

Registered number: 02933658

## **BELCAN INTERNATIONAL LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 26 DECEMBER 2021**

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## **BELCAN INTERNATIONAL LIMITED**

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**BELCAN INTERNATIONAL LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	N R Montour K Matthews E Ferris
<b>Registered number</b>	02933658
<b>Registered office</b>	Kelvin House Rtc Business Park London Road Derby DE24 8UP
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Donington Court Pegasus Business Park Castle Donington East Midlands DE74 2UZ

## **BELCAN INTERNATIONAL LIMITED**

### **STRATEGIC REPORT FOR THE PERIOD ENDED 26 DECEMBER 2021**

The directors present the Strategic Report of Belcan International Limited (the "Company") and its subsidiaries (the "Group") for the 52 week period ended 26 December 2021.

#### **Business review**

The results for the period/year show an operating loss of £4,483,484 (2020: £613,409) on turnover of £59,453,260 (2020: £67,921,887) for the financial year. The Group has a net Balance Sheet value of £2,966,151 at 26 December 2021 (2020: £8,666,057). Financial performance for the year has been resilient despite the continuing global economic challenge caused by the COVID-19 pandemic. The business continues its strategy of market diversification.

#### **Principal risks and uncertainties**

We believe that the Group can meet key business risks of competition, both local and international. The Group is implementing employee retention and recruitment strategies to mitigate the increasing risk associated with this. The Group continues to diversify both the industries into which it operates and its large blue-chip customer base, mitigating both industry and customer specific risks.

The war in Ukraine has had minimal impact on the operations of the Group however we continue to monitor this and any potential impact on the Group's future operations.

#### **Financial key performance indicators**

The Group uses turnover, gross profit and EBITDA from continuing activities as its Key Performance Indicators ("KPI"). Performance against these measures was satisfactory during the period/year.

	52 week period ended 26 December 2021 £m	Year ended 31 December 2020 £m
Turnover from continuing activities	59	68
Gross profit from continuing activities	14	14
EBITDA from continuing activities	(3)	3

The Group does not use non-financial KPI's.

#### **Directors' statement of compliance with duty to promote the success of the Group**

The Companies Act 2006 ("CA2006") sets out a number of general duties which directors owe to their Company. New legislation has been introduced to help shareholders better understand how directors have discharged their duty to promote the success of the Company, while having regard to the matters set out in Section 172 (1)(a) to (f) of the CA2006 ("s172 factors"). In 2021 the directors continued to exercise all their duties, while having regard to these and other factors as they reviewed and considered proposals from senior management and governed the Company on behalf of its shareholders through the board.

## **BELCAN INTERNATIONAL LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 26 DECEMBER 2021**

#### **Key stakeholders and how we engage with them**

##### Customers

Our board customer base spans industries, businesses and end customers of our products and services. We work closely with our customers to understand their evolving needs so we can improve and adapt to meet them.

Senior management report to the Board on the regular discussions that are held with customers, and depending on the size and complexity of the customer, dedicated Account Managers manage appropriate relationships and communications. Members of the Board are directly involved in agreements made with our largest customers.

##### Employees

Our philosophy is to build an inclusive work environment to attract and retain talented people, encourage innovation and inspire top performance from employees to achieve superior business results by putting people first.

Our employees are key to our business and members of the Board engage regularly with employees directly through online Town Hall meetings and indirectly through discussions with senior management.

We encourage and recognise outstanding performance through our Global Eagle awards program.

##### Shareholders

As the Company is a wholly owned subsidiary of Belcan Alliances Inc, the Board regularly engages with the Board of Directors of the Company's owners, with two members of the Company's Board also being US-based directors of Belcan Alliances Inc.

The UK based director has regular meetings with the US directors on a weekly and monthly basis and submit monthly financial results and KPI reports which are formally reviewed and discussed. These include updates on both our customers and Go To Market strategy with progress towards meeting revenue, gross margin and EBITDA targets.

##### Society

At Belcan we believe in being good corporate citizens and in having a lasting impact on our communities. The Belcan Code of Conduct defines expected ethical behaviour by all Belcan employees. It requires everyone to conduct business fairly, impartially, and in full compliance with all laws and regulations. Belcan focuses on developing long-term, strategic relationships built around our key principles and values of Earned Trust, People First, Performance Driven and Passion with Purpose. Our purpose is to Engineer Better Outcomes and we are committed to work collaboratively as a strategic partner across both our customer and supplier base.

Part of our business strategy is the development of new technology which has benefits such as improving the fuel efficiency of aircraft, contributing a positive impact on the environment. We strive to be "good neighbours" at our office locations and work together with our landlords to do so.

We use our corporate website to positively engage with the public.

##### Partners and suppliers

We aim to work responsibly with our suppliers. We depend on the capability and performance of our suppliers, contractors and other partners, such as small businesses and industry peers, to help deliver the products and services we need for our operations and our customers.

We are very visible at industry events across the UK and EMA and use senior management to engage directly with suppliers on a regular basis.

**BELCAN INTERNATIONAL LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 26 DECEMBER 2021**

**Disabled persons**

It is the Group's policy to give full and fair consideration of applications for employment made by disabled persons, having regard to their particular aptitudes and abilities; continuing the employment of, and arranging training for employees who have become disabled persons while employed; and to be non-discriminatory regarding the training, career development and promotion of disabled persons.

This report was approved by the Board and signed on its behalf by:



**K Matthews**  
Director

22 September 2022

## **BELCAN INTERNATIONAL LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 26 DECEMBER 2021**

The directors present their annual report and the audited consolidated financial statements of Belcan International Limited (the "Company") together with its subsidiaries (the "Group") for the period ended 26 December 2021.

#### **Principal activities**

The principal activity of the Group is that of the provision of Engineering Services, Technical Recruiting Services and Consulting Services.

