

REGISTERED NUMBER: 08725883 (England and Wales)

BCEG International (UK) Ltd
Report of the Directors and
Financial Statements
For The Year Ended 31 December 2021

FRIDAY



AB05I8ZT

A07

23/09/2022

#202

COMPANIES HOUSE

**Contents of the Financial Statements
For The Year Ended 31 December 2021**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Statement of Cash Flows	11
Notes to the Financial Statements	12

BCEG International (UK) Ltd
Company Information
For The Year Ended 31 December 2021

DIRECTORS:

D Yu
S H Chi

SECRETARY:

S H Chi

REGISTERED OFFICE:

Ground Floor Voyager Building
Chicago Avenue
Manchester Airport
Manchester
M90 3DP

REGISTERED NUMBER:

08725883 (England and Wales)

AUDITORS:

Mitten Clarke Audit Limited
Statutory Auditors
St George's House
56 Peter Street
Manchester
M2 3NQ

**Report of the Directors
For The Year Ended 31 December 2021**

The directors present their report and audited financial statements of the company for the year commencing 1 January 2021 and ended 31 December 2021.

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.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a management services company.

REVIEW OF BUSINESS

The profit for the financial year was £7,505 (2020: £8,236) and has net liabilities of £69,880 (2020: £77,385). As at the balance sheet date the company has total assets of £434,876 (2020: £1,498,755).

The directors are satisfied with the results for the year and the financial position at the year end. They expect the company to operate profitably in the near future.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

D Yu
S H Chi

Other changes in directors holding office are as follows:

Y Xing ceased to be a director after 31 December 2021 but prior to the date of this report.

GOING CONCERN

As part of the going concern assessment, the directors have considered the Company's risk areas that they consider material to the assessment. Having completed this assessment, the directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate Parent Company "Beijing Construction Engineering Group Co, Ltd." The directors have received confirmation that the Parent Company intends to do so for at least 12 months from the date that the financial statements are signed.

In undertaking the Parent Company's going concern review, which covers the period to 30 September 2023, the directors have assessed the speed of recovery against the backdrop of significant cost increases, inflation and interest rate rises. They have also modelled what they consider to be a severe downside scenario including a curtailment in activities.

The Group is part of Beijing Construction Engineering Group Co, Ltd whose ultimate controlling party is the State-Owned Assets and Administration Commission of the State Council, The People's Republic of China.

As the Company is part of a group which participates in BCEG International Investment Co., Ltd (the "Parent") its shares arrangements via its parent and fellow subsidiaries. The Company is expected to continue and to be able to obtain finance via intercompany loans to operate for the foreseeable future. The Parent Company has significant resources together with its customers portfolio, coupled with the geographically diverse operating footprint which enables it to be well placed to manage the direct business impact should any global economic or any uncertainties arise.

The directors have considered the likely impact on the business arising from the conflict in Ukraine. which has occurred subsequent to the balance sheet date and is ongoing at the date of approval of the financial statements. The directors are satisfied that the potential economic impact of this event is adequately taken into account in modelling a severe but plausible downside scenario.

BCEG International (UK) Ltd
Report of the Directors
For The Year Ended 31 December 2021

The Company's future workload is healthy with a secured order book in excess of £100m of which £20m relates to the 12 months ending 31 December 2022.

Based on the above, the directors have a reasonable expectation that the Company and the Group of which it is a part of have adequate resources and liquidity facilities to meet its liabilities as and when they fall due and to continue in operational existence for a minimum of 12 months from the date of signing the accounts. Thus, they continue to adopt the going concern basis in preparing the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards 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 these 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;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

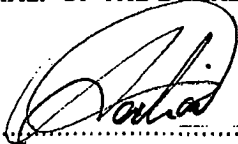
Independent auditors

Mitten Clark Audit Limited, have expressed their willingness to be appointed as auditors of the company. A resolution was proposed at the Annual General Meeting to appoint Mitten Clark Audit Limited as the 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.

