

Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 December 2017
for
European Support Services (UK) Limited

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Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2017

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	4
Consolidated Income Statement	6
Consolidated Other Comprehensive Income	7
Consolidated Balance Sheet	8
Company Balance Sheet	9
Consolidated Statement of Changes in Equity	10
Company Statement of Changes in Equity	11
Consolidated Cash Flow Statement	12
Notes to the Consolidated Cash Flow Statement	13
Notes to the Consolidated Financial Statements	14

European Support Services (UK) Limited

Company Information
for the Year Ended 31 December 2017

DIRECTORS:	R Kjellerup R J Dye
SECRETARY:	Camamile Limited
REGISTERED OFFICE:	15 Newland Lincoln Lincolnshire LN1 1XG
REGISTERED NUMBER:	04147622 (England and Wales)
AUDITORS:	Wright Vigar Limited Statutory Auditors Chartered Accountants & Business Advisers 15 Newland Lincoln Lincolnshire LN1 1XG
BANKERS:	HSBC Bank Plc 221 High Street Lincoln Lincolnshire LN1 1TS

Group Strategic Report
for the Year Ended 31 December 2017

The directors present their strategic report of the company and the group for the year ended 31 December 2017.

PRIMARY ACTIVITIES

The Group's principal activity is primarily sales and overhaul of turbines, as well as services in offshore and onshore cogeneration.

The parent Company's objective is to serve as a management company for the Group companies.

DEVELOPMENT IN ACTIVITIES AND FINANCES

Profit after tax for the year is £979,945 (2016: £174,582)

Net profit is considered to be satisfactory given the current market conditions.

OUTLOOK

For 2018, the management expect the level of profit to continue.

KEY PERFORMANCE INDICATORS

	2017	2016
	£	£
Turnover	9,403,006	6,287,128
Gross profit	4,111,141	3,167,863
Gross margin	43.7%	50.4%
Profit before taxation	1,235,396	223,354
Net assets	6,585,003	6,995,719

RISKS

The group operates in a range of currencies and as a result fluctuations in these currencies can have a significant impact on the performance of the group. The directors assess and monitor the risks of the group on a continual basis.

INTELLECTUAL CAPITAL RESOURCES

The Group's core business involves providing high-quality services. This element places additional demands on the intellectual capital resources concerning development and provision of services.

STAFF

In order to continuously provide high-quality services it is crucial that the Group is able to recruit and retain staff with profound technical knowledge. The Group's objective is for the entities to always have the highest level of knowledge and relevant technologies with a view to ensuring a high capacity for change.

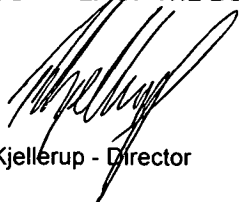
ENVIRONMENTAL PERFORMANCE

The Group aims to provide services consistently with the strictest of security and environmental regulations, and the Group's enterprises make a targeted effort in this context, including securing external approval under applicable standards.

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

ON BEHALF OF THE BOARD:



R Kjellerup - Director

19 September 2018

Report of the Directors
for the Year Ended 31 December 2017

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the service, overhaul and repairs of gas turbines.

DIVIDENDS

An interim dividend of £240.02 per share was declared on 4 January 2017. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2017 will be £1,600,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

R Kjellerup
R J Dye

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:



R Kjellerup - Director

19 September 2018

Report of the Independent Auditors to the Members of
European Support Services (UK) Limited

Opinion

We have audited the financial statements of European Support Services (UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Report of the Independent Auditors to the Members of
European Support Services (UK) Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 parent 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 parent 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Wright Vigar Limited

Matthew Chadwick BA (Hons) ACA (Senior Statutory Auditor)
for and on behalf of Wright Vigar Limited
Statutory Auditors
Chartered Accountants & Business Advisers
15 Newland
Lincoln
Lincolnshire
LN1 1XG

