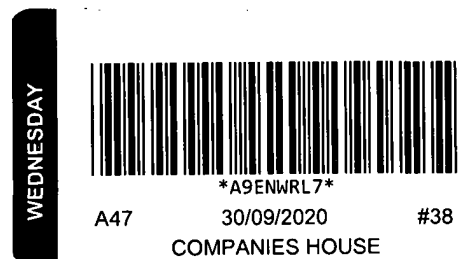


# Professional Engineering Projects Limited

Annual Report and Financial Statements

For the year ended 31 December 2019



Company Registration No. 01103638 (England and Wales)

# Professional Engineering Projects Limited

## Company Information

### **Directors**

R Folkson (Resigned 6 January 2020)  
S Fox  
C Kirby (Appointed 11 October 2019)  
J McKnight (Appointed 1 June 2020)  
N Wallbridge

### **Secretary**

### **Company number**

S Fox

### **Registered office**

01103638

### **Auditors**

1 Birdcage Walk  
London  
SW1H 9JJ

Crowe U.K LLP  
St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

---

## Professional Engineering Projects Limited

### Contents

---

	Page
Directors' report	4
Strategic report	6
Auditor's report	8
Statement of income and retained earnings	11
Balance sheet	12
Notes to the financial statements	13

# Professional Engineering Projects Limited

## Director's Report

For the year ended 31 December 2019

---

The directors present the annual report and financial statements for the year ended 31 December 2019.

### Principal activities

The principal activity of the company are:

- the provision of training, consultancy and examination services, in the UK, Europe, the Middle East and Asia
- the provision of venue hire and catering services in London and Sheffield.

### Director

The directors who held office during the year and up to the date of signature of the financial statements was as follows:

P Finlay	(resigned 30 July 2019)
S Fox	
R Folkson	(resigned 6 January 2020)
C Kirby	(appointed 11 October 2019)
C Hickman	(resigned 22 May 2019)
J McKnight	(appointed 1 June 2020)
R Roy	(resigned 15 August 2019)
N Wallbridge	

### Results and dividends

The results of the year are set out on page 6. No dividend is recommended.

The Institution of Mechanical Engineers own 100% of the issued share capital of the company.

### Statement of directors' responsibilities

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

Company law requires directors to prepare final statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the

## **Professional Engineering Projects Limited**

### **Director's Report (Continued)**

For the year ended 31 December 2019

---

financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

#### **Statement of disclosure to auditor**

Each of the directors in office at the date of approval of this annual report confirms that:

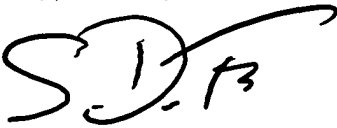
- So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Crowe U.K. LLP are reappointed as auditor to the company will be put at a General Meeting.

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

Approved by the board on 24 July 2020 and signed on its behalf:



.....  
S Fox

**Secretary**

# **Professional Engineering Projects Limited**

## **Strategic Report**

For the year ended 31 December 2019

---

The directors present the strategic report for the year ended 31 December 2019.

### **Review of Business**

The results for the year are set out in the profit and loss account.

The actions taken to address the losses in previous years have borne fruit and the company returned to profit in 2019. Both the venue hire & catering and training & consultancy businesses were profitable

### **Future Developments**

During 2020 the company will continue to focus on its principal activities but the impact of Covid-19 is highly likely to result in a material decline in turnover and a temporary decline into a loss-making position, before returning to profitability in 2021. The level of activity is expected to remain at pre-Covid levels throughout 2020 and 2021 but the directors are taking action to manage costs within these expectations.

### **Specific Industry Risks**

The directors continually assess the risks that are perceived to offer the greatest threat to the business. The risk of a downturn in the oil and gas industry, and a downturn in the UK engineering industry, who form a significant element of the training customer base, as a result of Brexit, remain key risks and are continually monitored by the directors.

### **Covid-19**

Since year end the impact of the Covid19 pandemic has become the major risk, resulting in the temporary closure of both the London and Sheffield operating sites for the company. The Sheffield site re-opened after a few weeks and the London site is expected to re-open in the near future. Activities are expected to gradually resume but are dependent on changes to government advice on social distancing.

### **Going Concern**

The company meets its working capital requirements through management of its own working capital and, where necessary, the support of the parent. The directors prepare annual budgets and forecasts in order to ensure that they have sufficient facilities in place. In addition, the Board, in formulating its plan and strategy for the future development of the business has considered a period beyond that for which formal budgets and forecasts are prepared. A specific cash flow forecast has been prepared, reflecting the expected impact of Covid-19 to the end of 2021 for the company, together with its wholly owned subsidiaries. This forecast shows that the company has adequate cash resources available to it without any need for parental support or external funding. Accordingly, the directors believe it is appropriate to prepare the accounts on a going concern basis.