ON BEHALF OF THE BOARD:


.....
S H Chi - Director

Date: 16 Sep 2022

Report of the Independent Auditors to the Members of BCEG International (UK) Ltd

Opinion

We have audited the financial statements of BCEG International (UK) Ltd (the 'company') for the year ended 31 December 2021 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the UK.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the UK; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of BCEG International (UK) Ltd

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the *going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations*, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities is detailed below:

In preparation for our audit we identified areas of laws and regulations which we considered could have a material effect on the financial statements. This information was obtained via discussions with management and from our general commercial and sector experience. The directors provide us with written representation of all the key and fundamental industry specific laws and regulations which they are required to adhere to. These were then communicated to the whole audit team at our planning meeting.

As a construction company, non-compliance with construction and health & safety regulations, the reporting framework (IFRS and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations were assessed to be most relevant.

Our audit approach to these risks included:

- Enquiries with management
- Inspection of regulatory records, meeting minutes and other correspondence
- Challenges of management assumptions and judgements in relation to accounting estimates.
- Review of journals entered throughout the year.
- Substantive transaction testing.

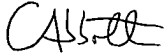
Despite appropriate planning and performing our work in accordance with International Auditing Standards, there are always inherent limitations that non-compliance is not detected. Non-compliance with laws and regulations is often further removed from the events and transactions reflected in the financial statements and material misstatements due to fraud can be deliberately concealed from auditors, for example through misrepresentation, forgery or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of
BCEG International (UK) Ltd**

Use of our report

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



Christopher Abbott FCA (Senior Statutory Auditor)
for and on behalf of Mitten Clarke Audit Limited
Statutory Auditors
St George's House
56 Peter Street
Manchester
M2 3NQ

Date:16 September 2022.....

BCEG International (UK) Ltd (Registered number: 08725883)**Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended 31 December 2021**


	Notes	2021 £	2020 £
CONTINUING OPERATIONS			
Revenue		-	-
Other operating income		86,511	161,000
Administrative expenses		(79,006)	(152,764)
OPERATING PROFIT		<u>7,505</u>	<u>8,236</u>
PROFIT BEFORE INCOME TAX	4	7,505	8,236
Income tax	5	-	-
PROFIT FOR THE YEAR		<u>7,505</u>	<u>8,236</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>7,505</u></u>	<u><u>8,236</u></u>

The notes form part of these financial statements

**Statement of Financial Position
31 December 2021**

	Notes	2021 £	2020 £
ASSETS			
CURRENT ASSETS			
Trade and other receivables	6	434,876	1,498,755
TOTAL ASSETS		<u>434,876</u>	<u>1,498,755</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	7	1	1
Retained earnings	8	(69,881)	(77,386)
TOTAL EQUITY		<u>(69,880)</u>	<u>(77,385)</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	504,756	1,576,140
TOTAL LIABILITIES		<u>504,756</u>	<u>1,576,140</u>
TOTAL EQUITY AND LIABILITIES		<u>434,876</u>	<u>1,498,755</u>

The financial statements were approved by the Board of Directors and authorised for issue on16 Sep 2022..... and were signed on its behalf by:

..........
S H Chai - Director

The notes form part of these financial statements

**Statement of Changes in Equity
For The Year Ended 31 December 2021**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2020	1	(85,622)	(85,621)
Changes in equity			
Total comprehensive income	-	8,236	8,236
Balance at 31 December 2020	1	(77,386)	(77,385)
Changes in equity			
Total comprehensive income	-	7,505	7,505
Balance at 31 December 2021	1	(69,881)	(69,880)

The notes form part of these financial statements

**Statement of Cash Flows
For The Year Ended 31 December 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	5,705	12,036
Net cash from operating activities		<u>5,705</u>	<u>12,036</u>
Cash flows from investing activities			
Amounts advanced to related parties		(86,511)	(161,000)
Amounts advanced to other entities		-	(164,424)
Amounts repaid from other entities		1,150,390	-
Net cash from investing activities		<u>1,063,879</u>	<u>(325,424)</u>
Cash flows from financing activities			
Increase in related party borrowings		-	313,388
Repayment of RP borrowings		(1,069,584)	-
Net cash from financing activities		<u>(1,069,584)</u>	<u>313,388</u>
Increase in cash and cash equivalents		<u>-</u>	<u>-</u>
Cash and cash equivalents at beginning of year		<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year		<u><u>-</u></u>	<u><u>-</u></u>

