

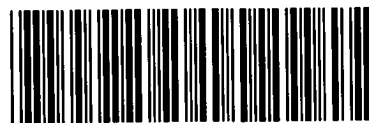
**YUANDA (UK) CO. LIMITED**

**Annual report and financial statements**

**Registered number 04428369**

**31 December 2017**

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## Strategic Report

The directors present the strategic report and financial statements for the year ended 31 December 2017.

### Review of the business

The directors consider the key performance indicators (KPIs) for the company to be the value of new orders received, the turnover and the cost of sales. 2017 was a year of consolidation for Yuanda, focussing on the conversion of several major Pre-Construction Service Agreements into Lump Sum Subcontracts. As such, there was little in the way of new projects secured. Turnover, however, remained relatively steady and a reduced cost of sales has enabled the business to improve significantly its profit position for this financial year in comparison with 2016.

The pronounced upturn in the UK Construction Industry witnessed since 2014 has steadied primarily as a result of the uncertainties surrounding Brexit, although we have been fortunate in having none of our projects cancelled or delayed as a result of this uncertainty. The level of acquisitions we have secured during 2015 and 2016 provide us with a strong backlog of quality projects and workload stretching well into 2020. The Group continues therefore to focus much of its resource into the UK business, with particular emphasis on the London market which continues to offer interesting opportunities.

At the year end the company's balance sheet showed net liabilities of £2,759,720 (2016: £5,713,609) arising from losses incurred during the preceding years. The Company is dependent upon the continuing support of its holding company in order to meet its liabilities as they fall due. The directors of the holding company have confirmed their intentions to continue to provide adequate financial support to the Company for the foreseeable future.

### Principal risks and uncertainties

The principal risks and uncertainties that the business faced in recent years (economic conditions affecting the construction industry, the failure to secure target projects, continued pressure on margins due to excess capacity, and the effects of global exchange rate policies) did not significantly affect the business in 2017. Their effect – particularly that of Brexit – is difficult to predict in terms of the outlook for 2018, although the forward order revenues already secured for 2018 – 2020 will mitigate these risks to a great extent. However, the recent strength of the sector growth has placed demands upon the availability of skilled installation labour within the Industry, although measures have been put in place to lessen our dependency upon external labour resources which are proving successful. The relative strengths of the Chinese Renminbi Yuan and the Euro will continue to play an important role in our competitiveness within the market sector.

### Future prospects

The improvement in the UK construction industry observed in 2014 to 2016 levelled off into 2017, although good opportunities remain within the mid-high end Residential Development sector. Uncertainty surrounding Brexit, and in particular an understandable reluctance on the part of major users of Office space to commit to new long term leases, has affected the Commercial Office Sector, although our current exposure to this sector is limited. The primary focus of growth has been in London and the South East. The business is particularly strong in the Residential sector and in London, and we have therefore benefited from the sustained development of this sector, which seems set to continue well in to 2018, primarily as a result of strong overseas investment, in part due to the relative weakness of sterling. Of particular significance is the entry into the UK market of a number of major Chinese Investors with whom we have strong trading relationships in the PRC, and we will obviously seek to leverage these relationships in the London market.

2017 also saw the successful completion of the 'Highpoint' Residential Tower building in Elephant and Castle for Mace which contributed to strengthening the position and reputation of Yuanda as a leading player in the UK facade industry, particularly in the high-rise residential sector.

**Employees**

The Group's employment policy is to provide equal opportunity to all current and prospective employees without any discrimination. We provide a work environment in which all individuals are treated with respect and dignity.

By order of the board



A J Lazenby  
Director

Date: 27 September 2018

## Directors' report

The Directors present their report with the financial statements of the Company for the year ended 31 December 2017.

### Principal activity

The principal activity of the Company in the year under review was that of the supply and installation of curtain walls, windows and doors to the Commercial and Residential sectors of the UK Construction market.

### Results and dividends

The results for the year are set out on page 7.

The Directors do not recommend payment of an ordinary dividend (2016: £nil).

### Directors

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

R Tong  
A J Lazenby  
D Baumeler  
W Xiao  
S L Cheesman

### Political contributions and charitable contributions

Yuanda (UK) Co. Limited, wholly-owned subsidiary, has made charitable donations and political contributions of £1,700 (2016: £741) during the year under review.

