loss for the year	-	-	(82,448)	-	(82,448)
Effective portion of changes in fair value of cash flow hedges	-	-	-	7,167	7,167
Income tax on items that are or may be reclassified subsequently to profit or loss	-	-	-	(1,218)	(1,218)
Total comprehensive income for the year	-	-	(82,448)	5,949	(76,499)
Balance at 31 December 2016	100	2,601	(59,399)	5,949	(50,749)
	Share capital £000	Share premium £000	Retained earnings £000	Hedging reserve £000	Total equity £000
Balance at 1 January 2017	100	2,601	(59,399)	5,949	(50,749)
Total comprehensive income for the period					
Loss for the period	-	-	(142,026)	-	(142,026)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(5,350)	(5,350)
Income tax on items that are or may be reclassified subsequently to profit or loss	-	-	-	873	873
Total comprehensive income for the period	-	-	(142,026)	(4,477)	(146,503)
Balance at 30 December 2017	100	2,601	(201,425)	1,472	(197,252)

Notes

(forming part of the financial statements)

1 Accounting policies

MW High Tech Projects UK Limited (the "Company") is a company incorporated, domiciled and registered in England and Wales in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2016/15 Cycle) issued in July 2017 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, M+W Group GmbH includes the Company in its consolidated financial statements. The consolidated financial statements of M+W Group GmbH are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from M+W Group GmbH, Löwentorbogen 9B, 70376 Stuttgart, Germany.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of M+W Group GmbH include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Notes (continued)

1 Accounting policies (continued)

The Company proposes to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

In previous years, the financial statements have been prepared on a going concern basis. However, following the decision for the company to cease trading once it has contractually completed all of its current contracts (including project completion, hand-over, commissioning and defects period) and closed out all of its contractual liabilities, the directors have considered it inappropriate to prepare the financial statements on a going concern basis and have therefore prepared them on a break-up basis, as detailed in the following notes.

Going concern

Whilst the company is wholly committed to completing all of its current contracts (including project completion, hand-over, commissioning and defects period), subsequent to the period end and due to a reorganisation of the Group, the company has ceased all new tendering activities in accordance with an instruction of its ultimate operational parent. As a result of this decision and the fact that there is no intention to acquire a replacement trade, these financial statements have not been prepared on a going concern basis. Notwithstanding this the company still continues to receive the full backing and support of the ultimate operational parent, M+W Group GmbH.

The directors have prepared cash flow forecasts and have concluded, on the basis of regular oral and written assurances and continuing financial support from its ultimate operational parent, that the Company will be able to operate for the period required to complete these contracts and close out its liabilities arising therefrom.

In preparing those forecasts, the directors have taken into account various risks and uncertainties, and the potential cash outflows required to complete the existing projects and despite the net liability position reflected in these accounts, the company has continued to meet all of its liabilities as they fall due as a result of the continuing financial support provided from the ultimate parent company.

M+W Group GmbH have confirmed that they will continue to offer support and funding to close out the current projects, and will not call in any existing loans for the foreseeable future, and specifically for at least 12 months following the date of approval of these financial statements.

Since the period end, the company sold 100% of the 2 wholly owned subsidiary companies for €202,000,000, which has helped to strengthen the balance sheet and cash position of the company. For further details please refer to note 24.

Notes (continued)

1 Accounting policies (continued)

Revenue

Revenue represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Revenue from fixed price construction contracts is recognised on a percentage of completion method, measured by reference to the percentage of costs incurred to date to the estimated costs for each project. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

Construction contract debtors

Construction contract debtors represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date less a provision for foreseeable losses and less progress billings. Variations are included in contract revenue when they are reliably measurable and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract revenue only when they are reliably measurable and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction contract debtors are presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

Accounting for hive up

On 2 January 2016 the trade and assets of Scientific Lesser Limited, a subsidiary undertaking, were transferred to the company at their book value, which was less than their fair value. The cost of the Company's investment in this subsidiary undertaking reflected the underlying fair value of their net assets and goodwill at the time of acquisition. As a result of this transfer, the value of the Company's investment in the subsidiary undertaking fell below the amount at which it was stated in the Company's accounting records and hence there was a potential diminution.

