

# Professional Engineering Projects Limited

Annual Report and Financial Statements

For the year ended 31 December 2022



Company Registration No. 01103638 (England and Wales)

# **Professional Engineering Projects Limited**

## Company Information

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**Directors**

S Fox  
C Kirby (resigned on 17th November 2022)  
J McKnight  
N Wallbridge

**Secretary**

S Fox

**Company number**

01103638

**Registered office**

1 Birdcage Walk  
London  
SW1H 9JJ

**Auditors**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

# **Professional Engineering Projects Limited**

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# **Professional Engineering Projects Limited**

## **Directors' Report**

For the year ended 31 December 2022

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The directors present the annual report and financial statements for the year ended 31 December 2022.

### **Principal activities**

The principal activities of the company are:

- the provision of training, consultancy and examination services, in the UK, Europe, the Middle East and Asia from training businesses based in London and Sheffield; and
- 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 were as follows:

S Fox

C Kirby (resigned on 17th November 2022)

J McKnight

N Wallbridge

### **Results and dividends**

The results of the year are set out on page 7. No dividend is recommended.

### **Statement of directors' responsibilities**

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

Company law requires directors to prepare final statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless 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 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 them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Professional Engineering Projects Limited**

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

For the year ended 31 December 2022

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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.

#### **Directors indemnity insurance**

Indemnity insurance for the company directors is covered by the IMechE group policy.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that BDO LLP are reappointed as auditor to the company will be put to 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 27 April 2023 and signed on its behalf:



S Fox

**Secretary**

# **Professional Engineering Projects Limited**

## **Strategic Report**

For the year ended 31 December 2022

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The directors present the strategic report for the year ended 31 December 2022.

### **Review of business**

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

The London-based Learning & Development business experienced a significant uplift in demand in 2022 in both its business-to-business and business-to-customer markets. This demonstrated high confidence from the market and also reaffirms the high quality products which are delivered. This level of quality was reaffirmed with the team achieving ISO 9001 accreditation. The performance was also supported by a streamlined programme schedule and a number of new product introductions. Our venue hire business, trading under the 'One Birdcage Walk' brand at the head office of our parent in London transitioned away from the Covid-19 challenges towards a business as usual feeling. This was demonstrated as market confidence returned throughout the year though booking leads times were slower. By the end of the year, booking patterns were closer to pre-pandemic levels.

Overall, after similar shared costs to 2021, the business has turned profitable in 2022 from having operating losses in the prior year.

### **Future developments**

With confidence from the close of 2022 we expect the venue hire business to increase its revenue contribution and have increased our staff resources accordingly. Learning and development expects to continue the momentum gained in 2022 through continued product innovation, however some cost increases are anticipated in catering and printed materials.

A review of shared costs across the parent group has resulted in an increase in cost recharges for 2023 but achieving profitability is still expected for 2024.

### **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**

Although there was some impact in the first quarter of 2022 the removal of all government restrictions has resulted in a return to normality in the UK, although some of our overseas customers have not fully returned to pre Covid-19 levels. Subject to the unknowable risk of future variants that require further restrictions, we do not expect any further direct impact from Covid-19 although customer confidence in some areas remains lower, potentially due to the enduring financial impact from the lockdown period.

### **Going concern**

The company meets its working capital requirements through management of its own working capital and, where necessary, will obtain a letter of 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 2024 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, despite the negative net assets shown in the balance sheet.

## Professional Engineering Projects Limited

### Strategic Report (Continued)

For the year ended 31 December 2022

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Accordingly, the directors have identified no material uncertainties that may cause significant doubt over the company's ability to continue as a going concern and believe it is appropriate to prepare the accounts on a going concern basis. More details are provided in note 1.2.

#### 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 grew 60% to £6,041k (2021: £3,774k).

Operating result improved to a loss of £79k (2021: £323k loss).

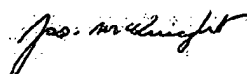
Cash at bank and in hand rose 287% to £563k (2021: £146k).

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 27 April 2023 and signed on its behalf by:



**S Fox**  
Director



**J McKnight**  
Director

# **Professional Engineering Projects Limited**

## **Independent Auditor's Report**

To the Members of Professional Engineering Projects Limited

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### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Professional Engineering Projects Limited ("the Company") for the year ended 31 December 2022 which comprise Statement of Income and Retained Earnings, 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).

### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

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.

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The Directors are responsible for the other information. The other information comprises the information 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.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.



## **Professional Engineering Projects Limited**

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

To the Members of Professional Engineering Projects Limited

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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.

#### **Other Companies Act 2006 reporting**

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

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 Strategic report or the Directors' report.