### Disclosure of information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

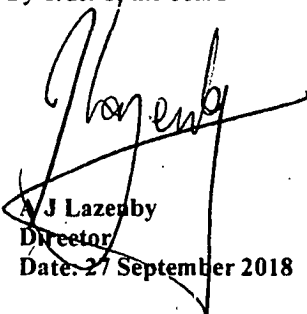
### Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



A J Lazenby  
Director  
Date: 27 September 2018

## **Statement of Directors' Responsibilities in Respect of The Strategic Report, The Directors' Report and The Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Independent Auditor's Report to the Members of Yuanda (UK) CO. Limited**

### **Opinion**

We have audited the financial statements of Yuanda (UK) Co. Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, The Balance Sheet, The Statement of Changes in Equity, The Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or



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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

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

**Chrissy Douka (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

15 Canada Square  
London  
E14 5GL

28 September 2018



**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2017*

	Note	2017 £	2016 £
Turnover	2	54,012,886	56,384,190
Cost of sales		(46,992,405)	(49,258,470)
<b>Gross profit</b>		<u>7,020,481</u>	<u>7,125,720</u>
Administrative expenses		(4,058,703)	(4,535,576)
Other operating income		88,448	138,306
<b>Operating profit</b>	3	<u>3,050,226</u>	<u>2,728,450</u>
Interest payable and similar expenses	6	<u>(79,641)</u>	<u>(51,134)</u>
<b>Profit before taxation</b>		<u>2,970,585</u>	<u>2,677,316</u>
Tax on profit	7	(16,696)	(27,513)
<b>Profit for the financial year</b>		<u><u>2,953,889</u></u>	<u><u>2,649,803</u></u>

All results derive from continuing operations.

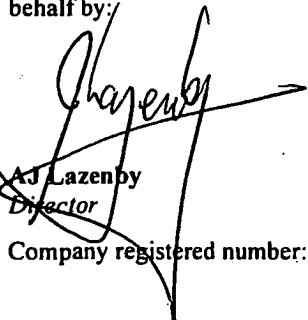
There are no items to be disclosed as OCI.

The notes on pages 11 to 18 form part of the financial statements.

**Balance sheet**  
**at 31 December 2017**

	Note	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	8		2,501		3,694
			<u>2,501</u>		<u>3,694</u>
<b>Current assets</b>					
Stocks	9	1,848,717		1,696,726	
Debtors (including £11,809,997 (2016: £9,246,828) due after more than one year)	10	74,329,422		51,617,537	
Cash at bank and in hand	11	1,824,928		2,938,420	
		<u>78,003,067</u>		<u>56,252,683</u>	
Creditors: amounts falling due within one year	12	(66,345,562)		(40,375,478)	
<b>Net current assets</b>			11,657,505		15,877,205
			<u>11,660,006</u>		<u>15,880,899</u>
<b>Total assets less current liabilities</b>					
			<u>11,660,006</u>		<u>15,880,899</u>
Creditors: amounts falling due after more than one year	14	(14,419,726)		(21,594,508)	
<b>Net liabilities</b>			(2,759,720)		(5,713,609)
			<u>(2,759,720)</u>		<u>(5,713,609)</u>
<b>Capital and reserves</b>					
Called up share capital	15	500,000		500,000	
Profit and loss account	16	(3,259,720)		(6,213,609)	
<b>Shareholders' deficit</b>	16	(2,759,720)		(5,713,609)	
		<u>(2,759,720)</u>		<u>(5,713,609)</u>	

These financial statements were approved by the board of directors on 27 September 2018 and were signed on its behalf by:

  
AJ Lazenby  
Director

Company registered number: 04428369

**Statement of Changes in Equity**  
*for the year ended 31 December 2017*

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2016	500,000	(8,863,412)	(8,363,412)
Profit	-	2,649,803	2,649,803
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2016</b>	<b>500,000</b>	<b>(6,213,609)</b>	<b>(5,713,609)</b>
Profit	-	2,953,889	2,953,889
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2017</b>	<b>500,000</b>	<b>(3,259,720)</b>	<b>(2,759,720)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11 to 18 form part of the financial statements.