#### **Results and dividends**

The loss for the financial period/year amounted to £5,748,976 (2020: £1,938,345).

The directors do not recommend the payment of a dividend (2020: £Nil).

#### **Directors**

The directors who served during the period and up to the date of signing the financial statements, unless otherwise stated, were:

N R Montour  
M M Naylor (resigned 31 July 2021)  
K Matthews  
E Ferris

#### **Going concern**

The financial statements have been prepared on a going concern basis, which assumes that the Group and the Company continue in operational existence for a period of at least 12 months from the date the Balance Sheet is signed. The directors have reviewed the detailed budget and cash flow forecasts for the Group, for a period beyond one year from the date of approval of these financial statements including undertakings from the parent entity to support the Company and Group. Based on this review the directors have concluded that the Group and the Company are able to meet their external liabilities as they fall due and that the going concern basis of preparation is therefore appropriate.

The Company and Group has net current liabilities due to amounts owed to other group entities. These have generally arisen due to funding received for the acquisition of the UK subsidiary companies. The parent company has confirmed that repayment of these balances shall not be requested, unless the group and company have the ability to do so without impacting external creditors, for a period of at least twelve months from the date of approval of these financial statements.

#### **Directors' indemnities**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

#### **Matters covered in the Strategic Report**

The disclosures in relation to key stakeholders including employees and disclosures in relation to policies for disabled persons are included in the Strategic Report.

## **BELCAN INTERNATIONAL LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 26 DECEMBER 2021**

#### **Financial risk management**

##### *Foreign exchange risk*

The Company has intercompany balances with the parent company and parent group denominated in foreign currency. The Company does not actively manage this risk.

##### *Cash flow risk*

The cash flow of the Company is exposed to non-payment risk by customers. The Company manages this risk by carefully appraising the credit quality of customers prior to entering into contracts and thereafter engaging in credit control measures.

##### *Liquidity risk*

The directors review the liquidity position on a regular basis and are confident that the business has sufficient cash resources to meet its trading needs.

##### *Credit risk*

Credit risk is managed by careful review of customers' financial standing and appropriate credit checks on potential customers prior to sale.

#### **Post balance sheet events**

The directors are not aware of any post balance sheet events that would have an impact on the operations of the Company.

#### **Research and development activities**

The Group has engaged in research and development activities and has charged £8,014,094 (2020: £8,204,335) to administrative expenses in relation to research and development during the period/year.

#### **Future developments**

The Group continues to work closely with its customers to provide the highest standard of services both in the UK and abroad. The Group continues to look for opportunities to grow, both organically and inorganically. The strategic acquisitions opened up new markets and opportunities for the Group. Belcan International will continue to look for strategic investments moving forward that enhance its market offering.

## BELCAN INTERNATIONAL LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 26 DECEMBER 2021

#### Streamlined energy and carbon reporting (SECR)

The SECR disclosure presents the Company's carbon footprint within the United Kingdom across scope 1, 2 and scope 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial period/year.

#### Emissions Data

Description		52 week period ended 26 December 2021 Quantity	Year ended 2020 Quantity	52 week period ended 26 December 2021 tCO2e	Year ended 2020 tCO2e
	Measure				
Gas usage	kWh	205,541	202,869	37.65	37.30
Electricity usage	kWh	771,692	676,183	163.85	157.65
Business travel	kWh	153,062	229,906	37.00	55.45
<b>Total energy consumption</b>	<b>kWh</b>	<b>1,130,295</b>	<b>1,108,958</b>		
<b>Total emissions</b>				<b>238.50</b>	<b>250.39</b>
<b>Intensity ratio per employee*</b>	<b>Employees</b>	<b>374</b>	<b>399</b>	<b>0.64</b>	<b>0.63</b>

\* The number of employees being 374. These are UK employees only as the Company's carbon footprint is reported only within the UK. Total number of employees included Poland, Germany and India is 395 in 2021 (note 8).

#### Methodology

The Group and its subsidiaries are required to report annual greenhouse gas emissions from activities for which the Group is responsible for over the 52 week period ending 26 December 2021. The reporting method used is in line with the HM Government Environmental Reporting Guidelines issued in March 2019 and the Group has used the Greenhouse Gas Reporting Protocol - Corporate Standard. The emissions factor source is the 2021 UK Government's Conversion Factors for Company Reporting.

#### Energy Efficiency

We have equipped and enabled our employees to work from home reducing emissions from car and train travel. We also invested in the technology enabling Belcan employees to communicate with colleagues and customers via videoconferencing rather than meeting on site.

Travel only for essential business with managerial approval.

We are conserving energy via powering off computers, placing printers/ copiers on standby mode, reducing lights in areas not occupied.

In our offices, we invest in energy efficient features such as lighting sensors, energy efficient lighting and heating using programmable thermostats, LED lighting where applicable.

## **BELCAN INTERNATIONAL LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 26 DECEMBER 2021**

#### **Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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 the Group and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Disclosure of information to auditors**

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

#### **Independent auditors**

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:



**K Matthews**  
Director

22 September 2022

## **BELCAN INTERNATIONAL LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BELCAN INTERNATIONAL LIMITED**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Belcan International Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 26 December 2021 and of the Group's loss and the Group's cash flows for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet, and the Company Balance Sheet as at 26 December 2021; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, and the Company Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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 Group's and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

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

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

## **BELCAN INTERNATIONAL LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BELCAN INTERNATIONAL LIMITED (CONTINUED)**

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 26 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

##### *Auditors' 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 auditors' 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.