The notes form part of these financial statements

**Notes to the Statement of Cash Flows
For The Year Ended 31 December 2021**

1.	RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS		
		2021	2020
		£	£
	Profit before income tax	7,505	8,236
	(Decrease)/increase in trade and other payables	(1,800)	3,800
		<hr/>	<hr/>
	Cash generated from operations	<u>5,705</u>	<u>12,036</u>

**Notes to the Financial Statements
For The Year Ended 31 December 2021**

1. STATUTORY INFORMATION

BCEG International (UK) Ltd is a limited company incorporated and registered in England and Wales (United Kingdom) 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 its principal place of business is Ground Floor Voyager, Chicago Avenue, Manchester, M90 3DP.

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost basis and on a going concern basis. Historical cost is generally based on fair value for the consideration given in exchange for goods and services.

2. ACCOUNTING POLICIES

2.1. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, (IFRS) as adopted for use in the European Union (EU), including International Accounting Standards (IAS) and interpretation 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 and standards currently in issue and endorsed by the EU may be subject to interpretations issued by the IFRS IC.

2.2. 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	Applicable for financial years beginning on or after
IFRS 3 - Business Combinations (amendments) - references to the Conceptual Framework	1 January 2022
IAS 16 - Property, Plant and Equipment (amendments) - proceeds before intended use.	1 January 2022
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets (amendments) - cost of fulfilling a contract	1 January 2022
Annual improvement in IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	1 January 2022
IAS 1 - Presentation of Financial Statements (amendments) - classification of liabilities as current or non-current	1 January 2023
IAS 1 - Presentation of Financial Statements (amendments) - Disclosure of material accounting policy information	1 January 2023
IFRS 17 - Insurance contracts (amendments) - Disclosure of qualitative information about application of classification overlay and impairment requirements	1 January 2023

At the time of preparing this report the entity continues to assess the possible impact of the adoption of these standards 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.

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2021**

New standards applicable from 1st January 2021

The following new and revised Standards and Interpretations have been issued and are effective for the current financial period of the company.

IFRS 9 - Financial instruments

IAS 39 - Financial instruments: recognition and measurement

IFRS 7 - Financial instruments: disclosures

IFRS 4 - Insurance contracts

IFRS 16 - Leases

The above standards were amended for the Interest rate benchmark reform (Phase 2), in which was effective from the 1st January 2021.

The company has applied the amendments to the above standards effective during the year and with the adoption of the amended standards do not feel it had a significant effect of the company's financial statements

2.3. Going concern

As part of the going concern assessment, the directors have considered the Company's risk areas that they consider material to the assessment. Having completed this assessment, the directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate Parent Company "Beijing Construction Engineering Group Co, Ltd." The directors have received confirmation that the Parent Company intends to do so for at least 12 months from the date that the financial statements are signed.

In undertaking the Parent Company's going concern review, which covers the period to 30 September 2023, the directors have assessed the speed of recovery against the backdrop of significant cost increases, inflation and interest rate rises. They have also modelled what they consider to be a severe downside scenario including a curtailment in activities.

The Group is part of Beijing Construction Engineering Group Co, Ltd whose ultimate controlling party is the State-Owned Assets and Administration Commission of the State Council, The People's Republic of China.

As the Company is part of a group which participates in BCEG International Investment Co., Ltd (the "Parent") its shares arrangements via its parent and fellow subsidiaries. The Company is expected to continue and to be able to obtain finance via intercompany loans to operate for the foreseeable future. The Parent Company has significant resources together with its customers portfolio, coupled with the geographically diverse operating footprint which enables it to be well placed to manage the direct business impact should any global economic or any uncertainties arise.

The directors have considered the likely impact on the business arising from the conflict in Ukraine, which has occurred subsequent to the balance sheet date and is ongoing at the date of approval of the financial statements. The directors are satisfied that the potential economic impact of this event is adequately taken into account in modelling a severe but plausible downside scenario.

