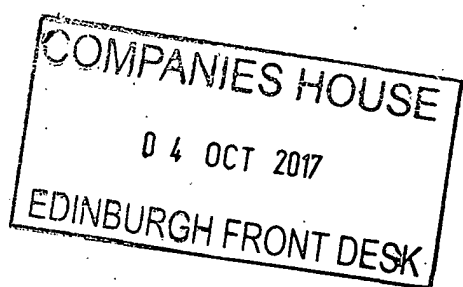


Company Registration No. SC 519873

Applus Aerospace UK Limited

Annual Report and Financial Statements

For the period ending 31 December 2016



Applus Aerospace UK Limited

Report and financial statements 2016

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Applus Aerospace UK Limited

Officers and professional advisers

Directors

S Voulon (appointed 9 November 2015)

N Hannah (appointed 9 November 2015)

Secretary

T Lafferty (appointed 9 November 2015)

Registered Office

Block 2 Units C and D
West Mains Industrial Estate
Grangemouth
Stirlingshire
FK3 8YE

Bankers

Citibank NA
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Solicitors

Shepherd and Wedderburn
1 Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

Independent auditor

Deloitte LLP
Glasgow
United Kingdom

Applus Aerospace UK Limited

Strategic report

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Principal activity

The company was incorporated on 9 November 2015 and on 19 November 2015 purchased the trade and assets of the Aerospace business from Caparo Testing Technologies. These financial statements cover the period from incorporation to the 31 December 2016 year end.

The company's principal activity is the provision of inspection and NDT (Non Destructive Testing) services for the aeronautics and industrial sector.

Applus Aerospace UK Limited is a leading provider of technical assurance through non-destructive testing, inspection, and certification to the aerospace industry in the UK. We deliver the highest quality service through our highly qualified specialist staff and industry leading techniques and technology.

Business review, future developments and principal risks and uncertainties

Applus Aerospace UK Limited is part of the Applus Group, a publicly quoted company and a leader in the field of test, inspection and certification. This gives us direct access to market leading technology, unparalleled technical expertise and industry specific knowledge. We operate in a range of sectors in our target industries, the main being the Aerospace industry.

The company is focused on ensuring the highest standards of health and safety in our working environment and monitors these closely in our management control systems. We have a similar focus on quality and maintain investment in training to ensure that our technicians are qualified to the highest standard.

The company delivers our services via our technicians and our financial performance is determined by how well we do this. This fundamental business driver is reflected in the KPIs we use to monitor and improve our profitability. The main ones are Revenue per employee and Operating profit per employee. We also concentrate on the general financial strength from our activities and monitor performance using KPIs of Return on Capital, Current Ratio and Debtor Days.

	31 December 2016	Measure
Current ratio	0.78:1	Current assets: current liabilities
Debtor days	61	Days sales outstanding (count back method)
Revenue per employee (£000)	72.63	Turnover/average number of employees
Operating profit per employee (£000)	13.47	Operating or profit average number of employees

Applus Aerospace UK Limited

Strategic report (continued)

Business review, future developments and principal risks and uncertainties (continued)

2016 was a challenging period for the company as shown by the loss for the year of £23,975.

The principal risks and uncertainties affecting the business include the following:

- **Credit risk:** The principal financial assets are trade debtors, other debtors, amounts owed by fellow group undertaking, and bank balances. The company's credit risk is primarily attributable to its trade debtors and is managed through maintaining good customer relationships and the monitoring of credit levels and settlement periods. The company also utilises facilities from national and international credit rating agencies to ensure the certainty of our receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.
- **Liquidity risk:** In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company can make use of group funding if required.
- **Cash flow risk:** In order to manage cash flow risk management carryout regular review of the working capital movements in order to minimise risk.
- **Health and Safety:** Health and Safety risks are continually assessed by group management. In the current period additional focus was placed on developing a plan to ensure continuing improvement in Health and Safety management.
- **Environmental risks:** the company places considerable emphasis upon environmental compliance in each of its divisions and not only seeks to ensure ongoing compliance with relevant legislation but also strives to ensure that environmental best practice is incorporated into its key processes.
- **Commercial relationships:** the company maintains strong relationships with each of its key customers and has established credit control parameters. There is a rigorous control procedure for cash flow which includes regular review of collections and payments to minimise the risks to liquidity.
- **The effect of legislation or other regulatory activities:** the company monitors forthcoming and current legislation regularly.
- **Brexit:** Based on current available information management do not foresee Brexit having a significant impact on the business. However, management take into consideration the new developments related to the Brexit process and consider their potential impact on the company.