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.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and manipulation in accounting estimates to improve the reported financial position. Audit procedures performed by the engagement team included:

- Discussions with management and the Directors, including consideration of known or suspected instances of non-compliance with laws and regulations, claims and fraud;
- Reviewing relevant minutes of board meetings;
- Evaluation of management's controls designed to prevent and detect irregularities, in particular the whistleblowing policy and employee code of conduct;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular relation to allowance for doubtful accounts and impairment of assets;

## BELCAN INTERNATIONAL LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BELCAN INTERNATIONAL LIMITED (CONTINUED)

- Reviewing the Annual Report for appropriate disclosures required by FRS 102 or the Companies Act;
- Identifying and testing journal entries, using a risk-based audit approach, with a particular focus on entries posted with unusual combinations that increased revenues; and
- Performing unpredictable audit procedures which are changed year on year.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

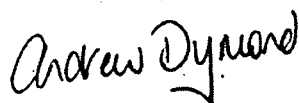
### Other required reporting

#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew Dymond (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands  
22 September 2022

**BELCAN INTERNATIONAL LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 26 DECEMBER 2021**

		<b>52 week period ended 26 December 2021 £</b>	<b>Year ended 31 December 2020 £</b>
	<b>Note</b>		
Turnover	4	59,453,260	67,921,887
Cost of sales		(45,747,283)	(53,458,561)
<b>Gross profit</b>		<b>13,705,977</b>	<b>14,463,326</b>
Administrative expenses		(19,478,277)	(19,136,054)
Other operating income	5	1,288,816	4,059,319
<b>Operating loss</b>	6	<b>(4,483,484)</b>	<b>(613,409)</b>
Interest receivable and similar income	10	449	11,791
Interest payable and similar expenses	11	(986,970)	(1,238,993)
<b>Loss before taxation</b>		<b>(5,470,005)</b>	<b>(1,840,611)</b>
Tax on loss	12	(278,971)	(97,734)
<b>Loss for the financial period/year</b>		<b>(5,748,976)</b>	<b>(1,938,345)</b>
<b>Other comprehensive income for the financial period/year:</b>			
Currency translation differences		49,070	21,268
<b>Other comprehensive income for the financial period/year</b>		<b>49,070</b>	<b>21,268</b>
<b>Total comprehensive expense for the financial period/year</b>		<b>(5,699,906)</b>	<b>(1,917,077)</b>

The notes on pages 19 to 43 form part of these financial statements.

**BELCAN INTERNATIONAL LIMITED**  
**REGISTERED NUMBER: 02933658**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 26 DECEMBER 2021**

	Note	26 December 2021 £	31 December 2020 £
<b>Fixed assets</b>			
Intangible assets	13	23,157,415	25,770,214
Tangible assets	14	2,229,567	2,775,760
		<u>25,386,982</u>	<u>28,545,974</u>
<b>Current assets</b>			
Stocks	16	38,644	19,792
Debtors	17	31,740,728	31,122,070
Cash at bank and in hand	18	3,393,577	6,013,370
		<u>35,172,949</u>	<u>37,155,232</u>
Creditors: amounts falling due within one year	19	(54,334,277)	(53,929,671)
<b>Net current liabilities</b>		<u>(19,161,328)</u>	<u>(16,774,439)</u>
<b>Total assets less current liabilities</b>		<u>6,225,654</u>	<u>11,771,535</u>
<b>Provisions for liabilities</b>			
Deferred taxation	20	(3,259,503)	(3,105,478)
<b>Net assets</b>		<u>2,966,151</u>	<u>8,666,057</u>
<b>Capital and reserves</b>			
Called up share capital	21	29,101	29,101
Share premium account	22	7,031,676	7,031,676
Foreign exchange reserve	22	157,205	108,135
Other reserves	22	1,012,011	1,012,011
Profit and loss account	22	(5,263,842)	485,134
<b>Total shareholders' funds</b>		<u>2,966,151</u>	<u>8,666,057</u>

The financial statements on pages 12 to 43 were approved and authorised for issue by the board and were signed on its behalf by:



**K Matthews**

Director

22 September 2022

The notes on pages 19 to 43 form part of these financial statements.

**BELCAN INTERNATIONAL LIMITED**  
**REGISTERED NUMBER: 02933658**

**COMPANY BALANCE SHEET**  
**AS AT 26 DECEMBER 2021**

	Note	26 December 2021 £	31 December 2020 £
<b>Fixed assets</b>			
Tangible assets	14	368,393	500,439
Investments	15	61,175,622	61,175,622
		<u>61,544,015</u>	<u>61,676,061</u>
<b>Current assets</b>			
Debtors	17	18,496,288	18,019,626
Cash at bank and in hand	18	262,174	686,571
		<u>18,758,462</u>	<u>18,706,197</u>
Creditors: amounts falling due within one year	19	(87,776,414)	(83,356,363)
<b>Net current liabilities</b>		<u>(69,017,952)</u>	<u>(64,650,166)</u>
Deferred taxation	20	-	(9,057)
<b>Total assets less current liabilities</b>		<u>(7,473,937)</u>	<u>(2,983,162)</u>
<b>Capital and reserves</b>			
Called up share capital	21	29,101	29,101
Share premium account	22	7,031,676	7,031,676
Other reserves	22	1,012,000	1,012,000
Profit and loss account brought forward		(11,055,939)	(8,812,952)
Loss for the financial period/year		<u>(4,490,775)</u>	<u>(2,242,987)</u>
Profit and loss account carried forward		<u>(15,546,714)</u>	<u>(11,055,939)</u>
<b>Total shareholders' deficit</b>		<u>(7,473,937)</u>	<u>(2,983,162)</u>

The financial statements on pages 12 to 43 were approved and authorised for issue by the board and were signed on its behalf by:



**K Matthews**

Director

22 September 2022

The notes on pages 19 to 43 form part of these financial statements.

