

COMPANY REGISTRATION NUMBER SC213871

DENHOLM ENGINEERING LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2018



DENHOLM ENGINEERING LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

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DENHOLM ENGINEERING LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Directors	M J Beveridge P M Fisher
Company secretary	C J M Denholm
Registered office	19 Woodside Crescent Glasgow G3 7UL
Independent auditor	Deloitte LLP Statutory Auditor Glasgow United Kingdom

DENHOLM ENGINEERING LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2018

The directors submit their report and the audited financial statements of the company (registration number SC213871) for the year ended 31 December 2018.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. In addition, as a result of taking this exemption, no Strategic Report has been prepared.

Principal activities

The principal activities of the company during the year were light fabrication and engineering.

Results and dividends

The profit for the year after taxation was £148,316 (2017 - loss of £364,694).

The directors declared and paid a dividend of £100,000 in the year ended 31 December 2018 (2017 - £Nil).

Directors

The directors who served the company during the year and to the date of this report are listed on page 1.

Re-appointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for re-appointment of Deloitte LLP as auditor of the company.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Each of the directors have taken such steps as they should have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

DENHOLM ENGINEERING LIMITED

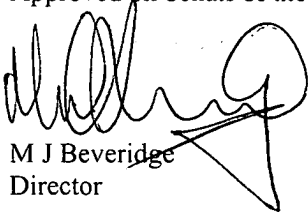
THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2018

Going concern

The directors, having considered the company's forecasts, cash resources and group facilities, have concluded that the company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Approved on behalf of the Board on 10 May 2019



M J Beveridge
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DENHOLM ENGINEERING LIMITED
YEAR ENDED 31 DECEMBER 2018

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Denholm Engineering Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

DENHOLM ENGINEERING LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2018

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of 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, and for such internal control as the directors determine is 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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DENHOLM ENGINEERING LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2018

Report on other legal and regulatory requirements

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 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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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 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.



Colin Gibson CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom

13 May 2019

DENHOLM ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
TURNOVER	2	3,637,782	1,743,366
Cost of sales		<u>(2,584,241)</u>	<u>(1,468,483)</u>
GROSS PROFIT		1,053,541	274,882
Administrative expenses		<u>(869,837)</u>	<u>(730,696)</u>
OPERATING PROFIT/(LOSS)	3	183,704	(455,814)
Interest receivable	6	256	18,612
Interest payable and similar charges	7	<u>(17)</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		183,943	(437,202)
Tax on profit/(loss) on ordinary activities	8	<u>(35,627)</u>	<u>72,508</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u><u>148,316</u></u>	<u><u>(364,694)</u></u>

All of the activities of the company are classed as continuing.

There are no items of comprehensive income other than the profit of £148,316 attributable to the shareholders for the year ended 31 December 2018 (2017 - loss of £364,694). Accordingly, a separate statement of other comprehensive income is not presented.

The notes on pages 10 to 18 form part of these financial statements.

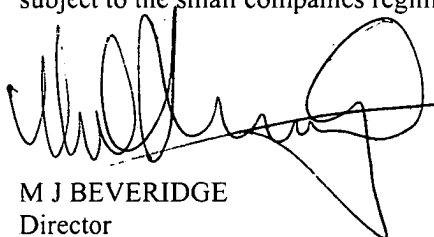
DENHOLM ENGINEERING LIMITED

BALANCE SHEET

31 DECEMBER 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	11	121,454	154,021
Intangible assets	10	15,926	-
		<u>137,380</u>	<u>154,021</u>
CURRENT ASSETS			
Stocks	12	341,093	125,280
Debtors due within one year	13	1,959,080	1,290,129
Cash at bank and in hand		49,450	21,916
		<u>2,349,623</u>	<u>1,437,325</u>
CREDITORS: Amounts falling due within one year	14	<u>(1,277,528)</u>	<u>(430,187)</u>
NET CURRENT ASSETS		<u>1,072,095</u>	<u>1,007,138</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,209,475</u>	<u>1,161,159</u>
NET ASSETS		<u>1,209,475</u>	<u>1,161,159</u>
CAPITAL AND RESERVES			
Called-up share capital	19	50,000	50,000
Profit and loss account		1,159,475	1,111,159
SHAREHOLDERS' FUNDS		<u>1,209,475</u>	<u>1,161,159</u>

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime. These financial statements were approved by the Board on 10 May 2019.



M J BEVERIDGE
Director

The notes on pages 10 to 18 form part of these financial statements.

DENHOLM ENGINEERING LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

	Note	Called-up Share capital £	Profit and loss account £	Total £
Balance at 31 December 2016		50,000	1,475,853	1,525,853
Loss for the financial year		-	(364,694)	(364,694)
Balance at 31 December 2017		50,000	1,111,159	1,161,159
Profit for the financial year		-	148,316	148,316
Dividend paid to shareholders	9	-	(100,000)	(100,000)
Balance at 31 December 2018		50,000	1,159,475	1,209,475

The notes on pages 10 to 18 form part of these financial statements

DENHOLM ENGINEERING LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

Basis of accounting

Denholm Engineering Limited is a private company limited by shares incorporated in Scotland under the Companies Act. The address of the registered office is given on page 1. The nature of the company's principal activities are set out in the Directors' Report on page 2.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 Section 1A small entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis. They have been prepared on the going concern basis as explained in the Directors' Report.

