BCEG International (UK) Ltd

Annual report and financial statements

For the year ended 31 December 2016

Registered number 08725883

BCEG International (UK) Ltd

Contents

BCEG International (UK) Ltd

Directors' report

Year ended 31 December 2016

The directors present their report and the audited financial statements of the company for the year commencing 1 January 2016 and ended 31 December 2016. The company's principal activity during the year was as a management services company.

The company has taken the exemption available under section 414B of the Companies Act 2006 to not prepare a Strategic Report, and has taken advantage of the exemption available under section 415A of the Companies Act 2006 in preparing the directors' report having met the criteria of a small company in the current and previous financial year.

Directors
The directors who served during the year up to the date of signing these financial statements, except where indicated, were as follows:

Mr Yan Xing
Mr Yew Cheong Lau (Resigned on 21 April 2017)
Mr Sec Hai Chi (Appointed on 1 February 2017)
Mr Dongwen Yu (Appointed on 1 February 2017)

Results and dividends
The loss for the financial year was £11,108 (2015: £27,297). As at 31 December 2016, the company had total assets of £13 (2015: £58).

No interim or final dividends were proposed or paid during the year (2015: none).

Going concern
The company is reliant on the support of a parent company, Beijing Construction Engineering Group Co., Ltd. A letter of support has been provided to the Directors confirming Beijing Construction Engineering Group Co., Ltd's intention to provide financial support to the Company for at least 12 months from the date of approval of these financial statements. Accordingly the directors of BCEG International (UK) Ltd have prepared these financial statements on a going concern basis.

Directors' responsibilities statement
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BCEG International (UK) Ltd

Directors' report *(continued)*

Year ended 31 December 2016

Provision of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

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

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to be re-appointed as auditors of the Company. A resolution will be proposed at the next Annual General Meeting to re-appoint PricewaterhouseCoopers LLP as auditors of the Company.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 10 November 2017 and is signed on behalf of the board by:

Mr Yan Xing
Director

10th NOV 2017

BCEG International (UK) Ltd

Independent auditors' report to the members of BCEG International (UK) Ltd *(continued)*

Year ended 31 December 2016

Report on the financial statements

Our opinion

In our opinion, BCEG International (UK) Ltd's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 December 2016;
- the Statement of profit or loss and other comprehensive income for the year then ended;
- the Statement of cash flows for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Directors' report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' report, we consider whether this report includes the disclosures required by applicable legal requirements.

Rebecca Gissing (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
17 November 2017

BCEG International (UK) Ltd

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2016

	Note	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Administrative expenses		**(11,108)**	(27,297)
Operating loss and loss before tax	5	**(11,108)**	(27,297)
Income tax	6	-	-
Loss for the year		**(11,108)**	(27,297)

There are no items of other comprehensive income or expense in the year or in the prior year.

The notes on pages 10 to 17 form part of these financial statements.

BCEG International (UK) Ltd

Statement of financial position

As at 31 December 2016

	Note	2016 £	2015 £
Assets			
Current assets			
Cash and cash equivalents	7	13	58
Total assets		13	58
Equity and liabilities			
Capital and reserves			
Share capital	8	1	1
Accumulated losses		(39,905)	(28,797)
Total equity		(39,904)	(28,796)
Current liabilities			
Trade and other payables	9	9,150	2,500
Borrowings	10	30,767	26,354
Total liabilities		39,917	28,854
Total equity and liabilities		13	58

The financial statements on pages 6 to 17 were approved by the board of directors and authorised for issue on 10 November 2017, and are signed on behalf of the board by:

Mr Yan Xing
Director

Company registration number: 08725883

10th Nov 2017

The notes on pages 10 to 17 form part of these financial statements.