**BELCAN INTERNATIONAL LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 26 DECEMBER 2021**

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Other reserves £	Profit and loss account £	Total shareholders' funds £
<b>At 1 January 2020</b>	<b>29,101</b>	<b>7,031,676</b>	<b>86,867</b>	<b>1,012,011</b>	<b>2,423,479</b>	<b>10,583,134</b>
<b>Comprehensive (expense)/income for the financial year</b>						
Loss for the financial year	-	-	-	-	(1,938,345)	(1,938,345)
Currency translation differences	-	-	21,268	-	-	21,268
<b>Other comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>21,268</b>	<b>-</b>	<b>-</b>	<b>21,268</b>
<b>Total comprehensive income/(expense) for the financial year</b>	<b>-</b>	<b>-</b>	<b>21,268</b>	<b>-</b>	<b>(1,938,345)</b>	<b>(1,917,077)</b>
<b>At 31 December 2020 and 1 January 2021</b>	<b>29,101</b>	<b>7,031,676</b>	<b>108,135</b>	<b>1,012,011</b>	<b>485,134</b>	<b>8,666,057</b>
<b>Comprehensive (expense)/income for the financial period</b>						
Loss for the financial period	-	-	-	-	(5,748,976)	(5,748,976)
Currency translation differences	-	-	49,070	-	-	49,070
<b>Other comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>49,070</b>	<b>-</b>	<b>-</b>	<b>49,070</b>
<b>Total comprehensive income/(expense) for the financial period</b>	<b>-</b>	<b>-</b>	<b>49,070</b>	<b>-</b>	<b>(5,748,976)</b>	<b>(5,699,906)</b>
<b>At 26 December 2021</b>	<b>29,101</b>	<b>7,031,676</b>	<b>157,205</b>	<b>1,012,011</b>	<b>(5,263,842)</b>	<b>2,966,151</b>

The notes on pages 19 to 43 form part of these financial statements.

**BELCAN INTERNATIONAL LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 26 DECEMBER 2021**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total shareholders' deficit £
<b>At 1 January 2020</b>	29,101	7,031,676	1,012,000	(8,812,952)	(740,175)
<b>Comprehensive expense for the financial year</b>					
Loss for the financial year	-	-	-	(2,242,987)	(2,242,987)
<b>Total comprehensive expense for the financial year</b>	-	-	-	(2,242,987)	(2,242,987)
<b>At 31 December 2020 and 1 January 2021</b>	29,101	7,031,676	1,012,000	(11,055,939)	(2,983,162)
<b>Comprehensive expense for the financial period</b>					
Loss for the financial period	-	-	-	(4,490,775)	(4,490,775)
<b>Total comprehensive expense for the financial period</b>	-	-	-	(4,490,775)	(4,490,775)
<b>At 26 December 2021</b>	29,101	7,031,676	1,012,000	(15,546,714)	(7,473,937)

The notes on pages 19 to 43 form part of these financial statements.

**BELCAN INTERNATIONAL LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 26 DECEMBER 2021**

	52 week period ended 26 December 2021 £	Year ended 31 December 2020 £
<b>Cash flows from operating activities</b>		
Loss for the financial period/year	(5,748,976)	(1,938,345)
<b>Adjustments for:</b>		
Taxation charge	278,971	97,734
Interest payable and similar expenses	986,970	1,238,993
Interest receivable and similar income	(449)	(11,791)
Amortisation of intangible assets	2,612,799	2,664,136
Depreciation of tangible assets	960,446	889,201
Foreign exchange differences	51,620	21,268
Increase in stocks	(18,853)	(815)
Decrease in debtors	127,004	9,010,388
Decrease in creditors	(1,156,662)	(4,240,250)
Corporation tax paid (net of RDEC credit)	15,048	(883,366)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,892,082)</b>	<b>6,847,153</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(416,803)	(1,079,602)
Interest received	449	11,791
<b>Net cash used in investing activities</b>	<b>(416,354)</b>	<b>(1,067,811)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(986,970)	(1,238,993)
(Increase)/decrease in amounts owed by group	(885,655)	255,019
Increase/(decrease) in amounts owed to group	1,561,268	(7,713,375)
<b>Net cash used in financing activities</b>	<b>(311,357)</b>	<b>(8,697,349)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,619,793)</b>	<b>(2,918,007)</b>
Cash and cash equivalents at beginning of financial period/year	6,013,370	8,931,377
<b>Cash and cash equivalents at the end of financial period/year</b>	<b>3,393,577</b>	<b>6,013,370</b>

**BELCAN INTERNATIONAL LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE PERIOD ENDED 26 DECEMBER 2021**

	26 December 2021 £	31 December 2020 £
<b>Cash and cash equivalents at the end of financial period/year comprise:</b>		
Cash at bank and in hand	<u>3,393,577</u>	<u>6,013,370</u>

Included in the cash flow movements are the below items:

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	8,931,377	(2,918,007)	6,013,370

	At 1 January 2021 £	Cash flows £	At 26 December 2021 £
Cash at bank and in hand	6,013,370	(2,619,793)	3,393,577

The notes on pages 19 to 43 form part of these financial statements.

## **BELCAN INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021**

#### **1. General information**

Belcan International Limited (the "Company") is a private company, limited by shares, registered in England and Wales. The registered address of the Company is Kelvin House, Rtc Business Park, London Road, Derby, DE24 8UP.

The principal activity of the Group is that of the provision of Engineering Services, Technical Recruiting Services and Consulting Services.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied consistently throughout the period:

##### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

##### **2.3 Going concern**

The financial statements have been prepared on a going concern basis, which assumes that the Group and the Company continue in operational existence for a period of at least 12 months from the date the Balance Sheet is signed. The directors have reviewed the detailed budget and cash flow forecasts for the Group, for a period beyond one year from the date of approval of these financial statements including undertakings from the parent entity to support the Company and Group. Based on this review the directors have concluded that the Group and the Company are able to meet their external liabilities as they fall due and that the going concern basis of preparation is therefore appropriate.

