

# Professional Engineering Projects Limited

Annual Report and Financial Statements

For the year ended 31 December 2017



Company Registration No. 01103638 (England and Wales)

# Professional Engineering Projects Limited

## Company Information

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<b>Directors</b>	S J Tetlow R Folkson N Wallbridge R Roy C Hickman S Fox	(Appointed 12 October 2017)
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<b>Secretary</b>	S Fox
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<b>Company number</b>	01103638
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<b>Registered office</b>	1 Birdcage Walk London SW1H 9JJ
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<b>Auditor</b>	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
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<b>Business address</b>	1 Birdcage Walk London SW1H 9JJ
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# Professional Engineering Projects Limited

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# Professional Engineering Projects Limited

## Directors' Report

For the year ended 31 December 2017

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The directors present their annual report and financial statements for the year ended 31 December 2017.

### Principal activities

The principal activity of the company continued to be that of the publication and sale of periodicals, the letting of meeting rooms at One Birdcage Walk and providing training and consultancy services.

### Directors

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

S Mullarkey	(Resigned 30 September 2017)
S J Tetlow	
R Folkson	
J Hilton	(Resigned 30 November 2017)
A Spencer	(Resigned 9 May 2017)
N Wallbridge	
R Roy	
C Hickman	
S Fox	(Appointed 12 October 2017)

### Results and dividends

The results for the year are set out on page 6-7

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

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

# Professional Engineering Projects Limited

## Directors' Report (Continued)

For the year ended 31 December 2017

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### 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

The auditor, Crowe Clark Whitehill LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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

Approved by the board and signed on its behalf:



Date: 18/4/18

# Professional Engineering Projects Limited

## Strategic Report

For the year ended 31 December 2017

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The directors present the strategic report for the year ended 31 December 2017.

### Review of the Business

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

The strategy of replacing publishing royalties with new business profits has been implemented but only around one third of the proceeds of the publishing disposal have been invested in commercial businesses so full replacement of the lost income cannot be expected. Unfortunately, although better than 2016 and returning to profit, the businesses did not operate at the level anticipated in 2017.

### Future Developments

During 2018 the company will continue to focus on its principal activities and improve revenue and profitability. The directors remain confident that the company has adequate resources to continue in operational existence for the foreseeable future. More details are provided in note 1.2. Going Concern.

### Specific Industry Risks

The directors continually assess the risks that are perceived to offer the greatest threat to the business.

During the year a number of external factors including Brexit and the Oil and Gas industry downturn continued to impact on all the businesses as they affected decision making in our customer base. The directors took necessary corrective actions but continue to monitor the position.

### 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 – this rose 4.2% to £4,803,470 (2016 £4,611,852)

Operating profit – this rose to £158,815 (2016 £834,763 loss)

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 18th April 2018 and signed on its behalf by:

S Fox  
Director

S Tetlow  
Director

# Professional Engineering Projects Limited

## Independent Auditor's Report

### To the Members of Professional Engineering Projects Limited

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#### **Opinion**

We have audited the financial statements of Professional Engineering Projects Limited (the 'company') for the year ended 31 December 2017 set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2017 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.

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.

#### **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.

# Professional Engineering Projects Limited

## Independent Auditor's Report (Continued)

### To the Members of Professional Engineering Projects Limited

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#### **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.

#### **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 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.

#### **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 pages 1 - 2, 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.



# Professional Engineering Projects Limited

## Independent Auditor's Report (Continued)

To the Members of Professional Engineering Projects Limited

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### 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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Nicola May  
Senior Statutory Auditor  
For and on behalf of  
**Crowe Clark Whitehill LLP**  
Statutory Auditor  
London

15<sup>th</sup> May 2018

# Professional Engineering Projects Limited

## Statement of Income and Retained Earnings

For the year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover	2	4,803,470	4,611,852
Cost of sales		(1,687,120)	(1,519,077)
<b>Gross profit</b>		3,116,350	3,092,775
Distribution costs		-	(333,129)
Administrative expenses		(2,957,535)	(3,594,409)
<b>Operating profit/(loss)</b>	3	158,815	(834,763)
Interest payable and similar expenses	6	(73,069)	(110,756)
Amounts written off investments	7	-	(1,510,273)
<b>Profit/(loss) before taxation</b>		85,746	(2,455,792)
Taxation		-	-
<b>Profit/(loss) after taxation</b>		85,746	(2,455,792)
Gift Aid payment to the Institution of Mechanical Engineers		-	31,336
<b>Profit/(loss) for the financial year</b>	15	85,746	(2,424,456)
<b>Total comprehensive income for the year</b>		85,746	(2,424,456)
Retained earnings at 1 January 2017		(2,370,867)	53,589
Retained earnings at 31 December 2017		(2,285,121)	(2,370,867)

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

Notes on pages 8 to 16 form an integral part of the financial statements.