19 September 2018

Consolidated Income Statement
for the Year Ended 31 December 2017

	Notes	2017 £	£	2016 £	£
TURNOVER			9,403,006		6,287,128
Cost of sales			5,291,865		3,119,265
GROSS PROFIT			4,111,141		3,167,863
Administrative expenses			2,485,096		2,540,627
			1,626,045		627,236
Other operating income			-		30
OPERATING PROFIT	4		1,626,045		627,266
Income from interest in associated undertakings		103,521		39,186	
Interest receivable and similar income		5		29	
			103,526		39,215
			1,729,571		666,481
Interest payable and similar expenses	5		494,175		443,127
PROFIT BEFORE TAXATION			1,235,396		223,354
Tax on profit	6		255,451		48,772
PROFIT FOR THE FINANCIAL YEAR			979,945		174,582
Profit attributable to:					
Owners of the parent			767,911		155,885
Non-controlling interests			212,034		18,697
			979,945		174,582


Consolidated Other Comprehensive Income
for the Year Ended 31 December 2017

	Notes	2017 £	2016 £
PROFIT FOR THE YEAR		979,945	174,582
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation		142,408	719,773
Assets acquired by minority interest			
Repurchase of own shares			
Capital redemption reserve			
Fair value adjustments of hedging instruments		18,713	(17,554)
Tax of equity postings		(4,117)	3,862
Income tax relating to components of other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>157,004</u>	<u>706,081</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>1,136,949</u></u>	<u><u>880,663</u></u>
Total comprehensive income attributable to:			
Owners of the parent		872,580	686,271
Non-controlling interests		264,369	194,392
		<u><u>1,136,949</u></u>	<u><u>880,663</u></u>

Consolidated Balance Sheet
31 December 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	9	4,867,171	4,623,890
Investments	10		
Interest in associate		463,765	-
Other investments		23,840	-
		<u>5,354,776</u>	<u>4,623,890</u>
CURRENT ASSETS			
Stocks	11	12,940,074	13,958,708
Debtors	12	1,243,458	1,379,288
Cash at bank		415,793	164,484
		<u>14,599,325</u>	<u>15,502,480</u>
CREDITORS			
Amounts falling due within one year	13	10,559,072	10,733,289
NET CURRENT ASSETS		<u>4,040,253</u>	<u>4,769,191</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,395,029	9,393,081
CREDITORS			
Amounts falling due after more than one year	14	(2,415,125)	(2,397,362)
PROVISIONS FOR LIABILITIES	17	(394,901)	-
NET ASSETS		<u><u>6,585,003</u></u>	<u><u>6,995,719</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	67	67
Capital redemption reserve	19	33	33
Retained earnings	19	4,981,468	5,656,553
SHAREHOLDERS' FUNDS		4,981,568	5,656,653
NON-CONTROLLING INTERESTS	20	1,603,435	1,339,066
TOTAL EQUITY		<u><u>6,585,003</u></u>	<u><u>6,995,719</u></u>

The financial statements were approved by the Board of Directors on 19 September 2018 and were signed on its behalf by:



R Kjellerup - Director

Company Balance Sheet
31 December 2017

	Notes	2017	2016
		£	£
FIXED ASSETS			
Tangible assets	9	-	-
Investments	10	4,810,304	4,017,199
		<u>4,810,304</u>	<u>4,017,199</u>
CURRENT ASSETS			
Debtors	12	1,499,411	1,755,436
Cash at bank		4,010	8,957
		<u>1,503,421</u>	<u>1,764,393</u>
CREDITORS			
Amounts falling due within one year	13	1,332,156	124,939
		<u>1,332,156</u>	<u>124,939</u>
NET CURRENT ASSETS		<u>171,265</u>	<u>1,639,454</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>4,981,569</u></u>	<u><u>5,656,653</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	67	67
Capital redemption reserve	19	33	33
Retained earnings	19	4,981,469	5,656,553
		<u>4,981,569</u>	<u>5,656,653</u>
SHAREHOLDERS' FUNDS		<u><u>4,981,569</u></u>	<u><u>5,656,653</u></u>
 Company's profit for the financial year		 <u><u>924,916</u></u>	 <u><u>686,271</u></u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 19 September 2018 and were signed on its behalf by:


R Kjellerup - Director

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Capital redemption reserve £
Balance at 1 January 2016	67	4,824,027	33
Prior year adjustment	-	146,255	-
As restated	67	4,970,282	33
Changes in equity			
Total comprehensive income	-	686,271	-
Balance at 31 December 2016	67	5,656,553	33
Changes in equity			
Dividends	-	(1,600,000)	-
Total comprehensive income	-	924,915	-
Balance at 31 December 2017	67	4,981,468	33
	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2016	4,824,127	1,144,674	5,968,801
Prior year adjustment	146,255	-	146,255
As restated	4,970,382	1,144,674	6,115,056
Changes in equity			
Total comprehensive income	686,271	194,392	880,663
Balance at 31 December 2016	5,656,653	1,339,066	6,995,719
Changes in equity			
Dividends	(1,600,000)	-	(1,600,000)
Total comprehensive income	924,915	264,369	1,189,284
Balance at 31 December 2017	4,981,568	1,603,435	6,585,003

Company Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2016	67	4,824,027	33	4,824,127
Prior year adjustment	-	146,255	-	146,255
As restated	<u>67</u>	<u>4,970,282</u>	<u>33</u>	<u>4,970,382</u>
Changes in equity				
Total comprehensive income	-	686,271	-	686,271
Balance at 31 December 2016	<u>67</u>	<u>5,656,553</u>	<u>33</u>	<u>5,656,653</u>
Changes in equity				
Dividends	-	(1,600,000)	-	(1,600,000)
Total comprehensive income	-	924,916	-	924,916
Balance at 31 December 2017	<u>67</u>	<u>4,981,469</u>	<u>33</u>	<u>4,981,569</u>

Consolidated Cash Flow Statement
for the Year Ended 31 December 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	2,890,788	(1,472,478)
Interest paid		(494,175)	(443,127)
Tax paid		73,271	(1,715)
Net cash from operating activities		<u>2,469,884</u>	<u>(1,917,320)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(159,323)	(60,020)
Sale of tangible fixed assets		-	300,129
Interest received		5	29
Net cash from investing activities		<u>(159,318)</u>	<u>240,138</u>
Cash flows from financing activities			
New loan finance		-	2,121,819
Loan repayments in year		(1,833,508)	(709,499)
Associate loan in year		186,846	-
Amount introduced by directors		28,185	2,865
Amount withdrawn by directors		(780)	(26,827)
Equity dividends paid		(440,000)	-
Net cash from financing activities		<u>(2,059,257)</u>	<u>1,388,358</u>
Increase/(decrease) in cash and cash equivalents		<u>251,309</u>	<u>(288,824)</u>
Cash and cash equivalents at beginning of year	2	<u>164,484</u>	<u>453,308</u>
Cash and cash equivalents at end of year	2	<u><u>415,793</u></u>	<u><u>164,484</u></u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2017

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017	2016
	£	£
Profit before taxation	1,235,396	223,354
Depreciation charges	241,674	177,158
Profit on disposal of fixed assets	-	(1,920)
Profit/Loss on associate in year	103,521	39,186
Other provisions	381,440	-
Finance costs	494,175	443,127
Finance income	(103,526)	(39,215)
	<hr/>	<hr/>
	2,352,680	841,690
Decrease/(increase) in stocks	1,018,634	(1,737,131)
(Increase)/decrease in trade and other debtors	(506,955)	1,047,162
Increase/(decrease) in trade and other creditors	26,429	(1,624,199)
	<hr/>	<hr/>
Cash generated from operations	2,890,788	(1,472,478)
	<hr/>	<hr/>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	415,793	164,484
	<hr/>	<hr/>

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	164,484	453,308
	<hr/>	<hr/>

Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2017

1. STATUTORY INFORMATION

European Support Services (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of European Support Services (UK) Limited and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

The minority interests are the post acquisition reserves attributable to the minority interest and are shown in line with FRS102.

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax. Turnover from the sale of manufactured goods and goods for resale is recognised in the profit and loss account when delivery is made and the risk has passed to the buyer.

Contract work in progress is included in turnover based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- Straight line over 50 years
Plant and machinery	- 33% on cost and 20% on cost

Investments in associates

Investments in associate undertakings are recognised at cost.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	1,858,292	2,229,906
Social security costs	88,729	98,725
Other pension costs	252,103	225,896
	<u>2,199,124</u>	<u>2,554,527</u>

The average number of employees during the year was as follows:

	2017	2016
Employees	<u>36</u>	<u>45</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 36 (2016 - 45).