The Company and Group has net current liabilities due to amounts owed to other group entities. These have generally arisen due to funding received for the acquisition of the UK subsidiary companies. The parent company has confirmed that repayment of these balances shall not be requested, unless the group and company have the ability to do so without impacting external creditors, for a period of at least twelve months from the date of approval of these financial statements.

## BELCAN INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021

#### 2. Accounting policies (continued)

##### 2.4 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in these consolidated financial statements.

##### 2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

###### Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Where turnover relates to the provision of engineering services it is represented by net invoiced sales of goods and services, excluding value added tax. Turnover is recognised on a percentage of completion basis when the service has been delivered on contracts. Turnover that has been recognised but not invoiced at the year end is included in debtors as accrued income.

## BELCAN INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021

#### 2. Accounting policies (continued)

##### 2.6 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

###### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Customer relationships	-	15 years
Goodwill	-	10 years
Trademarks	-	20 years

##### 2.7 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Improvement to property	-	Over the period of the lease
Fixtures and fittings	-	15%
Computer equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

##### 2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

## **BELCÁN INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021**

#### **2. Accounting policies (continued)**

##### **2.9 Stocks**

Stocks are stated at the lower of cost and net realisable value.

Work in progress includes the cost of direct materials and labour plus attributable overheads based on a normal level of activity. Net realisable value is based on estimated selling price less any costs expected to be incurred to completion.

##### **2.10 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **2.11 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### **2.12 Financial instruments**

The Group is applying section 11 and 12 of FRS 102. The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

## **BELCAN INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021**

#### **2. Accounting policies (continued)**

##### **2.12 Financial instruments (continued)**

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **2.13 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **2.14 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cashflow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'interest receivable and similar income' and 'interest payable and similar charges'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'administrative expenses'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

## **BELCAN INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021**

#### **2. Accounting policies (continued)**

##### **2.15 Finance costs**

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.16 Pensions**

###### **Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

##### **2.17 Interest income**

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

##### **2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

## **BELCAN INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021**

#### **2. Accounting policies (continued)**

##### **2.19 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

##### **2.20 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

## BELCAN INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *(i) Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the tangible assets, and note 2.7 for the useful economic lives for each class of assets.

##### *(ii) Impairment of intangibles assets and goodwill (note 13)*

The Group considers whether intangible assets and goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. The CGU's are based upon the operations of the business (being Sitec, Belcan Engineering, Belcan Advanced Solutions and Belcan Test Systems). The weighted average cost of capital ("WACC") applied in this assessment was 12% for all CGU's and the cash flows were based upon the 2021 -2024 foretasted positions with growth of 2% foretasted in the terminal value calculations. There was headroom noted across all CGU's and the one closest to impairment was Sitec, owing to it being the most recent acquisition in 2019. However, a 17% increase in WACC or a 50% reduction in the terminal growth rate would be required prior to any impairment being recorded.

##### *(iii) Impairment of debtors*

The Group 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 17 for the net carrying amount of the debtors and associated impairment provision.

#### 4. Turnover

An analysis of turnover by class of business is as follows:

	52 week period ended 26 December 2021 £	Year ended 31 December 2020 £
Recruitment	26,768,449	31,619,491
Engineering services	27,270,749	31,664,112
Consulting	5,414,062	4,638,284
	<u>59,453,260</u>	<u>67,921,887</u>

# **BELCAN INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021**

### **4. Turnover (continued)**

Analysis of turnover by country of destination:

	<b>52 week period ended 26 December 2021 £</b>	<b>Year ended 31 December 2020 £</b>
United Kingdom	<b>49,474,781</b>	<b>56,642,441</b>
Rest of Europe	<b>7,240,550</b>	<b>9,061,246</b>
Rest of the World	<b>2,737,929</b>	<b>2,218,200</b>
	<b><u>59,453,260</u></b>	<b><u>67,921,887</u></b>

### **5. Other operating income**

	<b>52 week period ended 26 December 2021 £</b>	<b>Year ended 31 December 2020 £</b>
Other operating income	<b>479</b>	<b>24,243</b>
Furlough income	<b>246,505</b>	<b>1,630,371</b>
RDEC claim	<b>1,041,832</b>	<b>1,049,932</b>
Foreign exchange difference - gain	<b>-</b>	<b>1,354,773</b>
	<b><u>1,288,816</u></b>	<b><u>4,059,319</u></b>

The foreign exchange gains largely relate to foreign exchange differences on the intercompany balances.

# **BELCAN INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021**

### **6. Operating loss**

The operating loss is stated after charging:

	<b>52 week period ended 26 December 2021 £</b>	<b>Year ended 31 December 2020 £</b>
Depreciation of tangible assets	960,446	889,201
Amortisation of intangible assets	2,612,799	2,664,136
Operating lease rentals	787,280	764,950
	<u>          </u>	<u>          </u>

### **7. Auditors' remuneration**

	<b>52 week period ended 26 December 2021 £</b>	<b>Year ended 31 December 2020 £</b>
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	146,530	150,530
	<u>          </u>	<u>          </u>
<b>Fees payable to the Group's auditors in respect of:</b>		
Taxation advisory services	78,338	75,283
Other assurance related services	19,760	18,820
	<u>98,098</u>	<u>94,103</u>

# **BELCAN INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021**

### **8. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>Group 26 December 2021 £</b>	<b>Group 31 December 2020 £</b>	<b>Company 26 December 2021 £</b>	<b>Company 31 December 2020 £</b>
Wages and salaries	<b>18,441,955</b>	18,255,625	<b>3,087,385</b>	2,214,551
Social security costs	<b>2,004,831</b>	2,208,435	<b>373,614</b>	275,177
Other pension costs	<b>854,340</b>	903,054	<b>137,191</b>	89,901
	<b>21,301,126</b>	21,367,114	<b>3,598,190</b>	2,579,629

The average monthly number of employees, including the directors, during the period/year was as follows:

	<b>Group 52 week period ended 26 December 2021 Number</b>	<b>Group Year ended 31 December 2020 Number</b>	<b>Company 52 week period ended 26 December 2021 Number</b>	<b>Company Year ended 31 December 2020 Number</b>
Engineering/Technical	<b>293</b>	349	-	-
Administration	<b>100</b>	101	41	26
Directors	<b>2</b>	2	2	-
	<b>395</b>	452	<b>43</b>	26

The Company has 43 employees during the period/year (2020: 26).