The Company's future workload is healthy with a secured order book in excess of £100m of which £20m relates to the 12 months ending 31 December 2022.

Based on the above, the directors have a reasonable expectation that the Company and the Group of which it is a part of have adequate resources and liquidity facilities to meet its liabilities as and when they fall due and to continue in operational existence for a minimum of 12 months for from the date of signing the accounts. Thus, they continue to adopt the going concern basis in preparing the financial statements.

2.4. Borrowing costs

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

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2021**

2. ACCOUNTING POLICIES - continued

2.5. Critical accounting judgements key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgments, 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 estimates are revised, if the revised amount affects only that period, or in the period of 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.

2.6. Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provision 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 liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the profit or loss are recognised immediately in profit or loss.

2.7. 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.

2.7.1. Effective interest method

The effective interest method is a method of calculating the amortised costs 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) through 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.

2.7.2. Loans and receivables

Loans and other 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.

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2021**

2. ACCOUNTING POLICIES - continued

2.7.3. 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 been 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 assets 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.

2.7.4. Derecognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flow from the asset expire or are settled, or when it transfers substantially all the risks and rewards of ownership to another entity. 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 asset, the company will continue to recognise the financial asset and also recognises a collateralised borrowing for proceeds received.

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2021**

2. ACCOUNTING POLICIES - continued

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 receivables 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 than 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.

2.8. Financial liabilities and equity instrument

2.8.1. Classification as debt or equity

Debt and equity instrument 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.

2.8.2. Equity instrument

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.

2.8.3. Financial liabilities

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

2.8.4. 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 allocating the 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 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.

2.8.5. 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 is derecognised when the consideration is paid or payable is recognised in profit or loss.

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2021**

2. ACCOUNTING POLICIES - continued

2.9. Taxation

2.9.1. Current tax

The tax expense represents the sum of tax currently payable and deferred tax. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the profit and loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends to settle on the net basis or realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

2.9.2. Deferred tax

Deferred tax is recognised on 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 differences arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest 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 investment and interest 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 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 the 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.

2.10. Employee benefit costs

2.10.1. Retirement benefit costs

The company operates a defined contribution pension scheme. Payments to the defined retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

2.10.2 Short term and long-term employee benefits

A liability is recognised for benefits accruing to employee in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at an undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2021**

2. ACCOUNTING POLICIES - continued

Liabilities recognised in respect of other long-term employee benefit are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of service provided by employees up to the reporting date.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.11. Cash and cash equivalent

Cash and cash equivalents are basic financial instruments and includes cash in hand, deposits held at call and other short term liquid investment with original maturities off three months or less.

2.12. Leases

For contracts entered into on or after 1 January 2019, the Company assesses at inception whether the contract is, or contains, a lease. A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assessment includes whether:

- the contract involves the use of an identified asset;
- the company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the contract period; and
- the company has the right to direct use of the asset.

The Company as a lessee

At the commencement of a lease, the Company recognises a right-of-use asset along with a corresponding lease liability.

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Company is reasonably certain to exercise that option. Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, and reducing it by the lease payments made. The lease liability is remeasured when the Company changes its assessment of whether it will exercise an extension or termination option.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability, plus any initial direct costs and an estimate of asset retirement obligations, less any lease incentives. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

The Company has elected to apply exemptions for short-term leases and leases for which the underlying asset is of low value. For these leases, payments are charged to the income statement on a straight-line basis over the term of the relevant lease.

Right-of-use assets are presented within non-current assets on the face of the statement of financial position and lease liabilities are shown separately on the statement of financial position in current liabilities and non-current liabilities depending on the length of the lease term.

3. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	65,000	65,001
Social security costs	7,426	7,437
Other pension costs	2,360	2,360
	<u>74,786</u>	<u>74,798</u>

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2021**

3. EMPLOYEES AND DIRECTORS - continued

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

	2021	2020
Directors and administrative staff	<u>4</u>	<u>4</u>

The directors receive no remuneration in respect of their services to the company (2020: £Nil).

4. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging:

	2021	2020
	£	£
Auditors' remuneration	4,000	4,000
Auditors' remuneration for non audit work	<u>1,500</u>	<u>-</u>

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

5. INCOME TAX

Analysis of tax expense

No liability to UK corporation tax arose for the year ended 31 December 2021 nor for the year ended 31 December 2020.

Factors affecting the tax expense

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

	2021	2020
	£	£
Profit before income tax	<u>7,505</u>	<u>8,236</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,426	1,565
Effects of: tax purposes		
Tax losses utilised	<u>(1,426)</u>	<u>(1,565)</u>
Tax expense	<u>-</u>	<u>-</u>

There is an unrecognised deferred tax asset of £12,747 (2020: £14,173) in respect of trading losses carried forward. The deferred tax asset will be recognised when sufficient future taxable profits are forecast.

The rate of UK corporation tax is currently 19%. In the UK budget on 11 March 2020, it was announced legislation will be introduced in the Finance Bill 2021 to set the charge to corporation tax main rate at 25% from April 2023.

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2021**

6. TRADE AND OTHER RECEIVABLES

	2021 £	2020 £
Current:		
Loans to other entities	-	1,150,390
Amounts owed by group undertakings	434,876	348,365
	<u>434,876</u>	<u>1,498,755</u>

The loan to other entities above was repaid in full during the year.

The loans to related parties are unsecured, non interest bearing and repayable on demand.

7. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2021 £	2020 £
Number:	Class:	Nominal value:		
1	Ordinary	£1	<u>1</u>	<u>1</u>

8. RESERVES

	Retained earnings £
At 1 January 2021	(77,386)
Profit for the year	<u>7,505</u>
At 31 December 2021	<u>(69,881)</u>

9. TRADE AND OTHER PAYABLES

	2021 £	2020 £
Current:		
Amounts owed to group undertakings	495,256	1,564,840
Accruals and deferred income	<u>9,500</u>	<u>11,300</u>
	<u>504,756</u>	<u>1,576,140</u>

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.

Loans from related parties carry no terms of repayment, are not secured and are not subject to interest charges.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

10.1. Financial instruments

Financial instruments utilised by the company during the year's ended 31 December 2021 and 31 December 2020, together with information regarding the methods and assumptions used to calculate fair values, can be summarised as follows:

Financial assets

The company classifies all financial assets which comprise trade and other receivables and cash and cash equivalents, loans and receivables.

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2021**

Financial liabilities

The company classifies all financial liabilities, which comprise trade and other payables and borrowings as financial liabilities measured at amortised cost. The table below sets out the company's financial instrument by category:

	2021	2020
	£	£
Carrying amounts of financial assets		
Financial assets measured at at amortised cost:		
Loan to related parties	434,876	348,365
Loan to other entities	-	1,150,390
Cash at bank	-	-
	<u>434,876</u>	<u>1,498,755</u>

Carrying amounts of financial liabilities

Financial liabilities measured at amortised cost:

Accrual and other payables	9,500	11,300
Loan from related parties	495,256	1,564,840
	<u>504,756</u>	<u>1,576,140</u>

10.2. Financial risk management

The company's activities expose it to a variety of financial risks, principally being credit risk and capital risk.

a) Credit risk

Credit risk is managed at a company level for both. Credit risk arises from cash and cash equivalent and deposits with banks and financial institutions, as well as credit exposure to trade and other receivables 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.

10.3. Capital risk management

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

The directors consider capital to represent the company's share capital and accumulated losses.

11. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's immediate parent company is BCEGI Holdings (UK) Limited, a company incorporated in England, and a company which is the parent undertaking of the smallest group to consolidate these financial statements.

The company's ultimate parent company is Beijing Construction Engineering Group Co., Ltd, a company incorporated and registered in the Peoples Republic of China. Beijing Construction Engineering Group 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 and Administration Commission of the State Council, The People's Republic of China.

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2021**

12. RELATED PARTY DISCLOSURES

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

The balances outstanding at the end of the reporting year are:

	2021	2020
	£	£
Amounts owed by group companies:		
BCEGI Holdings (UK) Limited	434,876	348,365
Amounts owed to group companies;		
BCEGI Construction (UK) Limited	495,256	1,564,840

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of the amounts owed by the related parties.