	2017 £	2016 £
Directors' remuneration	<u>132,500</u>	<u>144,000</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Depreciation - owned assets	241,673	177,158
Profit on disposal of fixed assets	-	(1,920)
Auditors' remuneration	5,455	5,300
Foreign exchange differences	<u>(15,487)</u>	<u>(202,828)</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £	2016 £
Bank interest	486,265	443,127
Other interest	7,910	-
	<u>494,175</u>	<u>443,127</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2017 £	2016 £
Current tax:		
UK corporation tax	156,515	25,689
Prior year under/(over) provision	-	(37,149)
Refund in joint taxation arrangement	(45,997)	-
	<hr/>	<hr/>
Total current tax	110,518	(11,460)
Deferred tax	144,933	60,232
	<hr/>	<hr/>
Tax on profit	255,451	48,772
	<hr/>	<hr/>

Tax effects relating to effects of other comprehensive income

	Gross £	2017 Tax £	Net £
Exchange differences on translation	142,408	-	142,408
Assets acquired by minority interest			
Repurchase of own shares			
Capital redemption reserve			
Fair value adjustments of hedging instruments	18,713	-	18,713
Tax of equity postings	(4,117)	-	(4,117)
	<hr/>	<hr/>	<hr/>
	157,004	-	157,004
	<hr/>	<hr/>	<hr/>
	Gross £	2016 Tax £	Net £
Exchange differences on translation	719,773	-	719,773
Assets acquired by minority interest			
Repurchase of own shares			
Capital redemption reserve			
Fair value adjustments of hedging instruments	(17,554)	-	(17,554)
Tax of equity postings	3,862	-	3,862
	<hr/>	<hr/>	<hr/>
	706,081	-	706,081
	<hr/>	<hr/>	<hr/>

7. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

8. DIVIDENDS

	2017 £	2016 £
Ordinary shares of £0.01 each		
Interim	1,600,000	-
	<hr/>	<hr/>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

9. TANGIBLE FIXED ASSETS

Group	Freehold property £	Plant and machinery £	Totals £
COST			
At 1 January 2017	4,789,250	1,162,322	5,951,572
Additions	133,125	26,198	159,323
Exchange differences	109,164	15,786	124,950
Reclassification/transfer	-	228,256	228,256
At 31 December 2017	5,031,539	1,432,562	6,464,101
DEPRECIATION			
At 1 January 2017	413,115	914,567	1,327,682
Charge for year	80,736	160,937	241,673
Exchange differences	15,844	11,731	27,575
At 31 December 2017	509,695	1,087,235	1,596,930
NET BOOK VALUE			
At 31 December 2017	4,521,844	345,327	4,867,171
At 31 December 2016	4,376,135	247,755	4,623,890

10. FIXED ASSET INVESTMENTS

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Shares in group undertakings	-	-	4,810,304	4,017,199
Participating interests	463,765	-	-	-
Other investments not loans	23,840	-	-	-
	<u>487,605</u>	<u>-</u>	<u>4,810,304</u>	<u>4,017,199</u>

Additional information is as follows:

Group	Interest in associate £
COST	
Share of profit/(loss)	103,521
Exchange differences	12,731
Reclassification/transfer	347,513
At 31 December 2017	463,765
NET BOOK VALUE	
At 31 December 2017	463,765

Investments (neither listed nor unlisted) were as follows:

	2017 £	2016 £
Reclassification/transfer	23,034	-
Exchange differences	806	-
	<u>23,840</u>	<u>-</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

10. FIXED ASSET INVESTMENTS - continued

Company

	Shares in group undertakings £
COST OR VALUATION	
At 1 January 2017	4,017,199
Revaluations	793,105
	<hr/>
At 31 December 2017	4,810,304
	<hr/>
NET BOOK VALUE	
At 31 December 2017	4,810,304
	<hr/>
At 31 December 2016	4,017,199
	<hr/>

Under previous UK GAAP, the company measured fixed asset investments under the historical cost method. On transition to FRS 102, the company elected to use the fair value model. The transitional fair value adjustment increased the carrying value of fixed asset investments and retained earnings by £2,627,709.

