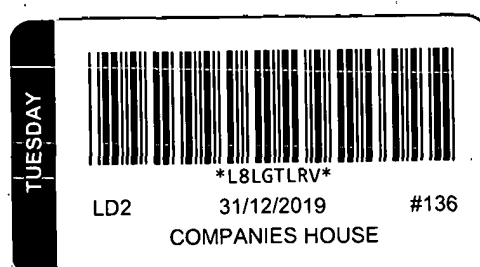


Company number 01807381

KBC Process Technology Limited

Annual Report and Financial Statements

For the year ended 31 March 2019



KBC Process Technology Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2019

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Directors

A Howell
A Rudman
M Anderson
M Hudson
S Scott

Registered Office

42-50 Hersham Road
Walton on Thames
Surrey, KT12 1RZ

Company number

01807381

Auditor

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

KBC Process Technology Limited

STRATEGIC REPORT

For the year ended 31 March 2019

Review of the business and future developments

We continue to target growth markets such as the Middle East. Here, new world-scale refinery and petrochemical facilities are being built which will need a large number of skilled workforces, requiring services in organisational and skill enhancements well suited to KBC's service offerings.

Contract awards for the year were £20.6m which is a decrease of 23% from the prior year (2018: £26.9m). The consequent workload backlog at 31 March 2019 was £24.6m compared to £24.6m at 31 March 2018.

Revenue for the year is £36.9m which is a decrease of 17% from the prior year (2018: £44.2m). The operating profit for the year is £1.2m (2018: loss of £0.4m).

The cash balance of £5.4m has decreased from 31 March 2018 by £0.2m.

Key performance indicators (KPIs)

The following KPIs are monitored and discussed at board level to determine the performance, development and position of the Company.

| | 2019 | 2018 |
|----------------------------------|------|-------|
| Revenue from Consulting (£m) | 9.8 | 19.0 |
| Revenue from Technology (£m) | 12.4 | 13.0 |
| Pipeline of contracted work (£m) | 24.6 | 24.6 |
| Operating margin (%) | 3.3 | 0.0 |
| Profit/(Loss) before tax (£m) | 0.8 | (0.9) |

Principal risks and uncertainties

a) Economic and social

Changes in the market sectors, including oil price, energy demand, M&A activity and the availability to our clients of skilled staff, can all impact upon the volume of business available to KBC.

Mitigation: Our range of services has expanded over the years and continues to evolve so that we are able to offer appropriate solutions to our clients in varying circumstances. Contingency plans are prepared in case the market for the Group's services deteriorates.

KBC Process Technology Limited

STRATEGIC REPORT continued

For the year ended 31 March 2019

b) Political and environmental

Some of KBC's work and proposed work is in regions subject to political changes and environmental disasters which could disrupt the markets or affect our ability to execute work for clients and/or collect payment for work performed.

Mitigation: Appropriate payment terms are negotiated whenever possible to ensure KBC's exposure is minimised and the nature of our contracts requires us to work in a flexible manner. Resourcing is managed globally which enables us to adapt and redeploy the workforce as and when necessary. We minimise fixed overhead in countries at risk. Security consultants are retained for advice on potential risk and we avoid working in very high risk or hostile areas.

c) Market risks

There is a risk of slow adoption of upstream software by oil and gas companies. It is a normal risk for all consulting firms, including KBC, that their services are discretionary and are subject to change and cancellation by clients at short notice.

Mitigation: We are conservative in our forecasting of software revenues from the upstream sector and focus our sales efforts on the large oil field service companies to endorse KBC's products and introduce our software to the upstream industry. Our strategy includes recruitment of personnel with upstream experience. Our mix of manpower includes use of associate consultants for certain skills and to retain some flexibility in the staff numbers. The compensation structure at senior levels now includes a significant proportion of variable pay. In addition, we continue to consider different scenarios when forecasting resourcing needs of the business.

d) Credit risk

The main credit risk faced is attributable to trade receivables. As the majority of the company's clients are state owned or very large oil companies, the risk of non-payment tends to be less of the traditional credit nature and more related to client satisfaction and/or trade sanctions.

Mitigation: The company undertakes background checks prior to engagement with a client for the first time and monitor new opportunities with customers who have defaulted on payments previously. Wherever possible, early cash flow is incorporated into contract terms. Provision is made for doubtful receivables when there are circumstances which, based on experience, are evidence of a likely reduction in the recoverability of the receivable.

e) Liquidity risk

Client payment terms vary from contract to contract and can involve extended periods of time before invoices are raised and cash flow can be irregular.

Mitigation: The company is supported by the strong financial backing of its ultimate parent entity Yokogawa Electric Corporation.

The strategic report was approved by the board on 31 December 2019.

Approved for issue by the board of directors



A Howell
Director

KBC Process Technology Limited

REPORT OF THE DIRECTORS

The directors present their annual report and audited financial statements for the year ended 31 March 2019.

Principal activity

The company's principal activity is the provision of profit improvement services to the hydrocarbon and energy industries.