Denholm Engineering Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Denholm Engineering Limited is consolidated in the financial statements of its parent, as disclosed in note 20. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Functional currency

The directors have adopted the pound sterling as the company's functional and presentational currency, being the currency of the primary economic environment in which the company operates.

Turnover

The turnover shown in the profit and loss account represents amounts earned during the year and is stated net of Value Added Tax. Turnover represents the fair value of consideration received or receivable from the supply of light engineering and fabrication services. Revenue is accrued or deferred at the balance sheet date depending on the date of the most recent invoice issued and the contractual terms.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation, and any provision for impairment. Depreciation is calculated on a straight line basis to write off the cost less estimated residual value of tangible fixed assets over their anticipated useful lives as follows:

Leasehold Property	-	5 years
Plant & Machinery	-	5 years
Motor Vehicles	-	4 years
Equipment	-	4 years

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual value over their estimated useful lives, using the straight line method. The intangible assets are amortised over the following useful economic lives:

Welding Procedure Specification	-	3 years
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DENHOLM ENGINEERING LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES *(continued)*

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. No element of profit is included in the valuation of work in progress.

Leases

Rentals in respect of operating leases are charged to the profit and loss account on a straight line basis as incurred.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Foreign currencies

In preparing the financial statements, transactions in currencies other than the functional currency are recognised at the spot rate at the dates of the transaction, or at an average rate where this rate approximates the actual rate at the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated. Exchange differences arising are included as an exchange gain or loss in the profit and loss account.

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

(a) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs). Debt instruments that are classified as payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Financial assets are derecognised when and only when the contractual rights to the cash flows from the financial asset expire or are settled.

DENHOLM ENGINEERING LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES *(continued)*

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of the estimation means that actual outcomes could differ from those estimates. There were no critical accounting judgements or key sources of estimation uncertainty made by the directors in applying the company's accounting policies in the current year.

2. TURNOVER

Turnover, stated exclusive of Value Added Tax, is derived from light fabrication and engineering. An analysis of turnover by destination is given below:

	2018	2017
	£	£
United Kingdom	3,520,834	1,587,952
Overseas	116,948	155,414
	<u>3,637,782</u>	<u>1,743,366</u>

3. OPERATING PROFIT/ (LOSS)

Operating profit/(loss) is stated after charging / (crediting):

	2018	2017
	£	£
Depreciation of tangible fixed assets	40,942	38,393
Amortisation of intangible fixed assets	5,778	-
Gain on disposal of fixed assets	-	(5,769)
Auditor's remuneration - audit fees	7,539	6,140
(Gain) / loss on foreign exchange	(1,204)	1,864
Operating lease costs:		
Land and buildings	<u>80,000</u>	<u>80,000</u>

DENHOLM ENGINEERING LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to:

	2018	2017
	Number	Number
Production staff	13	14
Administrative staff	4	2
Management staff	1	1
	<u>18</u>	<u>17</u>

The aggregate payroll costs of the above were:

	2018	2017
	£	£
Wages and salaries	778,498	763,966
Social security costs	88,094	78,757
Other pension costs	39,172	33,851
	<u>905,764</u>	<u>876,574</u>

5. DIRECTORS' REMUNERATION

No director derived any remuneration from the company in the current or preceding year. The directors who are also directors of the immediate and ultimate parent undertaking did not receive remuneration in respect of services provided to this company in the current or preceding year.

6. INTEREST RECEIVABLE

	2018	2017
	£	£
Bank interest receivable	-	1,472
Interest receivable on amounts due from group undertakings	256	17,140
	<u>256</u>	<u>18,612</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£	£
Interest payable on bank borrowings	17	-
	<u>17</u>	<u>-</u>

DENHOLM ENGINEERING LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

8. TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(a) Analysis of tax charge/(credit) in the year

	2018 £	2017 £
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period	-	-
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences (note 15)	35,627	(72,508)
	<hr/>	<hr/>
Total tax on profit/(loss) on ordinary activities	<u>35,627</u>	<u>(72,508)</u>

(b) Factors affecting current tax charge/(credit) for the period

Total tax for the year when expressed as a percentage of profit on ordinary activities before taxation is higher at 19.4% (2017 - lower at 16.6%) than the standard rate of corporation tax in the UK of 19% (2017 - 19.25%).

	2018 £	2017 £
Profit/(loss) on activities before tax	183,943	(437,202)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax	34,949	(84,161)
Expenses not deductible for tax purposes	2,181	1,678
Accounting depreciation not eligible for tax purposes	2,688	
Difference in current tax rate and deferred tax rate	(4,191)	9,641
Adjustments in respect of prior periods	-	334
	<hr/>	<hr/>
Total tax on profit/(loss) on ordinary activities	<u>35,627</u>	<u>(72,508)</u>

Reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) will reduce the company's future current tax charge accordingly.