### **Financial Risk**

The directors consider annually the risks facing the company and are satisfied that wherever possible, steps have been taken to mitigate those risks.

### **Key Performance Indicators**

The directors assessed the performance indicators and consider that the following are key within the decision making process:

Turnover rose 21% to £6,044K (2018 £4,999K)

## Professional Engineering Projects Limited

### Strategic Report (Continued)

For the year ended 31 December 2019

---

Operating profit improved to a profit of £354,185 (2018 £162,555 loss), a turnaround of over £516,000.

Individual divisions have their own KPIs such as number of course attendees, number of courses and attendees per course. The venue and room hire business is measured on occupancy rates.

Approved by the Board on 24 July 2020 and signed on its behalf by:



S Fox.....  
Director



C Kirby.....  
Director

# **Professional Engineering Projects Limited**

## **Independent Auditor's Report**

To the Members of Professional Engineering Projects Limited

---

### **Opinion**

We have audited the financial statements of Professional Engineering Projects Limited for the year ended 31 December 2019 which comprise the Statement of Income and Retained Earnings, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information 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 this regard.



## **Professional Engineering Projects Limited**

### **Independent Auditor's Report (Continued)**

To the Members of Professional Engineering Projects Limited

---

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **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 Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the Information and explanations we require for our audit; or
- the company is not entitled to claim exemption in preparing a strategic report due to it being a member of an Ineligible group.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Professional Engineering Projects Limited**

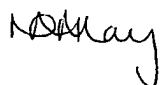
### **Independent Auditor's Report (Continued)**

To the Members of Professional Engineering Projects Limited

---

#### **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.



#### **Nicola May**

Senior Statutory Auditor  
For and on behalf of Crowe U.K LLP  
Statutory Auditor  
London

Date: 25th August 2020

## Professional Engineering Projects Limited

### Statement of Income and Retained Earnings

For the year ended 31 December 2019

		Notes	2019 £	2018 £
Turnover	2		6,044,349	4,999,165
Cost of sales			<u>(1,934,796)</u>	<u>(1,796,854)</u>
<b>Gross profit</b>			4,109,553	3,202,311
Administrative expenses			<u>(3,695,664)</u>	<u>(3,283,410)</u>
<b>Operating (loss)/profit</b>	3		413,889	(81,099)
Interest payable and similar expenses	5		<u>(59,704)</u>	<u>(81,457)</u>
<b>Profit/(loss) before taxation</b>			354,185	(162,556)
Taxation	6		<u>(76,676)</u>	<u>-</u>
<b>Profit/(loss) for the financial year</b>	15		277,509	(162,556)
<b>Total comprehensive income for the year</b>			277,509	(162,556)
Retained earnings at 1 January			<u>(2,447,677)</u>	<u>(2,285,121)</u>
Retained earnings at 31 December			<u>(2,170,168)</u>	<u>(2,447,677)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Notes on pages 13 to 20 form an integral part of the financial statements.

# Professional Engineering Projects Limited

## Balance Sheet

As at 31 December 2019

Fixed assets	Notes	2019		2018	
		£	£	£	£
Intangible assets	7		7,910		15,785
Tangible fixed assets	8		523,058		615,242
Investments	9		2,649,470		2,649,469
			<u>3,180,438</u>		<u>3,280,496</u>
<b>Current assets</b>					
Debtors	11	1,298,457		1,365,629	
Cash at bank and in hand		714,348		871,387	
		<u>2,012,805</u>		<u>2,237,016</u>	
<b>Creditors: amounts falling due within one year</b>	12	(2,242,482)		(7,965,187)	
<b>Net current liabilities</b>			<u>(229,677)</u>		<u>(5,728,171)</u>
<b>Creditors: amounts falling due after more than one year</b>	13	(5,120,927)		-	
<b>Total assets less liabilities</b>			<u>(2,170,166)</u>		<u>(2,447,675)</u>
<b>Capital and reserves</b>					
Called up share capital	14		2		2
Profit and loss reserves	15		(2,170,168)		(2,447,677)
<b>Total equity</b>			<u>(2,170,166)</u>		<u>(2,447,675)</u>

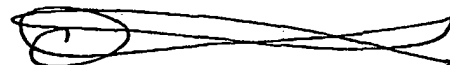
These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorized for issue on 24 July 2020.

Signed on its behalf by:



S Fox Director



C Kirby Director

Company Registration No. 01103638

Notes on pages 13 to 20 form an integral part of the financial statements.