Directors

The directors of the company during the year and up to the date of signing are:

A Howell (appointed 1 December 2019)

A Rudman

J R Jordan (resigned 1 November 2019)

M Anderson

M Hudson (appointed 1 December 2019)

S Scott (appointed 1 December 2019)

The directors do not propose the payment of a dividend (2018: £nil).

Qualifying third party indemnity provisions

The company has arranged qualifying third party indemnity for all of its directors.

Post balance sheet events

There have been no material events that have affected the profit and loss account after the balance sheet date.

Branches outside the UK

In addition to the UK business, the company operates through branches or representative offices present in the Netherlands, Japan, the Russian Federation and Bahrain.

Financial risk management

The directors are responsible for considering all areas of risk that may affect the operations of the company and for setting policies designed to minimise the impact the financial risk may have on the business.

Details of the company's principal risks and uncertainties are provided in the strategic report.

Future developments

Details of future developments can be found in the Strategic Report and form part of this report by cross reference.

KBC Process Technology Limited

REPORT OF THE DIRECTORS continued

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements under FRS 102 in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director 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 year.

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 financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

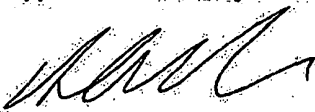
Registered auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved for issue by the board of directors



A. Howell
Director

31 December 2019

KBC Process Technology Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KBC PROCESS TECHNOLOGY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of KBC Process Technology Limited ('the company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

KBC Process Technology Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KBC PROCESS TECHNOLOGY LIMITED continued

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

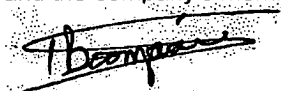
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Ivan Boonzaaier (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date 31 December 2019

KBC Process Technology Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2019

| | Notes | 2019 £000 | 2018 £000 |
|---|-------|---------------|----------------|
| TURNOVER | 3 | 36,893 | 44,184 |
| Staff costs | 5 | (8,490) | (8,716) |
| Depreciation | | (424) | (585) |
| Other operating expenses | | (26,758) | (35,316) |
| OPERATING PROFIT/(LOSS) | 4 | 1,221 | (433) |
| Interest receivable and similar income | 6 | 374 | 261 |
| Interest payable and similar expenses | 6 | (807) | (752) |
| PROFIT/(LOSS) BEFORE TAX | | 788 | (924) |
| Tax on profit/(loss) | 7 | (120) | (293) |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | 668 | (1,217) |

All amounts relate to continuing activities.

There were no items of other comprehensive income in the current or prior year and accordingly no statement of comprehensive income has been prepared

The notes on pages 10 to 23 form part of these financial statements.

KBC Process Technology Limited

Company number: 01807381

BALANCE SHEET

as at 31 March 2019

| | | 2019 | | 2018 (as restated) | |
|---|-------|------------------|--------------|-----------------------|--------------|
| | Notes | £000 | £000 | £000 | £000 |
| FIXED ASSETS | | | | | |
| Intangible assets | 8 | | 78 | | 124 |
| Tangible assets | 9 | | 224 | | 615 |
| Investments | 10 | | 19 | | 19 |
| | | | <u>321</u> | | <u>758</u> |
| CURRENT ASSETS | | | | | |
| Debtors: amounts falling due within one year | 11 | 139,243 | | 125,142 | |
| Cash at bank and in hand | | 5,431 | | 5,597 | |
| | | <u>144,674</u> | | <u>130,739</u> | |
| CREDITORS: amounts falling due within one year | 12 | <u>(140,293)</u> | | <u>(127,463)</u> | |
| NET CURRENT ASSETS | | | <u>4,381</u> | | <u>3,276</u> |
| NET ASSETS | | | <u>4,702</u> | | <u>4,034</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 14 | | 441 | | 441 |
| Share premium account | 15 | | 10,759 | | 10,759 |
| Profit and loss account | 15 | | (6,498) | | (7,166) |
| SHAREHOLDERS' FUNDS | 15 | | <u>4,702</u> | | <u>4,034</u> |

The financial statements were approved by the board of directors and authorised for issue on 31 December 2019



A Howell
Director

The notes on pages 10 to 23 form part of these financial statements.

KBC Process Technology Limited

Company number: 01807381

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

| | Note | Share capital £000 | Share premium account £000 | Profit and loss account £000 | Total £000 |
|---|-----------|-----------------------|----------------------------------|---------------------------------------|----------------|
| At 1 April 2018 | | 441 | 10,759 | (7,166) | 4,034 |
| Profit and total comprehensive income for the year | | - | - | 668 | 668 |
| At 31 March 2019 | | 441 | 10,759 | (6,498) | 4,702 |
| At 1 April 2017 | | 441 | 10,759 | (2,482) | 8,718 |
| Loss and total comprehensive loss for the year | | - | - | (1,217) | (1,217) |
| Prior year adjustment | 20 | - | - | (3,467) | (3,467) |
| At 31 March 2018 (as restated) | | 441 | 10,759 | (7,166) | 4,034 |

KBC Process Technology Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. ACCOUNTING POLICIES

Basis of preparation

The company is a private company limited by shares and is incorporated in England. Its registered office address is 42-50 Hersham Road, Walton-on-Thames, Surrey, KT12 1RZ.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The company is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. The financial statements therefore present information about the company only and not about the group.