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

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

#### **Responsibilities of Directors**

As explained more fully in the Statement of Directors Responsibilities, 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.

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.

## **Professional Engineering Projects Limited**

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

To the Members of Professional Engineering Projects Limited

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#### **Extent to which the audit was capable of detecting irregularities, including fraud**

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

##### *Non-compliance with laws and regulations*

Based on:

- Our understanding of the Company and the sector in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be UK GAAP and UK tax legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;

##### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be through management override of controls and improper revenue recognition.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;

## Professional Engineering Projects Limited

### Independent Auditor's Report (Continued)

To the Members of Professional Engineering Projects Limited

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- Assessing significant estimates made by management for bias, including the valuation of investments, intangible fixed assets, tangible fixed assets and the recoverability of debtors;
- Incorporating unpredictability into our testing approach through amending the nature and extent of audit procedures; and
- Reviewing performance related payments made to staff, with particular challenge as to whether individuals receiving such payments were able to influence the metrics used to determine amounts to be paid.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### 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.

DocuSigned by:



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Jill Halford (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
London, UK

28 April 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Professional Engineering Projects Limited

### Statement of Income and Retained Earnings

For the year ended 31 December 2022

	Notes	2022 £	2021 £
Turnover	2	6,041,271	3,773,814
Cost of sales		(2,308,125)	(1,193,510)
<b>Gross profit</b>		<b>3,733,146</b>	<b>2,580,304</b>
Administrative expenses		(3,812,378)	(2,973,551)
Other income	3	-	70,420
<b>Operating Profit / (Loss)</b>	4	<b>(79,232)</b>	<b>(322,827)</b>
Interest payable and similar expenses	6	(148,287)	(107,877)
<b>Profit / (Loss) before taxation</b>		<b>(227,519)</b>	<b>(430,704)</b>
Taxation	7	-	82,458
<b>Profit / (Loss) for the financial year</b>	16	<b>(227,519)</b>	<b>(348,246)</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>(227,519)</b>	<b>(348,246)</b>
Retained earnings at 1 January		(3,278,838)	(2,930,592)
Retained earnings at 31 December		(2,664,065)	(3,278,838)

The statement of income and retained earnings has been prepared on the basis that all operations are continuing operations.

The notes on pages 15 to 23 form part of the financial statements.

# Professional Engineering Projects Limited

## Balance Sheet

As at 31 December 2022

	Notes	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Intangible assets	8		273,151		206,294
Tangible assets	9		193,457		229,856
Investments	10		<u>2,620,671</u>		<u>2,620,671</u>
			3,087,279		3,056,821
<b>Current assets</b>					
Debtors	12	1,056,530		889,286	
Cash at bank and in hand		<u>563,429</u>		<u>145,536</u>	
		1,619,959		1,034,822	
Creditors: amounts falling due within one year	13	<u>(3,061,099)</u>		<u>(2,208,257)</u>	
<b>Net current liabilities</b>			(1,441,140)		(1,173,435)
<b>Total assets less current liabilities</b>			<u>1,646,139</u>		<u>1,883,386</u>
Creditors: amounts falling due after one year	14		<u>(4,310,202)</u>		<u>(5,162,222)</u>
<b>Total liabilities</b>			<u>(2,664,063)</u>		<u>(3,278,836)</u>
<b>Capital and reserves</b>					
Called up share capital	15		2		2
Profit and loss reserves	16		<u>(2,664,065)</u>		<u>(3,278,838)</u>
<b>Total equity</b>			<u>(2,664,063)</u>		<u>(3,278,836)</u>

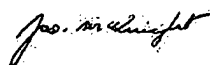
These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 27 April 2023.

Signed on its behalf by:



S Fox  
Director



J McKnight  
Director

Company Registration No. 01103638

The notes on pages 15 to 23 form part of the financial statements.

## Professional Engineering Projects Limited

### Statement of Changes in Equity

As at 31 December 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
<b>For the year ended 31 December 2022:</b>			
Balance as at 1 January 2022	2	(3,278,838)	(3,278,836)
Profit/(loss) for the year	-	(227,519)	(227,519)
Capital contribution	-	842,292	842,292
<b>Balance as at 31 December 2022</b>	<u>2</u>	<u>(2,664,065)</u>	<u>(2,664,063)</u>
<b>For the year ended 31 December 2021:</b>			
Balance as at 1 January 2021	2	(2,930,592)	(2,930,590)
Profit/(loss) for the year	-	(348,246)	(348,246)
<b>Balance as at 31 December 2021</b>	<u>2</u>	<u>(3,278,838)</u>	<u>(3,278,836)</u>

The notes on pages 15 to 23 form part of the financial statements.