# **Professional Engineering Projects Limited**

## **Notes to the Financial Statements**

For the year ended 31 December 2019

---

### **1 Accounting policies**

#### **Company Information**

Professional Engineering Projects Limited is a private company limited by shares (Registered number 01103638) incorporated and domiciled in England and Wales. The registered office is 1 Birdcage Walk, London, SW1H 9JJ. The principal activities of the company are set out in the Directors' Report.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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 pond.

The financial statements have been prepared under the historical cost convention. The principle accounting policies adopted are set out below.

#### **1.2 Going concern**

Whilst the financial statements report net liabilities of £2,170,166 they continue to be prepared on a going concern basis.

For the year ended 31 December 2019, PEP Limited made a profit before tax of £354,185 and a subsidiary, Sonaspection International, made a profit of £429,495 which is available to be distributed to PEP Limited. The Directors' note that the company budget for 2020 forecasts a positive cash flow and its longer term forecast for 2021 and beyond demonstrates that the remaining underlying investments and activities are forecast to continue to be profitable. There are no external borrowings and, excluding the long-term loan from the parent advanced in 2019, the business has net assets of over £3 million.

The impact of the Covid 19 pandemic, while uncertain at this point, will certainly have a material adverse impact on the results for 2020 but the directors believe that the business, including the wholly owned subsidiaries, will return to profitable trading in 2021. The company continues to have the support of the shareholder in weathering the impact of Covid 19. The directors, therefore, believe that the going concern basis of accounting continues to be appropriate in preparing the financial statements.

#### **1.3 Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from contracts for the provision of professional services is recognized by reference to the stage of completion when the stage of completion, cost incurred and costs to complete can be estimated reliably. When the outcome cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

#### **1.4 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognized at cost and are subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired on business combinations are recognized separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortization is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives to 5 years.

# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

---

### 1 Accounting policies (continued)

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Leasehold buildings	over the period of the lease
Fixtures, fittings & equipment	5 years
Plant and machinery	8 years
Motor vehicles	4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to the profit and loss.

#### 1.6 Fixed asset investments

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to benefit from its activities.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.8 Financial assets

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognized in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Basic financial assets, which include debtors and cash bank balances, are initially measured at transaction price including transaction cost and are subsequently carried at amortized cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### ***Financial assets at fair value through profit or loss***

Financial assets classified as other financial assets are stated at fair value with any gains or losses arising in remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividends or interest earned on the financial asset.

##### ***Loans and receivables***

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

---

### 1 Accounting policies (continued)

Interest is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount of initial recognition.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where 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 have been affected. The impairment loss is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognized only when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow have been affected. The impairment loss is recognized in profit or loss.

### 1.9 Financial liabilities

Basic financial liabilities are initially recognized at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payment discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities classified as other financial liabilities are stated at fair value with any gains or losses arising on remeasurement recognized in profit or loss.

#### **Other financial liabilities**

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized 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 through the expected life of the financial liability to the net carrying amount on initial recognition.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognized when, and only when, the company's obligations are discharged, cancelled or they expire.

### 1.10 Employee benefits

The cost of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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.

### 1.11 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions are charged to the profit and loss account in the year are payable.

# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

### 1 Accounting policies (continued)

#### 1.12 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### 1.13 Related party transactions

As the Company is a wholly owned subsidiary of the Institution of Mechanical Engineers, the Company has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

#### 1.14 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of the institution of Mechanical Engineers, incorporated by Royal Charter in England and Wales, and is included in the consolidated accounts of that entity.

The consolidated financial statements of the Institution of Mechanical Engineers, within which this company is included, can be obtained from the address given in Note 16.

### 2 Turnover

An analysis of the company's turnover is as follows:

	2019	2018
	£	£
Royalties received	23,252	32,052
Room Hire & Catering	1,298,929	1,061,566
Training & Consultancy Income	4,686,466	3,873,129
Sundry Income	35,702	32,418
	<u>6,044,349</u>	<u>4,999,165</u>

### 3 Operating (loss)/profit

	2019	2018
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	47,709	45,001
Audit fees	23,962	4,500
Depreciation of owned tangible fixed assets	158,963	156,655
Amortisation of intangible assets	<u>7,875</u>	<u>7,201</u>



# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 43 (2018 - 43).