The financial statements have adopted the following disclosure exemptions as the company is a qualifying entity:

- the requirement to present a statement of cash flows and related notes
- share based payment disclosures
- financial instrument disclosures, including:
 - categories of financial instruments
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks
- the requirement to disclose key management personnel compensation in total.

The financial statements are presented in pound sterling and rounded to the nearest thousand pound (£000) except where otherwise indicated.

The immediate parent company is KBC Advanced Technologies Limited (see note 23).

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The company is in a net current assets and net assets position and is expecting to make a profit in the next financial year. The KBC group has sufficient funding facilities available from the ultimate controlling party as required. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, using the straight line method, as follows:

| | |
|---------------|-------------|
| Website costs | three years |
|---------------|-------------|

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, using the straight line method,

| | |
|---------------------------------------|--|
| Leasehold improvements | the lease term or useful life if shorter |
| Fixtures, fittings & office equipment | five years |
| Computer hardware & software | three years |

KBC Process Technology Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

Trade and other debtors

Trade debtors, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision for potential bad debts is made when there is objective evidence that the company will not be able to recover balances in full. The main factors used in assessing such impairment of trade debtors are the age of the balance and the circumstances of the individual customer. When the probability of recovery of a debtor balance is assessed as being remote, it is written off, together with any associated provision.

Provisions

Onerous lease provision

The company recognises a provision for liabilities of uncertain timing or amount for onerous leases. The provision is measured at the best estimate of the expected future rentals payable less expected future rentals receivable. The amount is discounted at a pre-tax rate which reflects the current market assessments of the time value of money and risks specific to the liability.

Investments

Investments are stated at cost less accumulated impairment losses.

Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Current and deferred tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

KBC Process Technology Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are recorded in pounds sterling, which is the functional currency of the company, at the rate ruling at the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Retranslation differences are recognised in each year. All differences are taken to the profit and loss account.

Profits, losses and cash flows of overseas branches are translated at the average rate of exchange ruling during the year as it is a reasonable approximation of the actual transaction rate. The balance sheets of overseas branches are translated at the rate of exchange ruling at the balance sheet date.

The exchange differences arising on the retranslation of opening net assets and of results for the year are taken directly to reserves until the disposal of the net investments, at which time they are recognised in the profit and loss account. All other translation differences are taken to the profit and

Turnover

Fixed price service contracts

Turnover on fixed price service contracts is recognised using the percentage-of-completion method. Under this method revenues recorded represent the aggregate of costs incurred during the year and a portion of estimated profit on individual contracts based on the relationship of costs incurred to total estimated costs for each contract. Revisions in estimates are reflected in the accounting period when the revision becomes known. Anticipated losses on contracts are charged to income in their entirety when the losses become evident.

Time and material contracts

Revenue for time and materials contracts is recognised as services are performed, generally on the basis of contract allowable labour hours worked multiplied by the contract defined billing rates, plus allowable direct costs and expenses incurred in connection with the performance of the contract.

Amounts received in excess of revenue recognised are shown as deferred revenue.

Contract work in progress is included in trade and other receivables and represents revenue recognised in excess of payments on account.

Service consulting and software maintenance

Turnover from service consulting and software maintenance is recognised over the period in which services are provided.

Software licences

Turnover from licence sales is recognised once the software has been delivered and when no significant contractual obligations remain. Turnover from ongoing maintenance, support and upgrades is recognised over the contractually agreed period.

Royalties

Revenue from royalty contracts held with resellers is recognised when it becomes receivable from the resellers.

KBC Process Technology Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

Leasing commitments: lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases and are charged to the profit and loss account on a straight-line basis over the term of the lease.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 January 2014 to continue to be charged over the shorter period to the first market rent review rather than the term of the lease. For leases entered into on or after 1 January 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Leasing commitments: lessor

Where the company has sublet part of its premises, income is taken to the profit and loss account on a straight-line basis over the sublease term.

Financial instruments

Basic financial instruments, including trade and other receivables, cash and bank balances and trade and other payables, are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Bonuses and penalties

Where some or all of a contract's revenues are dependant on the impact of KBC's performance (e.g. in identifying benefits of changes in a client's operations), that element of revenue is only recognised once the contract is sufficiently advanced that it is probable that the performance target will be met and the bonus can be measured reliably. Penalties on contracts are provided for at the directors' best estimate of the expenditure required to settle the liability.

Holiday pay accrual

The company recognises a liability for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The liability is measured at the salary cost payable for the period of absence.

Retirement benefit costs

The company operates contributory pension schemes covering the majority of its permanent employees. The schemes' funds are administered by trustees and are independent of the company's finances. The schemes are defined contribution schemes and there are no commitments other than the regular contributions which are charged against the profit and loss account in the year in which they become payable.