BCEG International (UK) Ltd

Statement of changes in equity

For the year ended 31 December 2016

	Share Capital £	Accumulated losses £	Total equity £
Balance at 1 December 2015	1	(1,500)	(1,499)
Loss for the year	-	(27,297)	(27,297)
Balance at 31 December 2015 and 1 January 2016	1	(28,797)	(28,796)
Loss for the year	-	(11,108)	(11,108)
Balance at 31 December 2016	**1**	**(39,905)**	**(39,904)**

The notes on pages 10 to 17 form part of these financial statements.

BCEG International (UK) Ltd

Statement of cash flows

For the year ended 31 December 2016

	Note	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Cash flows from operating activities			
Loss for the year		(11,108)	(27,297)
Movements in working capital:			
Increase in trade and other payables		6,650	1,000
Net cash used in operating activities		(4,458)	(26,297)
Cash flows from investing activities			
Repayments by related parties		-	415,081
Net cash generated from investing activities		-	415,081
Cash flows from financing activities			
Increase in borrowings		4,413	-
Repayment of borrowings		-	(418,986)
Net cash generated from/(used in) financing activities		4,413	(418,986)
Net decrease in cash and cash equivalents		(45)	(30,202)
Cash and cash equivalents at the beginning of the year		58	30,260
Cash and cash equivalents at the end of the year	77	13	58

The notes on pages 10 to 17 form part of these financial statements.

1. General information

BCEG International (UK) Ltd is a limited company incorporated and registered in England and Wales under the Companies Act 2006. It is a private company limited by shares. Its parent company is BCEGI Holdings (UK) Limited, incorporated in England and Wales, and the ultimate holding company is Beijing Construction Engineering Group Co Ltd, a company incorporated in The People's Republic of China. Its ultimate controlling party is the State-owned Assets Supervision and Administration Commission of the State Council, the People's Republic of China. The address of the registered office and principal place of business is Ground Floor Voyager, Chicago Avenue, Manchester, M90 3DP. The principal activities of the company are as a management services company.

The smallest group to which the results of the company were consolidated was headed by BCEGI (Hong Kong) Company Limited. The largest group to which the results of the company were consolidated was headed by Beijing Construction Engineering Group Co., Ltd.

These financial statements are presented in Pounds Sterling being the company's functional and presentational currency.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis under the historical cost convention.

2.1. New and revised IFRSs in issue but not yet effective

Standards, amendments and interpretations that are not yet effective are as follows:

Standard or interpretation	Content	Applicable for financial years beginning on or after
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 16	Leases	1 January 2019

At the time of preparing this report the entity continues to assess the possible impact of the adoption of these standard in future periods and updates will be provided in a future annual report. Given the nature of the transactions in the company, the initial impact assessment of the new standards is not expected to be significant.

3. Significant accounting policies

3.1. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union (EU), including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to Companies reporting under IFRS. Further standards may be issued by the International Accounting Standards Board (IASB) and standards currently in issue and endorsed by the EU may be subject to interpretations issued by the IFRS IC.

3.2. Basis of preparation

The financial statements have been prepared on a going concern basis and on the historical cost basis. As further explained in the Directors' report, the company is reliant on the support of a parent company, Beijing Construction Engineering Group Co., Ltd. A letter of support has been provided to the Directors confirming Beijing Construction Engineering Group Co., Ltd's intention to provide financial support to the Company for at least 12 months from the date of approval of these financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies have been applied consistently. These are set out below.

3.3. *Borrowing costs*

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.4. *Taxation*

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.4.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.4.2. Deferred tax

Deferred tax is recognised on temporary timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.5. Cash, cash equivalents and bank overdrafts

Cash, cash equivalents and bank overdrafts includes cash at bank and in hand plus short-term deposits less overdrafts. Short-term deposits have a maturity of less than three months from the date of acquisition. Bank overdrafts are repayable on demand and form an integral part of the company's cash management.