Key areas of future development and performance of the business include:

- **Competitive advantage:** the company focuses on areas where it has a competitive advantage, which places it well in terms of superior long term income/cash flow growth potential.
- **Health and Safety:** the company continues to seek ways of ensuring that a safe and healthy working environment is progressively improved.

Applus Aerospace UK Limited

Strategic report (continued)

Going concern

The directors have considered the trading outlook for the company, taken into account recent changes in the economic outlook of our target sectors, reviewed the reasonably possible changes in trading performance and determined that the company should be able to operate within its existing cash resources and cash flow from future trading activities. The directors, therefore, have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual reports and financial statements.

Approved by the Board of Directors
and signed on behalf of the Board



Neil Hannah
Director

3 October 2017

Applus Aerospace UK Limited

Directors' report

The directors present their annual report, together with the audited financial statements of the company, for the period ended 31 December 2016.

Results

The loss for the period, after taxation, amounted to £23,975.

Dividends

No dividend was declared in respect of the 2016 financial period.

Events after the balance sheet

No events after the balance sheet date have been identified by the directors which would have an impact on the balance sheet at 31 December 2016 or the result for the period.

Directors

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

Health, safety and the environment

It has always been the company's policy to pay the greatest attention to ensure safe working conditions for all employees whether in our offices, yards, workshops or sites and this approach will continue to be our fundamental attitude on all matters of Health, Safety and the Environment. In fulfilling this commitment, the company will continue to provide and maintain a safe working environment as indicated by acceptable business practices and compliance with legislative requirements and we will strive to eliminate any foreseeable hazards which may result in fire, damage to property and personal injury or illness.

The company considers the promotion of the Health and Safety of its employees at work to be an essential part of the line managers' duties for which they are accountable at all levels. However, the company expects its employees on their part to recognise that equally there is a clear duty on them to exercise self-discipline and accept responsibility to do everything they can to prevent injury to themselves and others and loss to the company.

Employee involvement

The company has channels of communication with employees on business development, company performance and matters of general concern.

Employment of disabled persons

The company gives full and fair consideration to applications for employment made by disabled persons, has continued whenever possible the employment of persons who became disabled while they are with the company and has ensured continuing training, career development and opportunities for the promotion of disabled persons employed by it.

Financial risk management, future developments and going concern

Financial risk management, future developments and going concern are discussed within the Strategic report on pages 3-4.

Applus Aerospace UK Limited

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information as defined in the Companies Act 2006 of which the company's auditor is unaware; and
- The director has taken all the steps that he ought to have taken as a director on order to make himself aware of any relevant audit information as defined in the Companies Act 2006 and to establish that the company's auditor is aware of that information.

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

Deloitte LLP has expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be re-appointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Neil Hannah
Director

3 October 2017

Applus Aerospace UK Limited

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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. 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 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.

Independent auditor's report to the members of Applus Aerospace UK Limited

We have audited the financial statements of Applus Aerospace UK Limited for the period ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2016 and of its loss for the period 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.

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..

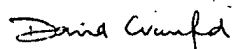
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report

Independent auditor's report to the members of Applus Aerospace UK Limited (continued)

Matters on which we are required to report by exception

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.



David Crawford CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
4 October 2017

Applus Aerospace UK Limited

Profit and loss account For the period ended 31 December 2016

	Notes	Period to 31 December 2016 £
Turnover	4	5,374,883
Cost of sales		(3,218,369)
Gross profit		2,156,514
Administrative expenses		(1,849,684)
Other operating loss	7	(5,359)
Operating profit	5	301,471
Finance charges	8	(312,455)
Loss on ordinary activities before taxation		(10,984)
Tax charge on loss on ordinary activities	9	(12,991)
Loss for the financial period		(23,975)

Result for the period has been generated from continuing operations. No separate statement of comprehensive income has been presented because the company has no other comprehensive income other than the loss for the period.