# Professional Engineering Projects Limited

## Balance Sheet

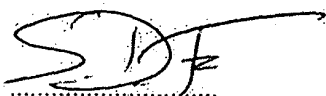
As at 31 December 2017

	Notes	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Intangible assets	8		10,861		-
Tangible fixed assets	9		609,698		461,024
Investments	10		2,649,469		2,649,469
			<u>3,270,028</u>		<u>3,110,493</u>
<b>Current assets</b>					
Debtors	12	1,588,609		1,732,878	
Cash at bank and in hand		596,904		164,723	
		<u>2,185,513</u>		<u>1,897,601</u>	
<b>Creditors: amounts falling due within one year</b>	13	(7,740,660)		(7,378,959)	
<b>Net current liabilities</b>			<u>(5,555,147)</u>		<u>(5,481,358)</u>
<b>Total assets less current liabilities</b>			<u>(2,285,119)</u>		<u>(2,370,865)</u>
<b>Capital and reserves</b>					
Called up share capital	14		2		2
Profit and loss reserves	15		(2,285,121)		(2,370,867)
<b>Total equity</b>			<u>(2,285,119)</u>		<u>(2,370,865)</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 authorised for issue on 18/4/18.

Signed on its behalf by:



S Fox  
Director

Company Registration No. 01103638

Notes on pages 8 to 19 form an integral part of the financial statements.

# Professional Engineering Projects Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

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### 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 as applicable to companies subject to the small companies regime.

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 pound.

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

#### 1.2 Going concern

Whilst the financial statements report net liabilities of £2,285,119, they continue to be prepared on a going concern basis. As set out in note 7, on 24 July 2017 Amber Train (a subsidiary of PEP Limited) was placed into liquidation. The 2016 financial statements included the associated write offs in relation to the investment in Amber Train which resulted in a charge to the profit and loss account of £1,510,273.

For the year ended 31 December 2017, cost cutting measures continued and PEP Limited returned to profitability, reporting a profit before tax of £85,746. The Directors note that the company is forecast to continue to generate a positive cash flow and its forecast for 2018 and beyond demonstrates that the remaining underlying investments and activities are forecast to be profitable. There are no external borrowings and the net current liabilities include amounts due to other group companies of £6,960,479. 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 royalties, goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

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

# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

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### 1 Accounting policies

(Continued)

#### 1.4 Intangible fixed assets other than goodwill

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

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

Software

3 years

# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

### 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 bases:

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

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised 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 recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

### 1 Accounting policies

(Continued)

#### **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 amortised cost using the effective interest method, less any impairment.

Interest is recognised 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 amortised 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 on 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 asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

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

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

### 1.9 Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Other financial liabilities are classified at 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 recognised 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 amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

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

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

# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

### 1 Accounting policies

(Continued)

#### 1.10 Employee benefits

The costs 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 they are payable.

#### 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 presents 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, a company incorporated by Royal Charter, 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:

	2017 £	2016 £
Royalties received	25,616	24,054
Room Hire & Catering	876,786	762,001
Training Income	3,876,176	3,675,356
Sundry Income	24,892	150,441
	<u>4,803,470</u>	<u>4,611,852</u>



# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

(Continued)

<b>3 Operating profit/(loss)</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses/(gains)	(7,051)	(36,424)
Research and development costs	7,560	-
Fees payable to the company's auditors for the audit of the company's annual accounts	4,500	22,071
Depreciation of owned tangible fixed assets	126,041	145,998
Amortisation of intangible assets	639	391,302
Loss on disposal of tangible fixed assets	-	18,596
Cost of stock recognised as an expense	1,513,048	1,343,068
	<u>1,513,048</u>	<u>1,343,068</u>

## 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 41 (2016 - 48).

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Total	41	48
	<u>41</u>	<u>48</u>