The directors considered that, as there had been no overall loss to the Company, it would not have been appropriate to record this potential diminution as a charge to the Company's profit and loss account for the year and that instead this amount should be allocated to goodwill as a true and fair override, and the identifiable net assets transferred, so as to recognise in the Company's individual balance sheet the effective cost to the Company of those net assets and goodwill. The effect of this accounting applied to the potential diminution was to increase goodwill in the balance sheet by £3,932,000. As explained in note 9, the balance has been impaired in full in the current period.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in subsidiary undertakings are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

1 Accounting policies (continued)

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when interest income or expense is recognised.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Notes (continued)

1 Accounting policies (continued)

Property, plant and equipment

Freehold land and buildings, plant and equipment are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to the date of transition to Adopted IFRSs, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives are as follows:

Office equipment	-	25% per annum
Plant and machinery	-	25% per annum
Freehold buildings	-	2% per annum
Leasehold buildings/improvements	-	over the period to the first break clause of the lease

Intangible assets and goodwill

All acquisitions of trade and assets are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the net fair value those trade and assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes (continued)

1 Accounting policies (continued)

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. Provisions that relate to onerous contracts are not discounted.

Notes (continued)

2 Analysis of revenue and profit before tax

The directors have not disclosed an analysis of revenue and profit before tax as there is no requirement to do so under IFRS 8, as neither the Company's debt nor equity are listed or traded in a public market.

Revenue and loss before tax all arose from the Company's principal activity. Of the revenue, £170,574,000 (2016: £205,571,000) arose in the UK and £2,335,000 (2016: £8,957,000) arose in Europe.

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	30 Dec 2017 £000	31 Dec 2016 £000
Depreciation and other amounts written off tangible fixed assets	737	776
Impairment of intangible assets and investments	4,282	-
Operating lease rentals:		
Land and buildings	343	705
Other	17	33
	<u>4,376</u>	<u>714</u>

Auditor's remuneration:

	30 Dec 2017 £000	31 Dec 2016 £000
Audit of these financial statements	65	141
Amounts receivable by auditor and their associates in respect of:		
Audit of financial statements of subsidiaries of the Company	45	44
Other services relating to taxation	171	88
	<u>216</u>	<u>273</u>

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	30 Dec 2017	31 Dec 2016
Management	12	15
Sales and services	231	239
	<u>243</u>	<u>254</u>

The aggregate payroll costs of these persons were as follows:

	30 Dec 2017 £000	31 Dec 2016 £000
Wages and salaries	16,877	17,781
Social security costs	1,885	2,123
Contributions to defined contribution plans	806	845
	<u>19,568</u>	<u>20,749</u>

Notes (continued)

5 Directors' remuneration

	30 Dec 2017 £000	31 Dec 2016 £000
Directors' emoluments	601	864
Company contributions to money purchase pension plans	45	40
	<u>646</u>	<u>904</u>

The aggregate of emoluments of the highest paid director was £157,000 (2016: £271,000), and company pension contributions of £1,000 (2016: £Nil) were made to a money purchase scheme on his behalf.

6 Finance income and expense

Recognised in profit or loss

	30 Dec 2017 £000	31 Dec 2016 £000
Finance income		
Interest income on bank deposits	3	8
Interest income on loans to Group undertakings	47	32
Net foreign exchange profit		513
	<u>50</u>	<u>553</u>
Finance expense		
Bank interest	12	38
Interest expense on loans from Group undertakings	200	40
Net foreign exchange loss	1,388	-
	<u>1,600</u>	<u>78</u>

Notes (continued)

7 Taxation

Recognised in the income statement

	30 Dec 2017 £000	31 Dec 2016 £000
Current tax expense		
Current year		
Current tax expense		
Deferred tax expenses/(credit)		
Origination and reversal of temporary difference	724	(6,653)
Impairment of deferred tax	5,655	-
Deferred tax expenses/(credit)	6,379	(6,653)
Total tax expense/(credit)	6,379	(6,653)

Income tax recognised in other comprehensive income

	30 Dec 2017 £000	31 Dec 2016 £000
Effective portion of changes in fair value of cash flow hedges	(873)	1,218
	(873)	1,218