**BELCAN INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 DECEMBER 2021**

**9. Directors' remuneration**

	<b>52 week period ended 26 December 2021 £</b>	<b>Year ended 31 December 2020 £</b>
Directors' remuneration	<b>504,133</b>	596,125
Company contributions to defined contribution pension schemes	<b>27,640</b>	30,963
	<b><u>531,773</u></b>	<b><u>627,088</u></b>

During the period/year retirement benefits were accruing to 2 directors (2020: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £389,995 (2020: £401,836).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £21,882 (2020: £22,000).

2 (2020: 2) of the directors are remunerated by other companies within the Propulsion Intermediate LP group.

**10. Interest receivable and similar income**

	<b>52 week period ended 26 December 2021 £</b>	<b>Year ended 31 December 2020 £</b>
Other interest receivable	<b>449</b>	11,791

**BELCAN INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 DECEMBER 2021**

**11. Interest payable and similar expenses**

	<b>52 week period ended 26 December 2021 £</b>	<b>Year ended 31 December 2020 £</b>
Other interest payable	<b>986,970</b>	<b>1,238,993</b>

Included in interest payable is an amount of £986,970 (2020: £1,236,928) charged from group companies.

Please refer to note 19 for details of interest on group balances.

**12. Tax on loss**

	<b>52 week period ended 26 December 2021 £</b>	<b>Year ended 31 December 2020 £</b>
<b>Corporation tax</b>		
Current tax on losses for the financial period/year	<b>210,548</b>	390,564
Adjustments in respect of prior years	<b>(85,602)</b>	(4,084)
<b>Total current tax</b>	<b>124,946</b>	<b>386,480</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>139,955</b>	(289,073)
Adjustments in respect of prior years	<b>14,070</b>	327
<b>Total deferred tax</b>	<b>154,025</b>	<b>(288,746)</b>
<b>Total tax</b>	<b>278,971</b>	<b>97,734</b>

# **BELCAN INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021**

### **12. Tax on loss (continued)**

#### **Factors affecting tax charge for the period/year**

The tax assessed for the period/year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	<b>52 week period ended 26 December 2021 £</b>	<b>Year ended 31 December 2020 £</b>
Loss before taxation	<b>(5,470,004)</b>	<b>(1,840,611)</b>
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	<b>(1,039,301)</b>	<b>(349,716)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>294,516</b>	<b>305,229</b>
Adjustments in respect of prior years	<b>(71,532)</b>	<b>(3,757)</b>
Differences in overseas tax	<b>311,559</b>	<b>127,875</b>
Rate changes	<b>783,816</b>	<b>18,013</b>
Deferred tax not recognised	<b>(87)</b>	<b>90</b>
<b>Total tax charge for the financial period/year</b>	<b>278,971</b>	<b>97,734</b>

#### **Factors that may affect future tax charges**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (published on 24 May 2021, with royal assent received on 10 June 2021). This confirmed an increase to the corporation tax rate to 25% with effect from 1 April 2023. Deferred taxes at the Balance Sheet date have been calculated based on the corporation tax rate of 25% that is enacted at the reporting date.

**BELCAN INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 DECEMBER 2021**

**13. Intangible assets**

**Group**

	<b>Customer relationships £</b>	<b>Trademarks £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2021	18,500,000	780,000	13,404,660	32,684,660
At 26 December 2021	18,500,000	780,000	13,404,660	32,684,660
<b>Accumulated amortisation</b>				
At 1 January 2021	3,530,557	115,584	3,268,305	6,914,446
Charge for the period	1,233,333	39,000	1,340,466	2,612,799
At 26 December 2021	4,763,890	154,584	4,608,771	9,527,245
<b>Net book value</b>				
At 26 December 2021	13,736,110	625,416	8,795,889	23,157,415
At 31 December 2020	14,969,443	664,416	10,136,355	25,770,214

Amortisation of goodwill is recognised within administration expenses in the Statement of Comprehensive Income.

**BELCAN INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 DECEMBER 2021**

**14. Tangible assets**

**Group**

	Improvement to property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2021	1,191,241	573,698	3,036,362	4,801,301
Additions	153,757	34,241	228,805	416,803
Exchange adjustments	-	(1,694)	(856)	(2,550)
At 26 December 2021	1,344,998	606,245	3,264,311	5,215,554
<b>Accumulated depreciation</b>				
At 1 January 2021	207,578	221,139	1,596,824	2,025,541
Charge for the period	170,013	66,525	723,908	960,446
At 26 December 2021	377,591	287,664	2,320,732	2,985,987
<b>Net book value</b>				
At 26 December 2021	967,407	318,581	943,579	2,229,567
At 31 December 2020	983,663	352,559	1,439,538	2,775,760

**BELCAN INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 DECEMBER 2021**

**14. Tangible assets (continued)**

**Company**

	<b>Computer equipment £</b>
<b>Cost</b>	
At 1 January 2021	650,904
At 26 December 2021	<u>650,904</u>
<b>Accumulated depreciation</b>	
At 1 January 2021	150,465
Charge for the period	132,046
At 26 December 2021	<u>282,511</u>
<b>Net book value</b>	
At 26 December 2021	<u>368,393</u>
At 31 December 2020	<u>500,439</u>