Their aggregate remuneration comprised:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,672,496	2,068,041
Social security costs	189,260	191,985
Pension costs	108,539	125,824
	<u>1,970,295</u>	<u>2,385,850</u>

## 5 Directors' remuneration

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Remuneration paid to directors	333,659	467,679
	<u>333,659</u>	<u>467,679</u>

# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

### 6 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	3,845	9,686
Interest payable to group undertakings	69,224	99,992
Interest on other loans	-	1,078
	<u>73,069</u>	<u>110,756</u>

### 7 Amount written off investments

In July 2017, Amber Train Limited was placed into insolvent liquidation. The prior year financial statements were adjusted to write off the cost of this investment down to nil, to write back the deferred consideration on the purchase which is no longer due and write off the amounts due from Amber Train Limited, which will not be recovered, as follows:

	2017	2016
	£	£
Write down of cost of investment	-	(1,528,681)
Write back of deferred consideration	-	255,000
Write off of intercompany balance	-	(436,592)
Write back of consideration held in escrow no longer due	-	200,000
	<u>-</u>	<u>(1,510,273)</u>

# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

### 8 Intangible fixed assets

	IMechE Engineering Training Solutions & Siantonas Ball Limited	Computer Software	Total
	£	£	£
<b>Cost</b>			
At 1 January 2017	3,021,164	-	3,021,164
Additions	-	11,500	11,500
At 31 December 2017	3,021,164	11,500	3,032,664
<b>Amortisation and impairment</b>			
At 1 January 2017	3,021,164	-	3,021,164
Amortisation charged for the year	-	639	639
At 31 December 2017	3,021,164	639	3,021,803
<b>Carrying amount</b>			
At 31 December 2017	-	10,861	10,861
At 31 December 2016	-	-	-

### 9 Tangible fixed assets

	Leasehold buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2017	16,583	621,392	577,713	18,799	1,234,487
Additions	-	188,089	86,626	-	274,715
At 31 December 2017	16,583	809,481	664,339	18,799	1,509,202
<b>Depreciation and impairment</b>					
At 1 January 2017	16,583	265,516	472,565	18,799	773,463
Depreciation charged in the year	-	83,515	42,526	-	126,041
At 31 December 2017	16,583	349,031	515,091	18,799	899,504
<b>Carrying amount</b>					
At 31 December 2017	-	460,450	149,248	-	609,698
At 31 December 2016	-	355,876	105,148	-	461,024

# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

### 10 Investments

	<b>Fixed assets</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Investments	2,649,469	2,649,469
	<u>2,649,469</u>	<u>2,649,469</u>

The company has not designated any financial assets 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.

#### **Movements in fixed asset investments**

	<b>Shares</b>
	<b>£</b>
<b>Cost or valuation</b>	
At 1 January 2017 & 31 December 2017	<u>2,649,469</u>
<b>Carrying amount</b>	
At 31 December 2017	<u>2,649,469</u>
At 31 December 2016	<u>2,649,469</u>

# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

### 11 Subsidiaries

These financial statements are separate company financial statements for 2017.

Details of the company's subsidiaries at 31 December 2017 are as follows:

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

### 12 Debtors

	Due within one year	
	2017	2016
	£	£
Trade debtors	1,159,478	1,342,423
Other debtors	429,131	390,455
	<u>1,588,609</u>	<u>1,732,878</u>

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

### 13 Creditors

	Due within one year	
	2017	2016
Notes	£	£
Loans and overdrafts	10	10
Taxation and social security	111,510	103,163
Trade creditors	173,352	125,752
Amounts due to related parties	6,960,479	6,824,657
Other creditors	495,309	325,377
	<u>7,740,660</u>	<u>7,378,959</u>

# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2017

### 14 Called up share capital

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
2 Ordinary Shares of £1 each	2	2
	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

### 15 Profit and loss reserves

	2017 £	2016 £
At the beginning of the year	(2,370,867)	53,589
Profit/(loss) for the year	85,746	(2,424,456)
	<u>(2,285,121)</u>	<u>(2,370,867)</u>
At the end of the year	<u>(2,285,121)</u>	<u>(2,370,867)</u>

### 16 Parent company

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 accounts are prepared. Copies of the parent's consolidated financial statements may be obtained from the Financial Director, 1 Birdcage Walk, London, SW1H 9JJ.