Reconciliation of effective tax rate

	30 Dec 2017 £000	31 Dec 2016 £000
Loss for the period	(142,026)	(82,448)
Total tax (credit)/expense	6,379	(6,653)
Profit excluding taxation	(135,647)	(89,101)
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	(26,112)	(17,820)
Non-deductible expenses	4	9
De-recognition of previously recognised deferred tax	5,506	-
Current period losses for which no deferred tax has been recognised	26,871	11,161
Other timing differences	110	(3)
Total tax expense	6,379	(6,653)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2016) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2016, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017. This will reduce the Company's future current tax charge accordingly.

Notes (continued)

Notes (continued)

7 Taxation (continued)

Following the decision of the company to cease trading once it has contractually completed all of its current contracts, no deferred tax asset has been recognised in the balance sheet following the reported trading losses.

8 Property, plant and equipment

	Leasehold land and buildings £000	Office equipment £000	Plant, machinery and motor vehicles £000	Total £000
Cost				
Balance at 1 January 2016	10	3,056	49	3,115
Additions	-	362	-	362
Balance at 31 December 2016	10	3,418	49	3,477
Balance at 1 January 2017	10	3,418	49	3,477
Additions	-	163	-	163
Balance at 30 December 2017	10	3,581	49	3,640
Depreciation and impairment				
Balance at 1 January 2016	10	1,247	49	1,306
Depreciation charge for the year	-	776	-	776
Balance at 31 December 2016	10	2,023	49	2,082
Balance at 1 January 2017	10	2,023	49	2,082
Depreciation charge for the period	-	737	-	737
Balance at 30 December 2017	10	2,760	49	2,819
Net book value				
At 1 January 2016	-	1,809	-	1,809
At 31 December 2016 and 1 January 2017	-	1,395	-	1,395
At 30 December 2017	-	821	-	821

Notes (continued)

9 Intangible assets

	Goodwill £000	Total £000
Cost		
Balance at 1 January 2016 and 31 December 2016	4,262	4,262
Balance at 1 January 2017 and 30 December 2017	4,262	4,262
Amortisation and impairment		
Balance at 1 January 2016 and 31 December 2016	275	275
Balance at 1 January 2017	275	275
Impairment charge	3,987	3,987
Balance at 30 December 2017	4,262	4,262
Net book value		
At 1 January 2016 and 1 January 2017	3,987	3,987
At 30 December 2017	-	-

Goodwill of £330,000 arose in the financial year ended 31 December 2004 on the acquisition of the trade and assets of the facility engineering division of the Company.

On 2 January 2016, the trade and assets of Scientific Lesser Limited were transferred to the Company. As a result of the transfer, the excess of the investment held in Scientific Lesser Limited over its remaining net assets was transferred to Goodwill (see Note 1).

In accordance with IAS36 the goodwill has been reviewed for impairment by the directors and they consider that the balance is fully impaired as it has neither a value in use or is it capable of being sold to a third party.

Notes (continued)

10 Investments in subsidiaries

	Shares in Group Undertakings £000
Shares	
<i>Cost and net book value</i>	
Balance at 1 January 2017	4,808
Impairment	(295)
Balance at 30 December 2017	4,513

The impairment charge relates to a historic investment in a subsidiary company which has now been liquidated.

The Company has the following investments in subsidiaries:

	Registered Office	Class of shares held	Ownership	
			30 Dec 2017	31 Dec 2016
Exyte Norther Europe Ltd (formerly M+W High Tech Projects Ireland Limited)	J3 Maynooth Business Campus, Straffan Road, Maynooth, Co. Kildare	Ordinary	100%	100%
Exyte Hargreaves Limited (formerly MW Hargreaves Limited)	Unit C1 Methuen South, Methuen Park Bath Road Chippenham SN14 0GT	Ordinary	100%	100%

11 Deferred tax asset

Recognised deferred tax asset

Deferred tax assets and liabilities are attributable to the following:

	30 Dec 2017 £000	31 Dec 2016 £000
Differences between accumulated depreciation and capital allowances	(1)	(149)
Losses carried forward	(872)	6,873
Change in value of cash flow hedges	873	(1,218)
Net deferred tax asset	-	5,506

Movement in deferred tax during the period

	30 Dec 2017 £000	31 Dec 2016 £000
Balance at 1 January	5,506	71
Origination and reversal of timing differences	149	5,435
Impairment of deferred tax asset	(5,655)	-
Balance at 31 December	-	5,506

Notes (continued)

12 Inventories

	30 Dec 2017 £000	31 Dec 2016 £000
Work in progress	-	249
	<u>-</u>	<u>249</u>

13 Trade and other receivables

	30 Dec 2017 £000	31 Dec 2016 £000
Trade receivables	11,644	13,444
Construction contract debtors	16,725	53,091
Amounts owed by Group undertakings	7,013	15,801
Financial assets held for trading (note 19)	356	6,003
Deferred tax asset (note 11)	-	5,506
Prepayments and accrued income	4,631	5,240
	<u>43,884</u>	<u>99,085</u>
Non-current	-	969
Current	<u>43,884</u>	<u>98,116</u>

Included within trade and other receivables is £Nil (2016: £969,000) expected to be recovered in more than 12 months.

At 30 December 2017, aggregate costs incurred under open construction contracts and recognised profits, net of recognised losses, amounted to £172,909,000 (2016: £214,528,000).

Advances for which related work has not started, and billings in excess of costs incurred and recognised profits are presented as payments received on account and amounted to £56,605,000 (2016: £21,698,000).

At 31 December trade receivables include retentions of £1,644,000 (2016: £2,908,000) relating to construction contracts in progress.

14 Cash and cash equivalents

	30 Dec 2017 £000	31 Dec 2016 £000
Cash and cash equivalents	<u>2,916</u>	<u>10,096</u>

Notes (continued)

15 Trade and other payables

	30 Dec 2017 £000	31 Dec 2016 £000
Current		
Payments received on account	56,605	21,698
Trade payables	67,492	58,063
Amounts owed to Group undertakings	79,452	25,607
Financial liabilities held for trading (note 19)	280	139
Accruals and deferred income	305	264
Other taxes and social security	959	856
	<u>205,093</u>	<u>106,627</u>

16 Provisions

	Onerous contracts £000
Balance at 1 January 2017	63,742
Amounts used during the period	(135,255)
Additions during the period	112,291
	<u>40,778</u>
Balance at 30 December 2017	<u>40,778</u>
Current	31,325
Non-current	9,453

Onerous contract provisions

During the period, further losses resulted from the Energy from Waste (EfW) and a nuclear contract which have been recognised in profit and loss. These relate to contracts which are expected to be completed within 2 years.

Notes (continued)

17 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans. The total expense relating to these plans were:

	30 Dec 2017 £000	31 Dec 2016 £000
Pension contributions	806	845

Contributions that were payable to the schemes, which have been included in trade and other payables were:

	30 Dec 2017 £000	31 Dec 2016 £000
Pension costs contributions	108	118

18 Capital and reserves

Share capital

	Ordinary shares	
	30 Dec 2017	31 Dec 2016
In thousands of shares:		
On issue at 1 January and 30 December – fully paid	100	100

	30 Dec 2017 £000	31 Dec 2016 £000
Allotted, issued and fully paid Equity: 100,000 ordinary shares of £1 each	100	100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium account

	30 Dec 2017 £000	31 Dec 2016 £000
Balance at 1 January and 30 December	2,601	2,601

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Notes (continued)

19 Financial instruments

The Company's financial instruments comprise cash balances, payables and receivables that arise from its operations.

The Company's activities expose it to various financial risks, market risk (foreign exchange risk) and credit risk.

Foreign exchange risk

The Company operates in the EU and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises primarily from recognised assets and liabilities. The directors consider, where the numbers involved are material to the business, derivative financial instruments to mitigate this exposure.

Forward exchange deals and currency options are used to hedge foreign currency exchange rate risks. Such transactions are used to hedge exchange rates relating to operational payment flows that are designated in foreign currencies.