The notes on pages 13 to 21 form an integral part of these financial statements.

Applus Aerospace UK Limited

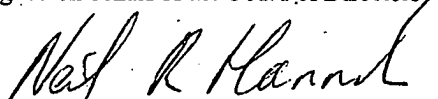
Balance sheet As at 31 December 2016

	Note	31 December 2016 £
Fixed assets		
Goodwill	11	6,469,983
Tangible assets	10	831,255
		<u>7,301,238</u>
Current assets		
Debtors	13	1,266,959
Cash at bank and in hand		225
		<u>1,267,184</u>
Creditors: amounts falling due within one year	14	<u>(1,534,243)</u>
Net current liabilities		<u>(267,059)</u>
Total assets less current liabilities		<u>7,034,179</u>
Creditors: amounts falling due after one year	15	<u>(3,173,000)</u>
Deferred tax liability		<u>(7,653)</u>
Net assets		<u>3,853,526</u>
Capital and reserves		
Called up share capital	17	3,877,501
Profit and loss account		(23,975)
Shareholders' funds		<u>3,853,526</u>

The notes on pages 13 to 21 form an integral part of these financial statements.

The financial statements of Applus Aerospace UK Limited, registered number SC519873 were approved by the board of directors and authorised for issue on 3 October 2017.

Signed on behalf of the Board of Directors



Neil Hannah
Director

Applus Aerospace UK Limited

Statement of changes in equity for the period ended 31 December 2016

	Called up share capital £	Profit and loss account £	Total £
Balance at 9 November 2015	-	-	-
Shares issued (note 17)	3,877,501	-	3,877,501
Loss for the financial period	-	(23,975)	(23,975)
Balance at 31 December 2016	<u>3,877,501</u>	<u>(23,975)</u>	<u>3,853,526</u>

Applus Aerospace UK Limited

Notes to the financial statements for the period ended 31 December 2016

1. General information

Applus Aerospace UK Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 (the 'Act') and registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 2 to 4.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates. This is the first accounting period since incorporation and as such covers the period 9 November 2015 to 31 December 2016.

2. Accounting policies

The following accounting policies have been applied consistently over the accounting period in dealing with items which are considered material in relation to the company's financial statements.

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, the financial risk management disclosures, disclosures in respect of financial instruments and related party transactions. Where relevant, equivalent disclosures have been given in the group accounts of Applus Services SA, a company incorporated in Spain. Copies of their financial statements are publicly available as described in Note 20.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

New and amended standards

The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the impact of each new standard or amendment is described below:

Annual Improvements 2010-2012 Cycle

With the exception of the improvement relating to IFRS 2 *Share-based Payment* applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The company has applied these improvements for the first time in these financial statements.

Revenue recognition

Revenue 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 is reduced for rebates and other similar allowances.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Going concern

The company's business activities, together with the factors likely to affect its future prospects, are discussed in the strategic report on pages 2 to 4. After making enquires, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Applus Aerospace UK Limited

Notes to the financial statements (continued) for the period ended 31 December 2016

2. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, less depreciation and any provision for impairment. The value of fixed assets is reviewed annually by directors or more frequently if there is a triggering event and provision made where the fixed asset's carrying amount exceeds its recoverable amount. Depreciation is provided to write off the cost less the residual value of tangible fixed assets, by equal instalments over their expected useful life, as follows:

Short leasehold property	10 - 15 years
Plant and equipment	3 - 10 years

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the companies cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company.

Foreign currencies

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the transaction date, or at the hedged rate where forward cover is in place. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Applus Aerospace UK Limited

Notes to the financial statements (continued) for the period ended 31 December 2016

2. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at amortised cost.

Loans and receivables

Trade debtors, loans, and other debtors 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 income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Other financial liabilities

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

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Operating leases

All leases held are operating leases. Rentals under operating leases are charged on a straight line basis over the lease term, even if payments are not made on such a basis.

3. Critical accounting judgements and key sources of estimation uncertainty

In application of the company's accounting policies, which are described on pages 13-15, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available 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.