The company has continued to revalue fixed asset investments to fair value annually, with the movement being reflected through the income statement.

Valuation of fixed asset investments at 31 December 2017 is represented by:

	£
Cost	416,408
Fair value adjustments	4,393,896
	<hr/>
	4,810,304

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

HKJ Group A/S

Registered office:

Nature of business: Parent Company

	%		
	holding		
Class of shares:			
Ordinary	75.00		
		2017	2016
		£	£
Aggregate capital and reserves		6,413,739	5,356,265
Profit for the year		848,134	74,789
		<hr/>	<hr/>

As a result of owning 75% of the available share capital in HKJ Group A/S, European Support Services (UK) Limited have an effective shareholding in the following 100% subsidiaries of HKJ Group A/S.

Gas Turbine Services A/S

Registered office:

Nature of business: Service and repairs of gas turbines.

	%		
	holding		
Class of shares:			
Ordinary	75.00		
		2017	2016
		£	£
Aggregate capital and reserves		5,760,197	4,938,100
Profit for the year		642,925	45,706
		<hr/>	<hr/>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

10. FIXED ASSET INVESTMENTS - continued

Company

Hans Kjellerup Norway A/S

Registered office:

Nature of business: Service and maintenance of gas turbines

Class of shares:	% holding
Ordinary	75.00
(via Gas Turbine Services A/S)	

	2017	2016
	£	£
Aggregate capital and reserves	56,003	58,870
Loss for the year	(331)	(71)
	<u> </u>	<u> </u>

HKJ Offshore Solutions A/S

Registered office:

Nature of business: Oilfield equipment manufacturing

Class of shares:	% holding
Ordinary	75.00

	2017	2016
	£	£
Aggregate capital and reserves	141,701	172,195
Loss for the year	(35,899)	(34,341)
	<u> </u>	<u> </u>

Gas Turbine Service Esbjerg A/S

Registered office:

Nature of business: Gas turbine servicing

Class of shares:	% holding
Ordinary	75.00

	2017	2016
	£	£
Aggregate capital and reserves	2,083,064	1,965,970
Profit/(loss) for the year	47,521	(1,447)
	<u> </u>	<u> </u>

Gas Turbine Services (Lincoln) Limited

Registered office:

Nature of business: Specialist engineering services

Class of shares:	% holding
Ordinary	75.00

	2017	2016
	£	£
Aggregate capital and reserves	173,579	186,819
Loss for the year	(13,240)	(176,259)
	<u> </u>	<u> </u>

HKJ Ejendomme ApS

Registered office:

Nature of business: Building Development

Class of shares:	% holding
Ordinary	75.00

	2017	2016
	£	£
Aggregate capital and reserves	391,169	343,922
Profit for the year	34,624	36,732
	<u> </u>	<u> </u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

10. FIXED ASSET INVESTMENTS - continued

Company

HKJ Invest A/S

Registered office:

Nature of business: Purchase and rebuilding of property

Class of shares:

Ordinary

%
holding
75.00

Aggregate capital and reserves

Loss for the year

2017	2016
£	£
79,525	71,097
<u>(13,291)</u>	<u>(20,560)</u>

Associated company

Inopower ApS

Registered office:

Nature of business: Design and installation of control systems

Class of shares:

Ordinary

%
holding
33.75

Aggregate capital and reserves

Profit for the year

2017	2016
£	£
1,030,589	772,266
<u>230,046</u>	<u>93,767</u>

11. STOCKS

Group

	2017	2016
	£	£
Raw materials	12,814,027	13,941,337
Work-in-progress	<u>126,047</u>	<u>17,371</u>
	<u><u>12,940,074</u></u>	<u><u>13,958,708</u></u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group

	2017	2016
	£	£
Trade debtors	1,003,513	654,433
Other debtors	239,945	569,675
Directors' current accounts	-	25,765
Deferred tax asset	-	129,415
	<u><u>1,243,458</u></u>	<u><u>1,379,288</u></u>