M+W Group hedges planned purchases of materials denoted in foreign currencies, using forward exchange contracts, based on market assessments for periods of up to 30 months.

Derivative financial instruments

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Cash flow hedges

The fair value of cash flow hedging instruments are:

	30 Dec 2017 £000	31 Dec 2016 £000
Forward exchange contracts		
Assets	356	6,003
Liabilities	(280)	(139)
	<hr/>	<hr/>
Cash flow hedges	76	5,864
	<hr/>	<hr/>

The amount recognised in other comprehensive income in respect of changes in fair value of cash flow hedges during the period was £1,817k (2016: £7,167k)

Notes (continued)

19 Financial instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to the financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The Company has a credit policy in place and exposure to credit risk is monitored on an on-going basis.

Credit risk arising on operating and other receivables, loans due to Group companies and cash and cash equivalents is mitigated by management involvement in Group companies.

The ageing of trade receivables and associated provision for impairment at the reporting date was:

	2017	2017	2016	2016
	Gross	Provision	Gross	Provision
	£000	£000	£000	£000
Not past due	11,644	-	10,744	-
Past due 0-30 days	-	-	1,156	-
Past due 31-60 days	-	-	1,544	-
Past due 61-90 days	-	-	-	-
Past due more than 91 days	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net exposure	11,644	-	13,444	-
	<hr/>	<hr/>	<hr/>	<hr/>

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company evaluates and follows continuously the amounts of liquid funds needed for the business operations, in order to secure the funding needed for business activities and loan repayments. The availability and flexibility of the financing is needed to assure the Company's financial position. The Company's funding comes from shareholder loans.

Notes (continued)

19 Financial instruments (continued)

Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments.

The Company's exposure to foreign currency risk is as follows.

	30 December 2017				
	Sterling £000	USD £000	Euro £000	CHF £000	Total £000
Cash and cash equivalents	2,177	9	730	-	2,916
Trade receivables	11,116	-	528	-	11,644
Trade payables	(64,688)	(404)	(5,044)	(1)	(70,137)
Net exposure	(51,395)	(395)	(3,786)	(1)	(55,577)

	31 December 2016				
	Sterling £000	USD £000	Euro £000	CHF £000	Total £000
Cash and cash equivalents	9,395	408	279	14	10,096
Trade receivables	13,054	-	81	309	13,444
Trade payables	(48,988)	(93)	(8,715)	(267)	(58,063)
Net exposure	(26,539)	315	(8,355)	56	(34,523)

Notes (continued)

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	30 Dec 2017 £000	31 Dec 2016 £000
Less than one year	225	390
Between one and five years	643	670
More than five years	228	161
	<u>1,096</u>	<u>1,221</u>

During the period, £364,000 was recognised as an expense in the income statement in respect of operating leases (2016: £364,000).

21 Related parties

	Sales during		Purchases during	
	30 Dec 2017 £000	31 Dec 2016 £000	30 Dec 2017 £000	31 Dec 2016 £000
Ultimate parent of the Group	-	-	3,161	3,371
Intermediate parent	-	-	(741)	(1,832)
Intermediate subsidiaries	879	575	5,577	7,653
Other related parties	-	-	-	-
	<u>879</u>	<u>575</u>	<u>7,997</u>	<u>9,192</u>

	Receivables outstanding		Payables outstanding	
	30 Dec 2017 £000	31 Dec 2016 £000	30 Dec 2017 £000	31 Dec 2016 £000
Ultimate parent of the Group	317	2,120	1,219	3,169
Intermediate parent	219	1,491	885	856
Intermediate subsidiaries	2,509	815	3,001	1,621
Group cash deposit	4,324	14,316	74,627	19,269
Other related parties	-	3,062	-	832
	<u>7,369</u>	<u>21,804</u>	<u>79,732</u>	<u>25,747</u>

Notes (continued)

22 Accounting estimates and judgements

In preparing these financial statements, the directors are required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical results, experience and other factors that are believed to be reasonable measures. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Certain critical accounting judgements in applying the company's accounting policies are described below:

