

FTT (UK) Limited

Financial Statements

For the Year Ended 31 December 2016



Balance Sheet
As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	5	14,102	26,432
Tangible assets	6	117,661	140,402
		<u>131,763</u>	<u>166,834</u>
Current assets			
Stocks		939	745
Debtors		246,186	667,025
Cash at bank and in hand		273,103	164,584
		<u>520,228</u>	<u>832,354</u>
Creditors: amounts falling due within one year		<u>(116,248)</u>	<u>(543,736)</u>
Net current assets		<u>403,980</u>	<u>288,618</u>
Total assets less current liabilities		<u>535,743</u>	<u>455,452</u>
Provisions for liabilities		<u>(18,129)</u>	<u>(24,401)</u>
Net assets		<u><u>517,614</u></u>	<u><u>431,051</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		517,514	430,951
		<u><u>517,614</u></u>	<u><u>431,051</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 September 2017


J D Brostmeyer
Director

The notes on pages 2 to 11 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

1. General information

FTT (UK) Limited is a private Company limited by shares, incorporated in England and Wales.

The Company's registered office is Charlotte House, Stanier Way, The Wyvern Business Park, Derby, DE21 6BF. The trading address of the Company is Sadler Bridge Studios, Units 8, 20, 21, Bold Lane, Derby, DE1 3NT.

The principal activity of the Company continues to be that of engineering, development and testing of gas turbines, propulsion components and turbopumps.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The members have agreed to the preparation of abridged accounts for this accounting period in accordance with Section 444(2A) of 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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The date of transition to FRS 102 is 1 January 2015. Note 14 gives an explanation of the effects of the transition.

The following principal accounting policies have been applied:

2.2 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 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of FTT Core LLC as at 31 December 2016 and these financial statements may be obtained from 1701 Military Trail, Suite 110, Jupiter, Florida 33458, USA.

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Rendering of services

Revenue 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 revenue can be measured reliably;
- it is probable that the Company 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.

2.4 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.

Amortisation is provided at 33.3% straight line for computer software.

2.5 Tangible fixed assets

Tangible fixed 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:

Short-term leasehold property	- Over the term of the lease
Plant and machinery	- 14% straight line
Motor vehicles	- 20% straight line
Office equipment	- 14% straight line
Computer equipment	- 20% straight line

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 Statement of income and retained earnings.

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

2. Accounting policies (continued)

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 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.

2.8 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.

2.9 Financial instruments

The Company only enters into basic financial instruments 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.

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 Statement of income and retained earnings.

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.

2.10 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.

2.11 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of income and retained earnings at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

2. Accounting policies (continued)

2.12 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.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

2.14 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of income and retained earnings 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 Company in independently administered funds.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 Statement of income and retained earnings in the year that the Company 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.

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, 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 operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

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

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical areas of judgment:

Fixed assets

The director has reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

4. Employees

The average monthly number of employees, including directors, during the year was 7 (2015 - 10).

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

5. Intangible assets

	Computer software £
Cost	
At 1 January 2016	45,505
	<hr/>
At 31 December 2016	45,505
	<hr/>
Amortisation	
At 1 January 2016	19,073
Charge for the year	12,330
	<hr/>
At 31 December 2016	31,403
	<hr/>
Net book value	
At 31 December 2016	14,102
	<hr/> <hr/>
<i>At 31 December 2015</i>	26,432
	<hr/> <hr/>

Notes to the Financial Statements
For the Year Ended 31 December 2016

6. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2016	4,559	106,274	14,197	22,992	27,313	175,335
At 31 December 2016	<u>4,559</u>	<u>106,274</u>	<u>14,197</u>	<u>22,992</u>	<u>27,313</u>	<u>175,335</u>
Depreciation						
At 1 January 2016	760	15,249	5,678	4,678	8,568	34,933
Charge for the year on owned assets	926	12,396	2,308	2,670	4,441	22,741
At 31 December 2016	<u>1,686</u>	<u>27,645</u>	<u>7,986</u>	<u>7,348</u>	<u>13,009</u>	<u>57,674</u>
Net book value						
At 31 December 2016	<u>2,873</u>	<u>78,629</u>	<u>6,211</u>	<u>15,644</u>	<u>14,304</u>	<u>117,661</u>
At 31 December 2015	<u>3,799</u>	<u>91,025</u>	<u>8,519</u>	<u>18,314</u>	<u>18,745</u>	<u>140,402</u>

The net book value of land and buildings may be further analysed as follows:

	2016 £	2015 £
Short leasehold	2,873	3,799
	<u>2,873</u>	<u>3,799</u>

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

7. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at fair value through profit or loss	273,103	164,584
Financial assets that are debt instruments measured at amortised cost	203,121	633,074
	<u>476,224</u>	<u>797,658</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(75,437)	(462,855)
	<u>(75,437)</u>	<u>(462,855)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise intercompany debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

8. Deferred taxation

	2016 £	2015 £
At beginning of year	24,401	11,000
Charged to profit or loss	(6,272)	13,401
At end of year	<u>18,129</u>	<u>24,401</u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	18,129	24,401
	<u>18,129</u>	<u>24,401</u>

Notes to the Financial Statements
For the Year Ended 31 December 2016

9. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100 Ordinary Shares shares of £1 each	100	100
	<u>100</u>	<u>100</u>

10. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £10,436 (2015 - £1,543). Contributions totalling £Nil (2015 - £Nil) were payable to the fund at the balance sheet date.

11. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Land and Building		
Not later than 1 year	108,144	108,144
Later than 1 year and not later than 5 years	138,072	246,216
	<u>246,216</u>	<u>354,360</u>
	2016 £	2015 £
Other		
Not later than 1 year	5,915	5,915
Later than 1 year and not later than 5 years	910	6,825
	<u>6,825</u>	<u>12,740</u>

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

12. Related party transactions

The Company has taken advantage of the exemption under Financial Reporting Standard 102 (section 33), not to disclose transactions between entities which form part of the group headed by FTT Core LLC.

At the year end the Company was due £122,592 (2015 - £30,151) from FTT Deutschland GmbH, a related Company by virtue of common directorships. During the year, sales of £122,592 (2015 - £30,726) and purchases of £Nil (2015 - £575) were made.

13. Controlling party

During the year, on 1 June 2016, there was a change in ownership of the Company from Florida Turbine Technologies Inc to FTT Core LLC.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is FTT Core LLC. Consolidated accounts are available from 1701 Military Trail, Suite 110, Jupiter, Florida 33458, USA.

14. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

15. Auditors' information

The senior statutory auditor, on behalf of Dains LLP, was Zoe Walsh FCCA.

An unqualified audit report with no matters by which to report by exception was issued.