## Cash Flow Statement

for year ended 31 December 2017

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Profit for the year		2,953,889	2,649,803
Adjustments for:			
Depreciation, amortisation and impairment		1,193	41,745
Foreign exchange losses		75,673	(48,883)
Interest payable		3,968	51,134
Taxation		16,696	27,513
		<hr/>	<hr/>
(Increase) in trade and other debtors		(22,711,885)	(7,283,697)
(Increase) in stocks		(151,991)	1,319,040
Increase in trade and other creditors		18,795,303	3,641,517
		<hr/>	<hr/>
Tax paid		(16,696)	(27,513)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		(1,033,850)	370,659
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Acquisition of tangible fixed assets	8	-	-
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		-	-
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Interest paid		(3,968)	(2,251)
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		(3,968)	(2,251)
		<hr/>	<hr/>
<b>Effect of exchange rate changes</b>		(75,673)	-
Net (decrease) in cash and cash equivalents		(1,113,492)	368,408
Cash and cash equivalents at the beginning of the year		2,938,420	2,570,012
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	11	1,824,928	2,938,420
		<hr/>	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Yuanda (UK) Co. Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The address of its registered office is 12th Floor, 125 Old Broad Street, London, UK, EC2N 1AR.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency and functional currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### 1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.3 Going concern

At the year end the company's balance sheet stays at net liabilities of £2,759,720 (2016: £5,713,609) arising from losses incurred during the preceding years. However, the company is in net current asset position of £11,657,505 (2016: £15,877,205) as at 31 December 2017. Moreover, the company has been profit making for the last three years, with relatively stable revenue year on year £54,012,886 (2016: £56,384,190). In addition, the company has seen increasing gross margin during the year 13.0% (2016: 12.6%), the cost control has also let to increase operating profit.

The company currently has secured seven projects of £314 million that will continue until 2020. It has also four future projects of £174 which are expected to commence in 2018 and 2019.

The company has intercompany debtor/ (creditor) amounted £52,148,707/ (£37,669,609). Shenyang Yuanda Aluminium Industry Engineering Co. Ltd (The ultimate controlling company) has confirmed that they will continue to provide adequate financial support to enable the company to continue trading for the foreseeable future and to meet its liabilities as they fall due. Shenyang Yuanda Aluminium Industry Engineering Co. Ltd (The ultimate controlling company) has also confirmed that they will not seek repayment of their loan to the company until the company is able to repay without adversely affecting its ability to continue as a going concern. As the directors of the holding company have indicated their willingness to continue to support the Company for the foreseeable future, and for at least a period of 12 months from the date of approval of these financial statements, the directors of Yuanda (UK) Co. Limited consider it appropriate to prepare the financial statements on the going concern basis.

The financial statements do not include any adjustments that would result from a withdrawal of support by the holding company.

#### 1.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### 1.5 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

### 1.5 Basic financial instruments (continued)

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

### 1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	20% Straight line
Fixture, fittings and equipment	20% Straight line

### 1.7 Construction contract debtors

Construction contract debtors represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date (see the revenue accounting policy) less a provision for foreseeable losses and less progress billings. Variations are included in contract revenue when they are reliably measurable and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract revenue only when they are reliably measurable and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction contract debtors are presented as part of debtors in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as accruals and deferred income in the balance sheet.

### 1.8 Stocks

Stock is valued at the lower of cost and net realisable value.

### 1.9 Employee benefits

#### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

### 1.10 Turnover

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses.

Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest receivable and Interest payable*

Interest payable and similar expenses include interest payable and net foreign exchange losses that are recognised in the profit and loss account

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### 1.12 Accounting estimates and judgements

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

#### 1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

### 2 Turnover

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

## Notes (continued)

### 3 Operating profit on ordinary activities before taxation

*Operating loss on ordinary activities before taxation is stated after charging:*

	2017 £	2016 £
Depreciation of owned fixed assets	1,193	41,745
Foreign exchange losses	75,673	(48,883)
Auditor's remuneration:		
- Audit of these financial statements	63,000	50,000
- Taxation compliance services	6,000	6,000
Operating lease rentals	205,027	336,580
	<u>205,027</u>	<u>336,580</u>

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2017	2016
Administration	11	10
Sales/technical	60	54
	<u>71</u>	<u>64</u>

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	3,660,158	3,529,259
Social security costs	407,487	398,188
Other pension costs	89,652	92,851
	<u>4,157,297</u>	<u>4,020,298</u>

### 5 Directors' emoluments

	2017 £	2016 £
Directors' remuneration	196,880	191,380
Pension costs	16,464	15,814
Long term incentive schemes	10,000	13,000
	<u>10,000</u>	<u>13,000</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £128,480 (2016: £125,980), and company pension contributions of £11,848 (2016: £11,598) were made to a money purchase scheme on his behalf.

The remuneration for Alistair Lazenby and Dominik Baumeler are borne and paid by Yuanda Europe Limited. The payment in relation to their services for Yuanda (UK) Co. Limited is £170,780 (2016: £229,362).