3.6. Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.7 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available for sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.7.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) though the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

3.7.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

3.7.3 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have bene affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its costs is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principle payments
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial asses with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.7.4 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfer the financial asset substantial all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other that in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset) the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

3.8 Financial liabilities and equity instruments

3.8.1 Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.8.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.8.3 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3.8.4 Financial liabilities at amortised cost

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.8.5 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. Critical accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 3, the directors of the company are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

The Directors do not consider there to be any areas where significant judgement or estimation has been applied in preparing the financial statements.

5. Loss for the year

Loss for the year has been arrived at after charging:

	2016	2015
	£	£
Auditors' remuneration	7,000	1,500

Fees payable to the Company's auditors in respect of tax services were borne by a fellow group company without charge.

The directors receive no remuneration in respect of their service to the company. The company has no other employees (2015: Nil).

6. Income tax

6.1. *Income tax recognised in loss*

	2016	2015
	£	£
Current tax		
In respect of the current year	-	-
	-	-
Deferred tax		
In respect of the current year	-	-
	-	-
Total income tax charge	-	-

The income tax charge for the year can be reconciled to the accounting loss as follows:

	2016	2015
	£	£
Loss before tax	(11,108)	(27,297)
Income tax expense calculated at 20% (2015: 20.25%)	(2,222)	(5,527)
Effects of:		
Expenses not deductible for tax purposes	110	4,605
Tax losses not recognised	2,112	922
Total income tax expense recognised in profit and loss	-	-

There is an unrecognised deferred tax asset of £2,824 (2015: £1,150) in respect of trading losses carried forward. The deferred tax asset will be recognised when sufficient future taxable profits are forecast.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

7. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2016	2015
	£	£
Cash at bank	13	58

8. Share capital

	2016		2015	
	Number	Amount	Number	Amount
		£		£
Ordinary shares of £1 each	1	1	1	1
Total called up share capital	1	1	1	1

9. Trade and other payables

	2016	2015
	£	£
Accruals and deferred income	9,150	2,500

All trade and other payables are denominated in GBP. The Directors consider the book value of trade and other payables to be equivalent to their fair value due to their short term nature.

10. Borrowings

	2016	2015
	£	£
Unsecured – at amortised cost		
Loans from related parties	30,767	26,354
Current	30,767	26,354

The loans carry no terms of repayment, are not secured and are not subject to interest charges.

11. Financial instruments and financial risk management

The table below sets out the Company's financial instruments by category:

	2016	2015
	£	£
Financial liabilities at amortised cost		
Accruals and deferred income	9,150	2,500
Loans from related parties	30,767	26,354

The Company's activities expose it to certain financial risks, principally being credit risk and capital risk.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to trade and other receivable balances.

The risk associated with banks and financial institutions is managed by the Directors and all banking relationships must be approved by the Directors based on the credit rating of the bank.

Capital risk management

The objective for managing debt and equity capital is to safeguard the Company's ability to continue as a going concern, in order to provide returns to the Shareholders and benefits for other stakeholders.

The Directors consider capital to represent the Company's share capital and accumulated losses.

12. Related party transactions

During the year, the company entered into the following trading transactions with related parties:

The following balances were outstanding at the end of the reporting year:

	Transactions with related parties		Amounts owed to related parties	
	2016	**2015**	**2016**	**2015**
	£	**£**	**£**	**£**
BCEGI Holdings (UK) Limited	-	(445,228)	**112**	112
BCEGI Construction (UK) Limited	**4,413**	26,242	**30,655**	26,242

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

13. Parent company and ultimate controlling party

The Company's immediate parent company is BCEGI Holdings (UK) Limited, a Company incorporated in and registered in the United Kingdom.

The Company's ultimate parent company is Beijing Construction Engineering Group Co., Ltd, a Company incorporated and registered in the People's Republic of China. Beijing Construction Engineering Co., Ltd is the parent company of the largest Group to consolidate these financial statements.

The Company's ultimate controlling party is the State-owned Assets Supervision and Administration Commission of the State Council, the People's Republic of China.