Company

	2017	2016
	£	£
Trade debtors	-	-
Other debtors	1,499,411	1,729,671
Directors' current accounts	-	25,765
Deferred tax asset	-	-
	<u><u>1,499,411</u></u>	<u><u>1,755,436</u></u>

Deferred tax asset

Group

	2017	2016
	£	£
Deferred tax	-	129,415
	<u><u>-</u></u>	<u><u>129,415</u></u>

Company

	2017	2016
	£	£
Deferred tax	-	-
	<u><u>-</u></u>	<u><u>-</u></u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts (see note 15)	7,275,014	9,097,607	-	-
Trade creditors	268,851	182,588	600	2,055
Amounts owed to group undertakings	-	-	132,100	91,525
Amounts owed to associates	186,846	-	-	-
Tax	143,877	(39,912)	36,118	25,689
Other creditors	2,248,981	986,150	1,155,770	(258)
Directors' current accounts	3,568	1,928	3,568	1,928
Accruals and deferred income	431,935	504,928	4,000	4,000
	<u>10,559,072</u>	<u>10,733,289</u>	<u>1,332,156</u>	<u>124,939</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2017	2016
	£	£
Bank loans (see note 15)	1,983,768	1,994,683
Other creditors	431,357	402,679
	<u>2,415,125</u>	<u>2,397,362</u>

15. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>7,275,014</u>	<u>9,097,607</u>
Amounts falling due between one and two years:		
Bank loans	<u>323,855</u>	<u>298,319</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>1,659,913</u>	<u>1,696,364</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2017	2016
	£	£
Bank loans	<u>9,258,782</u>	<u>11,092,290</u>

The bank loans are secured on properties and by way of debentures. The debentures comprise a floating charge on unsecured claims originating from trade receivables.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

17. PROVISIONS FOR LIABILITIES

	Group	
	2017 £	2016 £
Deferred tax	<u>13,461</u>	<u>-</u>
Other provisions	<u>381,440</u>	<u>-</u>
Aggregate amounts	<u>394,901</u>	<u>-</u>
Group		
		Deferred tax £
Balance at 1 January 2017		(129,415)
Accelerated capital allowances		<u>142,876</u>
Balance at 31 December 2017		<u>13,461</u>

18. CALLED UP SHARE CAPITAL

Allotted and issued:				
Number:	Class:	Nominal value:	2017 £	2016 £
6,666	Ordinary	£0.01	<u>67</u>	<u>67</u>

19. RESERVES

Group			
	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2017	5,656,553	33	5,656,586
Profit for the year	767,911		767,911
Dividends	(1,600,000)		(1,600,000)
Exchange rate differences	142,408	-	142,408
Fair value adjustment of hedging instruments	18,713	-	18,713
Tax of entries on equity	(4,117)	-	(4,117)
	<u>4,981,468</u>	<u>33</u>	<u>4,981,501</u>
At 31 December 2017			

Company			
	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2017	5,656,553	33	5,656,586
Profit for the year	924,916		924,916
Dividends	(1,600,000)		(1,600,000)
	<u>4,981,469</u>	<u>33</u>	<u>4,981,502</u>
At 31 December 2017			

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

20. NON-CONTROLLING INTERESTS

At the year end 25% of the share capital of HKJ Group A/S was owned by HKJ Investments (UK) Limited, a company based in the United Kingdom.

Minority interests are the post acquisition reserves attributable to the minority interest.

21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 December 2017 and 31 December 2016:

	2017 £	2016 £
R J Dye		
Balance outstanding at start of year	25,765	2,865
Amounts advanced	780	22,900
Amounts repaid	(26,545)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>25,765</u>

22. RELATED PARTY DISCLOSURES

During the year the parent company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December 2017 are as follows:

	2017	2016
Amounts owed to group undertakings	132,100	91,525
Amounts owed by group undertakings	1,494,794	1,723,533
Sales to group undertakings	313,000	300,000
Salaries paid to related parties	-	17,374

Key management personnel are the directors of the company

23. ULTIMATE CONTROLLING PARTY

No one entity or person has a sufficient shareholding to control the group.