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	1,903,780	1,657,143
Social security costs	182,884	292,056
Pension costs	111,839	106,309
	<u>2,198,503</u>	<u>2,055,508</u>

### 5 Interest payable and similar expenses

	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	-	10,160
Interest payable to group undertakings	59,704	70,455
Interest on other loans	-	842
	<u>59,704</u>	<u>81,457</u>

### 6 Taxation

	2019	2018
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	76,676	-

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£	£
Profit/(loss) before taxation	354,185	(162,556)
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19%)	67,295	(30,886)
Tax effect of utilization of tax losses	(4,189)	30,886
Depreciation and losses on disposals in excess of capital allowances	9,387	-
Disallowable costs	605	-
Other timing differences	3,578	-
	<u>76,676</u>	<u>-</u>

# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

### 7 Intangible fixed assets

	Goodwill £	Software £	Total £
<b>Cost</b>			
At 1 January and 31 December 2019	3,021,164	23,625	3,046,789
<b>Amortisation and impairment</b>			
At 1 January 2019	3,021,164	7,840	3,029,004
Amortisation charge for the year	-	7,875	7,875
At 31 December 2019	3,021,164	15,715	3,036,879
<b>Net book value</b>			
At 31 December 2019	-	7,910	7,910
At 31 December 2018	-	15,785	15,785

### 8 Tangible fixed assets

	Leasehold buildings £	Plant & equipment £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2019	16,583	916,450	719,569	18,799	1,671,401
Additions	-	77,617	102,389	-	180,006
Impairments & disposals	(16,583)	(71,692)	(210,613)	(18,799)	(317,687)
At 31 December 2019	-	922,375	611,345	-	1,533,720
<b>Depreciation</b>					
At 1 January 2019	16,583	447,791	572,986	18,799	1,056,159
Charge for the year	-	101,664	56,391	-	158,055
Impairments & disposals	(16,583)	(21,159)	(147,011)	(18,799)	(203,552)
At 31 December 2019	-	528,296	482,366	-	1,010,662
<b>Net book value</b>					
At 31 December 2019	-	394,079	128,979	-	523,058
At 31 December 2018	-	468,659	146,583	-	615,242

### 9 Investments

	2019 £	2018 £
Investment in subsidiaries	2,649,469	2,649,469

The company has not designated any financial assets that are not that are not classified as financial assets held for trading as financial assets at fair value through profit or loss.

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

#### Fair Value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

## Professional Engineering Projects Limited

### Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

#### 9 Investments (continued)

Movements in fixed asset investments

	Shares £
<b>Cost or valuation</b>	
At 1 January & 31 December 2019	<u>2,649,469</u>
Carrying amount	
At 31 December 2018 and 31 December 2019	<u>2,649,469</u>

#### 10 Subsidiaries

These financial statements are separate company financial statements for 2018.

Details of the company's subsidiaries 31 December 2019 are as follows:

Subsidiary undertakings	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)
IMechE Engineering Training Solutions Limited	England and Wales	100.00%	100.00%
IMechE Services Limited	England and Wales	100.00%	100.00%
Siantonas Ball Limited	England and Wales	100.00%	100.00%
Sonaspection International Limited	England and Wales	100.00%	100.00%
Sonaspection Worldwide Limited	England and Wales	100.00%	100.00%
Sonaspection Incorporated	USA	100.00%	100.00%

#### 11 Debtors

	2019 £	2018 £
Trade debtors	1,169,445	1,059,546
Other debtors	129,012	306,083
	<u>1,298,457</u>	<u>1,365,629</u>

Trade debtors disclosed above are classified as loans receivable and are therefore measured at amortised cost.

#### 12 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	71,262	76,904
Other creditors	555,892	648,251
Corporation tax	76,676	-
Taxation & social security	141,564	132,304
Amounts due to related parties	1,397,088	7,107,728
	<u>2,242,482</u>	<u>7,965,187</u>

## Professional Engineering Projects Limited

### Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

---

#### 13 Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Loan from parent undertaking	5,120,927	-

The loan is repayable on 53 weeks notice and bears interest at 2% over the Bank of England base rate.

#### 14 Called up share capital

	2019	2018
	£	£
Ordinary share capital Issued and fully paid 2 Ordinary Shares of £1 each	2	2

#### 15 Profit and loss reserves

	2019	2018
	£	£
At the beginning of the year	(2,447,677)	(2,285,121)
Profit/(loss) for the year	277,509	(162,556)
At the end of the year	(2,170,168)	(2,447,677)

#### 16 Parent undertaking

The company's ultimate parent company and controlling party is the Institution of Mechanical Engineers (IMechE) which is incorporated in England and Wales by Royal Charter. The IMechE is a registered charity. It heads the smallest and largest group for which group accounts are prepared. Copies of the parent's consolidated financial statements may be obtained from the Finance Director, 1 Birdcage Walk, London SW1H 9JJ.

#### 17 Post balance sheet event

Since the year end the Covid-19 pandemic has continued to take hold globally. Since year end the impact of the Covid19 pandemic has become the major risk, resulting in the temporary closure of both the London and Sheffield operating sites for the company. The Sheffield site re-opened after a few weeks and the London site is expected to re-open in the near future. Activities are expected to gradually resume but are dependent on changes to government advice on social distancing. The impact continues to be managed as set out in the discussion on going concern in the accounting policies.