**Notes (continued)**

**6 Interest payable and similar expenses**

	2017 £	2016 £
On bank loans and overdrafts	3,968	2,251
On all other loans	-	-
Net exchanges losses	75,673	48,883
	<hr/>	<hr/>
Total other interest payable and similar expenses	79,641	51,134
	<hr/>	<hr/>

**7 Taxation**

	2017 £	2016 £
<i>Current tax</i>		
Current tax on income for the period	16,696	27,513
	<hr/>	<hr/>
Total current tax	16,696	27,513
	<hr/>	<hr/>

**Reconciliation of effective tax rate**

	2017 £	2016 £
Profit for the year	2,953,889	2,649,803
Total tax expense	16,696	27,513
	<hr/>	<hr/>
Profit excluding taxation	2,970,585	2,677,316
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	571,838	535,463
Non-deductible expenses	1,600	10,119
Utilisation of previous loss	(556,742)	(517,921)
Non trading credits per accounts	-	-
Capital allowance	-	(148)
	<hr/>	<hr/>
Total tax expense included in profit or loss	16,696	27,513
	<hr/>	<hr/>

**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2018 has been calculated based on these rates.

## Notes (continued)

### 8 Tangible fixed assets

	Plant and Equipment £	Fixtures & fittings £	Total £
<b>Cost</b>			
At beginning of the year	81,300	330,407	411,707
Balance at 31 December 2017	81,300	330,407	411,707
<b>Depreciation</b>			
At the beginning of the year	81,300	326,713	408,013
Depreciation charge for the year	-	1,193	1,193
Balance at 31 December 2017	81,300	327,906	409,206
<b>Net book value</b>			
At 31 December 2017	-	2,501	2,501
At 31 December 2016	-	3,694	3,694

### 9 Stocks

	2017	2016
	£	£
Finished goods and goods for resale	1,848,717	1,696,726

### 10 Debtors

	2017	2016
	£	£
Trade debtors	16,177,311	1,083,274
Amounts recoverable on contracts (WIP)	4,859,783	5,068,810
Amounts owed by subsidiary undertakings	52,148,707	44,848,293
Other debtors	794,595	392,272
Prepayments and accrued income	349,026	224,888
	74,329,422	51,617,537

Debtors include construction contract debtors (amounts owed by subsidiary) of £11,809,997 (2016: £9,246,828) due after more than one year.

### 11 Cash and cash equivalents/ bank overdrafts

	2017	2016
	£	£
Cash at bank and in hand	1,824,928	2,938,420

## Notes (continued)

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

	2017 £	2016 £
Payments received on account	35,257,688	7,573,545
Trade creditors	4,488,020	6,311,969
Amounts owed to group undertakings	23,249,883	20,690,896
Taxation and social security (includes corporation tax)	336,423	590,200
Other creditors	441,361	448,014
Accruals and deferred income	2,572,187	4,760,854
	<u>66,345,562</u>	<u>40,375,478</u>

### 13 Employee benefits

#### Defined contribution plans

The Company operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the Company to the fund.

The total expense relating to this plan in the current year was £89,652 (2016: £92,851).

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

	2017 £	2016 £
Amounts owed to group undertakings	14,419,726	21,594,508
	<u>14,419,726</u>	<u>21,594,508</u>

### 15 Called-up share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
500,000 ordinary shares of £1 each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

## Notes (continued)

### 16 Reserves

	Called-up share capital £	Profit and loss account £	Total £
Balance at 1 January 2017	500,000	(6,213,609)	(5,713,609)
Profit for the year		2,953,889	2,953,889
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	500,000	(3,259,720)	(2,759,720)
	<hr/>	<hr/>	<hr/>

### 17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and Buildings 2017 £	2016 £
Less than one year	309,800	309,800
Between one and five years	654,883	964,683
More than five years	-	-
	<hr/>	<hr/>
	964,683	1,274,483
	<hr/>	<hr/>

During the year £205,027 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £336,580).

### 18 Related parties

As a wholly owned subsidiary within the group controlled by Shenyang Yuanda Aluminium Industry Engineering Co. Ltd, the Company is exempt from the requirements of FRS 102 'Related party disclosures' from disclosing the transactions with other members of the group headed by Shenyang Yuanda Aluminium Industry Engineering. The Company has no transactions with any other related parties requiring disclosure in the period.

### 19 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Yuanda Europe Limited, a company incorporated in Switzerland. The ultimate controlling party is Shenyang Yuanda Aluminium Industry Engineering Co. Ltd, a company incorporated in China. The parent company prepares group financial statements and copies can be obtained from the Registrar at 30-32 Dong Ling Road, Dong Ling District, Shenyang, China.