# Professional Engineering Projects Limited

## Notes to the Financial Statements

For the year ended 31 December 2022

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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 Basis of preparation

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 pound.

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

A cash flow statement has not been prepared on the grounds that the company is exempt from preparing such a statement under FRS102 as a wholly owned subsidiary of the Institution of Mechanical Engineers (IMechE).

#### 1.2 Going concern

Whilst the financial statements report net liabilities of £2.6 million, they continue to be prepared on a going concern basis.

The company made a profit in 2019 and its longer term forecast for 2023 and beyond demonstrates that the remaining underlying investments and activities are forecast to return to profitability in 2023. There are no external borrowings beyond the small bounce-back loan and the parent has committed to providing up to £250,000 further support in the unlikely event that this is required.

A significant recovery in business is expected in 2023 as customer confidence recovers. The company continues to have the support of the shareholder and 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 for room hire and catering is recognised at the time of the event to which they relate.

Revenue for training is recognised at the time the training is delivered.

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.

# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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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 amortization 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 to 5 years.

Intangible assets created internally are recognised where they are expected to lead to future revenues in excess of cost and amortised over a useful life of five years. Values are reviewed annually for impairment.

#### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Expenditure below £1,000 is not capitalised.

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis at the following rates:

Leasehold buildings: over the life of the lease

Furniture and equipment: 20% to 33.3% per annum

Plant and equipment: 10 to 20% per annum

Fixed assets are regularly reviewed to consider whether they have been impaired and to ensure that the depreciation costs reflect their working life.

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.

Investments in subsidiaries are measured at cost less impairment, an annual assessment is completed to identify whether there has been an impairment to the carrying value of the investment.

#### 1.7 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.



# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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### 1 Accounting policies (continued)

#### 1.7 Financial assets (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 amortized cost using the effective interest method, less any impairment.

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.

#### 1.8 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 Statement of Income and Retained Earnings***

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.

##### ***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.

# Professional Engineering Projects Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

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### 1 Accounting policies (continued)

#### 1.8 Financial liabilities (continued)

##### **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.

#### 1.9 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.

#### 1.10 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).

#### 1.11 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. Details of the subsidiary companies are set out in Note 11.

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 17.

#### 1.12 Critical accounting estimates and judgements

##### **Investments**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

##### **Investments**

The company makes an annual assessment of the carrying value of investments. For dormant companies the investment value is limited to the balance sheet value of the subsidiary. For active trading companies a judgement is applied based on the balance sheet value, and profitability and dividend history and forecasts.

##### **Bad debt provision**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors.

## Professional Engineering Projects Limited

### Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

#### 2 Turnover

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

	2022	2021
	£	£
Room Hire & Catering	1,098,724	347,165
Training Income	4,942,539	3,426,649
Sundry Income	8	-
	<u>6,041,271</u>	<u>3,773,814</u>

#### 3 Other income

	2022	2021
	£	£
Government grants - furlough scheme	-	70,420
	<u>-</u>	<u>70,420</u>

The government grant amount is in relation to the furlough scheme. This grant became available as compensation for expenses already incurred. The entity is applying the accrual model and classifies these grants as a grant relating to revenue and is shown as "other income".

#### 4 Operating profit / (loss)

	2022	2021
	£	£
Operating profit / (loss) for the year is stated after charging/(crediting):		
Exchange losses/(gains)	6,631	12,386
Audit fee	18,995	15,540
Depreciation of tangible fixed assets	79,227	97,782
Amortisation of intangible assets	57,338	44,560
	<u>162,191</u>	<u>170,268</u>

#### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was 49 (2021: 42).

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,256,965	1,811,533
Social security costs	233,412	180,413
Pension costs	133,054	114,006
Benefits in kind	53,185	39,999
	<u>2,676,616</u>	<u>2,145,951</u>

## Professional Engineering Projects Limited

### Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

#### 5 Employees (continued)

	2022	2021
	£	£
Directors' remuneration	3,000	4,500

One director was paid during 2022 (2021: 1).

4 employees were made redundant during the year (2021: 2). Redundancies paid to the employees during the year were £88,572 (2021: £44,045 paid in year and £35,320 accrued at the year-end). Included within these costs were ex-gratia costs of £10,128 payable to 3 people (2021: £12,647 to 2 people).