**BELCAN INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 DECEMBER 2021**

**15. Investments**

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 January 2021	<b>63,175,622</b>
At 26 December 2021	<b>63,175,622</b>
<b>Accumulated impairment</b>	
At 1 January 2021	<b>2,000,000</b>
At 26 December 2021	<b>2,000,000</b>
<b>Net book value</b>	
At 26 December 2021	<b>61,175,622</b>
At 31 December 2020	<b>61,175,622</b>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Belcan Engineering Services UK Limited	Scottish Enterprise Technology Park, Kelvin Building, Bramah Avenue East Kilbride, Lanarkshire, G75 0RD	Provision of engineering services	Ordinary	100%
Belcan Technical Recruiting UK Limited	Kelvin House Rtc Business Park, London Road, Derby, England, DE24 8UP	Management consultancy and recruitment services	Ordinary	100%
Belcan Engineering Services Germany GmbH*	The Townhouse, Ludwig-Erhard-Ring 4, 15827 Blankenfelde- Mahlow, Germany	Provision of engineering services	Ordinary	100%

**BELCAN INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 DECEMBER 2021****15. Investments (continued)****Subsidiary undertakings (continued)**

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Belcan Engineering Services Poland Sp. z o.o.*	Ul. Pl. Wolnosci 13/2, 35-073 Rzeszów, Poland	Provision of engineering services	Ordinary	100%
Belcan Test Systems UK Limited	42 Central Way, Cheltenham Trade Park, Cheltenham, GL51 8LX	Provision of engineering services	Ordinary	100%
Sitec Design Limited	Church House Church Road, Filton, Bristol, England, BS34 7BD	Holding company	Ordinary	100%
SG Aerospace (India) Private Limited*	No. 288, 100 feet Ring Road, Fourth Phase, Seventh Block, Third Stage, Banashankari Bangalore KA 560085 IN	Provision of engineering services	Ordinary	100%
Sitec Recruitment Limited	Kelvin House, London Road, Derby, England, DE24 8UP	Holding company	Ordinary	100%
Sitec Professional Services Limited*	Kelvin House, London Road, Derby, England, DE24 8UP	Holding company	Ordinary	100%
Belcan Advanced Solutions Limited**	Kelvin House, London Road, Derby, England, DE24 8UP	Provision of engineering services	Ordinary	100%
Sitec Holdings Limited*	Church House Church Road, Filton, Bristol, England, BS34 7BD	Holding company	Ordinary	100%
Sitec Engineering Limited*	Church House Church Road, Filton, Bristol, England, BS34 7BD	Provision of engineering services	Ordinary	100%
Belcan Supply Chain Solutions Limited*/***	Kelvin House, London Road, Derby, England, DE24 8UP	Provision of consulting services	Ordinary	100%

# **BELCAN INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021**

### **15. Investments (continued)**

#### **Subsidiary undertakings (continued)**

\*Held indirectly.

\*\*On 14 June 2021, the name of Lagoni Engineering Limited was changed to Belcan Advanced Solutions Limited.

\*\*\*On 24 February 2021, the name of Sitec Limited was changed to Belcan Supply Chain Solutions Limited.

The Company has provided the necessary guarantees to its subsidiary companies, Belcan Technical Recruiting UK Limited (registered number 04796997), Belcan Engineering Services UK Limited (registered number SC163213), Belcan Test Systems UK Limited (registered number 06122998), Sitec Design Limited (registered number 10080721), Sitec Recruitment Limited (registered number 10080711), Sitec Professional Services Limited (registered number 07164509), Belcan Advanced Solutions Limited (registered number 06733445), Sitec Holdings Limited (registered number 08395868) and Sitec Engineering Limited (registered number 06426920) so that they are exempt from the requirements relating to the audit of accounts under section 479A of the Companies Act 2006. This applies to the financial year ended 31 December 2020 and the financial period ended 26 December 2021 for each company.

### **16. Stocks**

	<b>Group 26 December 2021 £</b>	<b>Group 31 December 2020 £</b>	<b>Company 26 December 2021 £</b>	<b>Company 31 December 2020 £</b>
Finished goods and goods for resale	<b>38,644</b>	19,792	-	-

### **17. Debtors**

	<b>Group 26 December 2021 £</b>	<b>Group 31 December 2020 £</b>	<b>Company 26 December 2021 £</b>	<b>Company 31 December 2020 £</b>
Trade debtors	<b>11,982,455</b>	11,795,306	<b>702,708</b>	468,995
Amounts owed by group undertakings	<b>11,629,312</b>	10,743,657	<b>17,733,131</b>	17,224,808
Other debtors	<b>115,081</b>	116,879	-	324
Corporation tax recoverable	<b>1,302,512</b>	1,442,506	<b>12,600</b>	-
Prepayments and accrued income	<b>6,711,368</b>	7,023,722	<b>47,849</b>	325,499
	<b>31,740,728</b>	31,122,070	<b>18,496,288</b>	18,019,626

Amounts owed by group undertakings are unsecured and repayable on demand.

Trade debtors are stated after a provisions for bad debts of £491,550 (2020: £402,827) in Group and £Nil (2020: £Nil) in Company.