- **Going concern**

Following the decision for the company to cease trading, the directors have considered it inappropriate to prepare the financial statements on a going concern basis and have therefore prepared them on a break-up basis, as detailed in note 1. The directors have prepared cash flow forecasts and have concluded that the Company should be able to operate for the foreseeable future with the financial support being provided by M+W Group. In preparing those forecasts, the directors have taken into account various risks and uncertainties, and the potential cash outflows required to complete the existing projects and despite the net liability position reflected in these accounts, the company has continued to meet all of its liabilities as a result of the continuing financial support provided from the ultimate parent company. M+W Group GmbH have confirmed that they will continue to offer support and funding to close out the current projects, and will not call in any existing loans for the foreseeable future, and specifically for at least 12 months following the date of approval of these financial statements.

- **Revenue recognition**

The company has recognised construction contract debtors and the recoverability is regularly reviewed for each contract, and specific provisions are recognised for balances considered to be irrecoverable. The value of these contracts is dependent on the amount of costs incurred in performing these projects, and in order to apply the Company's policy for recognition of revenue from such contracts that are partially complete at the reporting date, the directors must assess both the proportion of the contract that has been completed and the total value that this represents.

- **Provisions**

Provisions are liabilities of uncertain timing or amount and therefore in making a reliable estimate of the value and timing of liabilities judgement is applied and re-evaluated at each reporting date. In respect of the onerous contract provisions, a thorough review of all contracts is undertaken and where the forecast total costs exceeds the contract value, a provision for the expected overall loss is recognised as an expense in the P&L immediately. The identified onerous contracts are being monitored closely, and any changes in estimated costs will be reflected in the onerous contract provision.

Notes *(continued)*

23 Ultimate parent company and parent company of larger group

The company is wholly owned by M+W Germany GmbH.

The largest Group in which the results of the company are consolidated is that headed by M+W Group GmbH, incorporated in Germany. The consolidated accounts of this Company are available to the public and may be obtained from M+W Group GmbH, Löwentorbogen 9b, 30, 70376 Stuttgart, Germany.

Notes (continued)

24 Subsequent events

On 27 June 2018, the company sold 100% of the 2 wholly owned subsidiary companies for €202,000,000, as follows:

- Exyte Hargreaves Limited (formerly MW Hargreaves Limited) was sold to Exyte Singapore Pte. Ltd (formally M+W Singapore Limited) for a deferred consideration of €27,000,000 (£23,982,000), and
- Exyte Northern Europe Ltd (formerly MW Ireland High Tech Projects Ireland Limited) was sold to Exyte Europe Holding GmbH (formally M+W Europe GmbH) for a deferred consideration of €175,000,000 (£155,440,000)

Total profit resulting from the sale of these subsidiary companies was £174,909,000, and would have had the following effect on the period end balance sheet should the transaction have happened in December 2017:

Balance Sheet at 30 December 2017	Including subsequent event	Period End
	30 Dec 2017 £000	30 Dec 2017 £000
Non-current assets		
Property, plant and equipment	821	821
Investments in subsidiaries	-	4,513
	821	5,334
Current assets		
Trade and other receivables	219,791	40,369
Cash and cash equivalents	2,916	2,916
	222,707	43,285
Total assets	223,528	48,619
Current liabilities		
Trade and other payables	(205,093)	(205,093)
Provisions	(31,325)	(31,325)
	(236,418)	(236,418)
Net current liabilities	(13,711)	(193,133)
Non-current liabilities		
Provisions	(9,453)	(9,453)
Total Liabilities	(245,871)	(245,871)
Net liabilities	(22,343)	(197,252)
Equity		
Share capital	100	100
Share premium	2,601	2,601
Retained earnings	(26,516)	(201,425)
Hedging reserve	1,472	1,472
Total equity	(22,343)	(197,252)

Notes (continued)

24 Subsequent events (continued)

On the 4th March 2019 the company received a letter of termination from its client Energy Works Hull Ltd (EWH) purporting to terminate the contract for the construction of the fluidized bed gasification power plant at Cleveland Street, Kingston Upon Hull, and subsequently M+W's work on this site has ceased. The company is receiving external legal advice on this issue.

The directors do not consider this event to have any bearing on the financial statements for the period ending 30 December 2017.