Impairment of Goodwill

Determining whether the Company's Goodwill has been impaired requires estimations of the underlying business' value in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the operation of the business and suitable discount rates in order to calculate present values. The carrying amount of Goodwill at the balance sheet date was £6,469,983 with no impairment loss recognised in 2016.

No further critical judgements have been made by the directors in applying the company's accounting policies.

4. Turnover

Turnover represents the amounts derived from the provision of goods and services falling within the company's ordinary activities, stated net of trade discounts and value added tax. Turnover is recognised as the services are provided.

Turnover is attributable to the company's activities as described in the Strategic Report and arises principally in the UK. No further analysis of turnover is provided as the directors consider that such disclosure may be prejudicial to the commercial interests of the company.

Applus Aerospace UK Limited

Notes to the financial statements (continued) for the period ended 31 December 2016

5. Operating profit

	2016 £
Operating profit is stated after charging:	
Management fees payable to ultimate parent undertaking	190,674
Depreciation	58,479
Operating lease rentals	
- Plant and machinery	109,309
- Land and Buildings	168,090
- Vehicles	112,599
Fees payable to the Company's auditor for the audit of the Company's annual accounts	7,000
Staff costs	<u>3,090,822</u>

6. Information regarding directors and employees

The emoluments in respect of the directors are paid by other group companies and a management fee is payable in respect of these costs.

	No.
Average number of persons employed	
Technical	55
Administration	11
Managerial	<u>8</u>
	<u>74</u>
	£
Wages and salaries	2,739,388
Social security costs	279,034
Pension costs	<u>72,400</u>
	<u>3,090,822</u>

7. Other operating loss

	2016 £
Currency exchange losses	<u>5,359</u>
	<u>5,359</u>

Applus Aerospace UK Limited

Notes to the financial statements (continued) for the period ended 31 December 2016

8. Finance charges

	2016 £
Interest payable and similar expenses	(312,455)
	<u>(312,455)</u>

9. Tax on profit on ordinary activities

	2016 £
<i>UK corporation tax:</i>	
Tax charge for the current period	5,338
Total current tax charge	<u>5,338</u>
<i>Deferred tax:</i>	
Originating and reversal of timing differences	7,653
Total deferred tax charge (note 16)	<u>7,653</u>
Total tax charge for the period	<u>12,991</u>

Factors affecting current tax charge:

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are reconciled below:

	2016 £
Loss on ordinary activities before tax	<u>(10,984)</u>
Loss on ordinary activities multiplied by effective rate of corporation tax in the UK of 20% (2015: 20.25%)	(2,197)
Effects of:	
Expenses not deductible for tax purposes	992
Capital allowances in excess of depreciation	6,574
Other timing differences	8,972
Adjust closing deferred tax to average rate of 20%	<u>(1,350)</u>
Current tax charge for the period	<u>12,991</u>

Applus Aerospace UK Limited

Notes to the financial statements (continued) for the period ended 31 December 2016

10. Tangible fixed assets

	Short leasehold properties £	Plant and equipment £	Total £
Cost			
At 9 November 2015	-	-	-
Acquired in business combination	208,279	371,738	580,017
Additions	30,942	278,775	309,717
At 31 December 2016	239,221	650,513	889,734
Depreciation			
At 9 November 2015	-	-	-
Charge for period	6,168	52,311	58,479
At 31 December 2016	6,168	52,311	58,479
Net book values			
At 31 December 2016	233,053	598,202	831,255
At 9 November 2015	-	-	-

11. Goodwill

	£
Cost	
At 9 November 2015	-
Recognised on acquisition of trade and assets (note 12)	6,469,983
At 31 December 2016	6,469,983
Accumulated impairment losses	
At 9 November 2015 and 31 December 2016	-
Carrying amount	
At 31 December 2016	6,469,983
At 9 November 2015	-

Goodwill has been assessed for impairment at the balance sheet date. The directors of the company have prepared a discounted cash flow analysis which shows comfortable headroom when compared to the carrying value of Goodwill. Within this analysis the directors have looked at a three year period, assumed a discount rate of 9.8%, terminal growth of 1% and growth in line with forecast.