**BELCAN INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 26 DECEMBER 2021**

**18. Cash at bank and in hand**

	<b>Group 26 December 2021 £</b>	<b>Group 31 December 2020 £</b>	<b>Company 26 December 2021 £</b>	<b>Company 31 December 2020 £</b>
Cash at bank and in hand	<b>3,393,577</b>	<b>6,013,370</b>	<b>262,174</b>	<b>686,571</b>

**19. Creditors: amounts falling due within one year**

	<b>Group 26 December 2021 £</b>	<b>Group 31 December 2020 £</b>	<b>Company 26 December 2021 £</b>	<b>Company 31 December 2020 £</b>
Trade creditors	<b>449,836</b>	<b>924,947</b>	<b>7,674</b>	<b>37,612</b>
Amounts owed to group undertakings	<b>46,507,861</b>	<b>44,946,593</b>	<b>87,093,207</b>	<b>82,839,201</b>
Other taxation and social security	<b>2,286,212</b>	<b>3,930,342</b>	<b>113,713</b>	<b>152,338</b>
Other creditors	<b>548,106</b>	<b>601,681</b>	<b>37,605</b>	<b>17,601</b>
Accruals and deferred income	<b>4,542,262</b>	<b>3,526,108</b>	<b>524,215</b>	<b>309,611</b>
	<b>54,334,277</b>	<b>53,929,671</b>	<b>87,776,414</b>	<b>83,356,363</b>

Included in amounts owed to group undertakings are loans of \$64m on which interest is charged at 2.07% (2020: \$64m, interest 2.07%). The amount of interest expensed in the period/year for this loan was £1m (2020: £1m) and the balance at the period/year end including interest was \$67m (2020: \$66m).

**20. Deferred taxation**

**Group**

	<b>2021 £</b>
At beginning of period	<b>(3,105,478)</b>
Charged to profit or loss	<b>(154,025)</b>
At end of period	<b>(3,259,503)</b>

# **BELCAN INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021**

### **20. Deferred taxation (continued)**

#### **Company**

	<b>2021 £</b>
At beginning of period	<b>(9,057)</b>
Charged to profit or loss	<b>9,057</b>
<b>At end of period</b>	<b>-</b>

The provision for deferred taxation is made up as follows:

	<b>Group 26 December 2021 £</b>	<b>Group 31 December 2020 £</b>	<b>Company 26 December 2021 £</b>	<b>Company 31 December 2020 £</b>
Accelerated capital allowances	<b>(152,840)</b>	(156,936)	<b>(1,170)</b>	(10,808)
Acquired intangible assets	<b>(3,590,382)</b>	(2,970,434)	-	-
Other timing differences	<b>16,304</b>	16,124	<b>1,170</b>	1,751
Tax losses	<b>461,837</b>	190	-	-
RDEC carried forward	<b>5,578</b>	5,578	-	-
	<b>(3,259,503)</b>	(3,105,478)	<b>-</b>	<b>(9,057)</b>

### **21. Called up share capital**

	<b>26 December 2021 £</b>	<b>31 December 2020 £</b>
<b>Allotted, called up and fully paid</b>		
29,101 (2020: 29,101) Ordinary shares of £1.00 (2020: £1.00) each	<b>29,101</b>	29,101

Each ordinary share carries one vote, participates equally with the other ordinary shares as respects dividends and distributions of capital (including on a winding up) and is not redeemable.

## BELCAN INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021

#### 22. Reserves

##### Share premium account

The amounts subscribed for share capital in excess of the nominal value.

##### Foreign exchange reserve

The foreign exchange reserve account relates to the translation of foreign subsidiaries.

##### Other reserves

Other reserves relate to a capital contribution.

##### Profit and loss account

The profit and loss account represents the accumulated profits and losses made by the Group and Company less any distributions made.

#### 23. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £854,340 (2020: £903,054).

#### 24. Commitments under operating leases

At reporting date the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 26 December 2021 £	Group 31 December 2020 £	Company 26 December 2021 £	Company 31 December 2020 £
Not later than 1 year	749,075	694,562	6,670	7,641
Later than 1 year and not later than 5 years	1,488,747	2,050,182	10,842	17,512
Later than 5 years	243,094	43,235	-	-
	<u>2,480,916</u>	<u>2,787,979</u>	<u>17,512</u>	<u>25,153</u>

# **BELCAN INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021**

### **25. Financial instruments**

#### **Group**

Financial assets measured at historic cost

	26 December 2021 £	31. December 2020 £
Cash	3,393,577	6,013,370
Amounts owed by group undertakings	11,629,312	10,743,657
Trade debtors	11,982,455	11,795,306
Other debtors and accrued income	6,826,449	7,140,601
	<u>33,831,793</u>	<u>35,692,934</u>

Financial liabilities measured at historic cost

	26 December 2021 £	31. December 2020 £
Amounts owed to group undertakings	(46,507,861)	(44,946,593)
Accruals	(4,542,262)	(3,526,108)
Trade creditors	(449,836)	(924,947)
Other creditors	(548,106)	(601,681)
	<u>(52,048,065)</u>	<u>(49,999,329)</u>

### **26. Related party transaction**

Key management personnel are the directors of the Company whose remuneration is disclosed in note 9 or who are remunerated by other companies within the Propulsion Intermediate LP group.

The Company has taken advantage of the exemption, contained in FRS 102 section 33 "Related Party Disclosures", from disclosing transactions with entities which are a wholly owned part of the Group.

### **27. Post balance sheet events**

The directors' are not aware of any post balance sheet events that would have an impact on the operations of the Company.

## **BELCAN INTERNATIONAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 DECEMBER 2021**

#### **28. Ultimate parent undertaking and controlling party**

The Company is a wholly owned subsidiary of its immediate parent undertaking Belcan Alliances Inc., a company incorporated in the United States of America.

Its ultimate parent undertaking and controlling party, and the parent of the largest group to consolidate the financial statements, is Propulsion Intermediate LP, a company incorporated in the United States of America. The financial statements of Propulsion Intermediate LP are not publicly available.

The parent of the smallest group to consolidate the financial statements, is Belcan LLC, a company incorporated in the United States of America. The financial statements of Belcan LLC are not publicly available.