9. DIVIDENDS PAID

	2018 £	2017 £
Dividends paid at £2 per share (2017 - £Nil)	<u>100,000</u>	<u>-</u>

DENHOLM ENGINEERING LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

10. INTANGIBLE FIXED ASSETS

	Welding Procedures £
Cost	
Additions	21,704
At 31 December 2018	<u>21,704</u>
Amortisation	
Charge for the period	5,778
At 31 December 2018	<u>5,778</u>
Net Book Value	
At 31 December 2018	<u>15,926</u>
At 31 December 2017	<u>-</u>

11. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Equipment £	Total £
Cost					
At 1 January 2018	40,383	465,943	105,720	25,549	637,595
Additions	-	7,837	-	537	8,374
At 31 December 2018	<u>40,383</u>	<u>473,780</u>	<u>105,720</u>	<u>26,086</u>	<u>645,969</u>
Depreciation					
At 1 January 2018	16,727	346,404	105,720	14,723	483,574
Charge for the period	8,076	28,018	-	4,848	40,942
At 31 December 2018	<u>24,803</u>	<u>374,422</u>	<u>105,720</u>	<u>19,571</u>	<u>524,516</u>
Net Book Value					
At 31 December 2018	<u>15,580</u>	<u>99,358</u>	<u>-</u>	<u>6,515</u>	<u>121,454</u>
At 31 December 2017	<u>23,656</u>	<u>119,539</u>	<u>-</u>	<u>10,826</u>	<u>154,021</u>

The leasehold property above relates to a lease with less than 50 years unexpired.

DENHOLM ENGINEERING LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

12. STOCKS

	2018 £	2017 £
Raw materials	29,493	31,471
Work in progress	311,599	93,809
	<u>341,093</u>	<u>125,280</u>

13. DEBTORS

	2018 £	2017 £
Amounts falling within one year:		
Trade debtors	1,591,632	764,771
Prepayments and accrued income	335,135	82,777
Amounts due from group undertakings	-	374,639
Deferred tax asset (note 15)	32,315	67,942
	<u>1,959,080</u>	<u>1,290,129</u>

Amounts owed by group undertakings in 2017 included a loan facility with the immediate parent company which bears interest at a rate of 4% and is repayable on demand.

14. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	351,572	131,732
Other taxation and social security	91,927	59,145
Accruals and deferred income	332,853	160,847
Amounts due to group undertakings	501,176	78,463
	<u>1,277,528</u>	<u>430,187</u>

Amounts owed to group undertakings includes a loan facility with the immediate parent company which bears interest at a rate of 4% and is repayable on demand.

DENHOLM ENGINEERING LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

15. DEFERRED TAXATION

The deferred tax included in the balance sheet is as follows:

	2018	2017
	£	£
Included in debtors (note 13)	32,315	67,942

The movement in the deferred taxation asset / (provision) during the year was:

	2018	2017
	£	£
Asset (provision) brought forward	67,942	(4,566)
Profit and loss account movement arising during the period (note 8)	(35,627)	72,508
Deferred tax asset carried forward	32,315	67,942

The deferred tax asset consists of the tax effect of timing differences in respect of:

	2018	2017
	£	£
Capital allowances in excess of accounting depreciation	(6,569)	(4,497)
Current year losses carried forward	38,884	72,439
	32,315	67,942

16. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2018 the company had total future minimum payments under non-cancellable operating leases as set out below.

	Land and buildings	
	2018	2017
	£	£
Operating leases of which payments are due:		
Within 1 year	85,208	85,208

17. PENSIONS

The company contributes to defined contribution schemes for which the total pension charges for the year amounted to £39,172 (2017 - £33,851). Contributions totalling £Nil were payable to the fund at 31 December 2018 (2017 - £Nil)

18. RELATED PARTY TRANSACTIONS

Transactions with entities in which the Denholm Oilfield Services Limited group of companies has 100% of the voting rights are not disclosed as permitted by Financial Reporting Standard 102, Section 7 - "Related Party Disclosures".

DENHOLM ENGINEERING LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

19. SHARE CAPITAL

Allotted, called up and fully paid:

	2018		2017	
	Number	£	Number	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

20. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Relay Engineering Limited, a company registered in England. The ultimate parent undertaking is Denholm Oilfield Services Limited. The registered address of the ultimate parent company is 12 Finsbury Square, London. Copies of the financial statements of Denholm Oilfield Services Limited may be obtained from the Registrar of Companies, Crown Way, Cardiff, CF14 3UZ.

The financial statements of Denholm Oilfield Services Limited are both the smallest and largest group which consolidate the company.

21. CONTINGENT LIABILITY

The company has cross-guaranteed the bank borrowings of its ultimate parent company, Denholm Oilfield Services Limited. The company's maximum exposure as at 31 December 2018 is £15,000,000 (2017 - £15,000,000).