Applus Aerospace UK Limited

Notes to the financial statements (continued) for the period ended 31 December 2016

12. Acquisition of a business

On 19 November 2015 the company entered into an agreement to purchase the trade and assets of Caparo Testing Technologies. The company acquired the trade and fixed assets of the business along with the transfer of employees.

The acquisition meets the definition of a business combination under IFRS 3 resulting in Goodwill arising on acquisition as outlined below.

	Book Value £	Adjustment £	Fair Value £
Land and Buildings Leasehold	208,279	-	208,279
Plant and Machinery	371,738	-	371,738
	<u>580,017</u>	<u>-</u>	<u>580,017</u>
Goodwill			6,469,983
Consideration Paid			7,050,000
Satisfied by:			
Cash			7,050,000

13. Debtors

	2016 £
Trade debtors	1,007,420
Prepayments and accrued income	259,539
	<u>1,266,959</u>

14. Creditors: amounts falling due within one year

	2016 £
Trade creditors	140,062
Amounts owed to fellow group undertakings	1,055,299
Corporation tax	5,338
Other taxation and social security	204,407
Accruals and deferred income	129,137
	<u>1,534,243</u>

Amounts owed to group companies are repayable on demand and are non-interest bearing.

Applus Aerospace UK Limited

Notes to the financial statements (continued) for the period ended 31 December 2016

15. Creditors: amounts falling due after one year

	2016 £
Amounts owed to fellow group undertakings	3,173,000
	<u>3,173,000</u>

Amounts payable to group undertakings accrue interest at 4% and are repayable on 13 May 2019.

16. Deferred tax provision

	£
As at 9 November 2015	-
Charged to the profit and loss account (note 9)	7,653
	<u>7,653</u>
Liability as at 31 December 2016	<u>7,653</u>

The deferred tax provision reflects the following:

	2016 £
Capital allowances less than depreciation	14,002
Other timing differences	(6,349)
	<u>7,653</u>
Total deferred tax liability	<u>7,653</u>

The standard rate of UK corporation tax reduced from 21% to 20% on 1 April 2015. The 2016 Finance Act received Royal Assent on 15 September 2016 which will reduce the rate further to 19% from 1 April 2017, and to 17% from 1 April 2020. These reductions will reduce the company's future tax charge accordingly.

17. Called up share capital

	2016 £
Allotted, called-up and fully paid: 3,877,501 ordinary shares of £1 each	<u>3,877,501</u>

Shares issued in the year comprise of 1 share of £1 on incorporation and 3,877,500 £1 shares issued on 1 December 2016 as part of the debt for equity swap with Applus RTD Holdings Ltd regarding the £7.05m acquisition loan.

Applus Aerospace UK Limited

Notes to the financial statements (continued) for the period ended 31 December 2016

18. Other financial commitments

The annual commitments under non-cancellable operating leases are as set out below:

	Land and buildings 2016 £	Other 2016 £
Future minimum payments:		
Within one year	120,109	26,454
Within two to five years	384,657	61,349
After five years	-	-
	<u>504,766</u>	<u>87,803</u>

The company leases various offices across the UK, with the leases expiring at various dates from 2017 to 2021. Other leases relates to various plant and machinery as well as vehicles. All other leases expire between 2017 and 2021.

19. Contingent liabilities

Contingent liabilities arise in the ordinary course of business in connection with the completion of contracts in accordance with specification and those involving normal recourse agreements. The company also granted cross guarantees in respect of a group syndicate bank loan. The maximum liability under these guarantees is unlimited.

20. Ultimate holding company

The company's immediate holding company is Applus RTD UK (Holdings) Limited, a company registered in Scotland. The directors regard Applus Services SA., a company registered in Spain, as the controlling party and ultimate parent company. This is both the smallest and largest company within which the results of the company are consolidated. The accounts of Applus Services SA are available from their registered office at Campus UAB Carretera Acceso a la Facultad de Medicina s/n, Bellaterra 08193, Barcelona, Spain.

21. Related party transactions

The company has taken advantage of the exemption under paragraph 3(C) from the provisions of IAS 24, 'Related Party Disclosures', from disclosing related party transactions with fellow Group companies on the grounds that throughout the period it was a wholly owned subsidiary of a group headed by the Applus Services SA whose financial statements are publicly available. There were no other related party transactions.