#### 6 Interest payable and similar expenses

	2022	2021
	£	£
Interest payable to group undertakings	148,287	107,877

#### 7 Taxation

	2022	2021
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	-
Adjustments for previous periods	-	(37,550)
R&D tax credits for previous periods	-	(44,907)
	-	(82,457)

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:

Profit/(loss) before taxation	(227,519)	(430,704)
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19%)	(43,229)	(81,834)
Fixed asset differences	(1,230)	-
Disallowable costs	1,567	913
Other timing differences	(10,408)	2,973
Group relief surrendered	66,058	48,789
Losses carried forward unused	-	29,159
Use of losses brought forward	(12,758)	-
Adjustments for previous periods	-	(37,550)
R&D tax credits for previous periods	-	(44,907)
	-	(82,457)

## Professional Engineering Projects Limited

### Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

#### 8 Intangible fixed assets

	Goodwill £	Software £	Total £
<b>Cost</b>			
At 1 January 2022	3,021,164	339,179	3,360,343
Additions	-	124,195	124,195
At 31 December 2022	3,021,164	463,374	3,484,538
<b>Amortisation</b>			
At 1 January 2022	3,021,164	132,885	3,154,049
Charge for the year	-	57,338	57,338
At 31 December 2022	3,021,164	190,223	3,211,387
<b>Net book value</b>			
At 31 December 2022	-	273,151	273,151
At 31 December 2021	-	206,294	206,294

#### 9 Tangible fixed assets

	Plant & machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 January 2022	768,597	116,617	885,214
Additions	1,099	41,730	42,829
Disposals	(7,264)	-	(7,264)
At 31 December 2022	<b>762,432</b>	<b>158,347</b>	<b>920,779</b>
<b>Depreciation</b>			
At 1 January 2022	558,932	96,425	655,358
Charge for the year	67,051	12,177	79,228
Disposals	(7,264)	-	(7,264)
At 31 December 2022	<b>618,719</b>	<b>108,602</b>	<b>727,322</b>
<b>Net book value</b>			
At 31 December 2022	143,713	49,745	193,457
At 31 December 2021	<b>209,665</b>	<b>20,192</b>	<b>229,856</b>

#### 10 Investments

	2022 £	2021 £
<b>Cost or valuation</b>		
At 1 January	2,620,671	2,620,671
<b>Carrying amount</b>		
At 31 December	2,620,671	2,620,671

## Professional Engineering Projects Limited

### Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

#### 11 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Subsidiary undertakings	Country of incorporation (or residence)	Proportion of ownership interest and voting power held (%)	Year end	Nature of activities
IMechE NDT Fife Limited	England and Wales	100% direct	31 Dec	Non-destructive training and consultancy
IMechE Services Limited	England and Wales	100% direct	31 Dec	Dormant
Siantonas Ball Limited	England and Wales	100% direct	31 Dec	Dormant
Sonaspection International Limited	England and Wales	100% direct	31 Dec	Holding company
Sonaspection Worldwide Limited	England and Wales	100% through Sonaspection Worldwide Limited	31 Dec	Flawed sample manufacturing
Sonaspection Incorporated	USA	100% through Sonaspection Worldwide Limited	30 Nov	Flawed sample manufacturing

#### 12 Debtors

	2022	2021
	£	£
Trade debtors	964,493	836,306
Other debtors	92,037	52,980
	<u>1,056,530</u>	<u>889,286</u>

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

	2022	2021
	£	£
Bank loan	9,727	8,705
Trade creditors	152,365	148,521
Other creditors	598,149	514,291
Amounts due to parent undertaking	1,198,677	725,679
Amounts due to other group undertakings	1,102,181	811,061
	<u>3,061,099</u>	<u>2,208,257</u>

## Professional Engineering Projects Limited

### Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

#### 14 Creditors: amounts falling after more than one year

	2022	2021
	£	£
Bank loan	31,567	41,295
Loan from parent undertaking	4,278,635	5,120,927
	<u>4,310,202</u>	<u>5,162,222</u>

The bank loan was issued under the Covid-19 'Bounce-back' scheme in January 2021. There is no interest and no repayments in the first 12 months and the loan then bears interest at 2.5% and is repayable over a five-year period.

The loan from parent undertaking is interest bearing at 2% above the base rate of Natwest bank and is repayable on 53 weeks' notice by either party. It is secured by a general charge over all the assets of the company and its subsidiaries by means of a debenture.

#### 15 Called up share capital

	2022	2021
	£	£
Ordinary share capital issued and fully paid		
2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

#### 16 Profit and loss reserves

	2022	2021
	£	£
At the beginning of the year	(3,278,838)	(2,930,592)
(Loss)/profit for the year	(227,519)	(348,246)
Capital contribution	842,292	-
At the end of the year	<u>(2,664,065)</u>	<u>(3,278,838)</u>

The capital contribution has arisen due to the parent undertaking no longer requiring repayment of part of the outstanding loan amount (Note 14). The proportion extinguished represents the amount that corresponded to the acquisition of a company which is no longer trading.

#### 17 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.