

Company Registration No. 3679626 (England and Wales)

CAMBI UK LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017

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CAMBI UK LIMITED

COMPANY INFORMATION

Directors	Mr C Isachsen Mr P Lillebo
Secretary	Mr C Isachsen
Company number	3679626
Registered office	Congleton Technology Park Radnor Park Ind. Est. Congleton Cheshire United Kingdom CW12 4XJ
Auditor	RSM UK Audit LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF

CAMBI UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Fair review of the business

Cambi UK Limited, as part of an international group, is dedicated to the manufacture, design and installation of equipment for the recycling of sewage. The overall strategy for the company is to be the leading supplier of technology and solutions for treatment of sludge from waste water treatment plants. In addition, the company is committed to further developing the company's manufacturing facilities in the UK to further increase efficiency in our group production. Within the context of this strategy, our focus will be to contribute to increased efficiency for our customers, reducing their carbon footprint and energy usage, increasing their internal energy production and reducing their costs.

The company's revenue decreased from £18,808k in 2016 to £16,242k in 2017. Gross profit in 2017 was £5,975k up from £4,834k in 2016. Profit before tax reduced from £4,906k to £3,611k in 2017. Reduced revenue was mainly due to lower activity in China, two out of the five ongoing contracts in China were delivered during 2017. In 2016 the company worked on 9 projects and 3 were delivered to the client. In 2017 the company had 11 active projects and 5 projects were delivered to the client. 3 new projects were signed in 2017.

The company's capital investments during 2017 amounted to £288k which is mainly an investment in a new equipment in the workshop.

Administrative expenses were £1,636k in 2017, a reduction of £441k from 2016. Lower costs were mainly due to a greater part of overheads being allocated to production cost.

In 2017 the company had a total foreign exchange loss of £805k. This is mainly related to exchange loss on USD/GBP. The loss is related to three different items:

- Trade receivables in USD;
- USD bank account; and
- Intercompany loan in USD.

The company's cash at bank at the yearend amounted to £1,760k. The company's short-term creditors were £18,247k, up from £8,928k last year. This has mainly been driven by timing of amounts invoiced to customers. The company's financial position is sound and adequate to settle short-term debt with a strong net current asset position of £4,917k.

Total assets at year end amounted to £23,727k, compared to £19,243k last year. This has mainly been driven by an increase in amounts due from group due to timing of payments made, as well as timing of amounts invoiced to customers.

Principal risks and uncertainties

The company recognises that the main risks and uncertainties are as follows:

- Global economic conditions, which are mitigated by having a geographically diverse customer base;
- Competitive pressures, which the company and its group addresses by high investment in research and development, improving efficiencies in manufacturing and focused marketing;
- Currency fluctuations, particularly the Euro, the US Dollar and the Norwegian Krone.

Key performance indicators

The company reports on a number of key performance (KPIs) in its monthly management accounts, the main focus being on turnover, gross profit and profit before taxation, which are commented on above.

	2017	2016
• Turnover	£16,242k	£18,808k
• Gross profit	£5,975k	£4,834k
• Profit before taxation	£3,611k	£4,906k

CAMBI UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

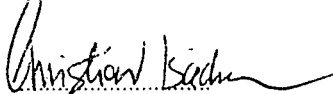
Future developments

The company continues to have good business opportunities in their local market area. The investments in infrastructure for sludge treatment are expected to continue to be high in the coming years through both public investments and an increase in public-private partnerships. In 2017 this has resulted in two new projects in the UK and one international project.

Cambi UK is the hub for manufacturing for the Cambi Group. The result in Cambi UK is therefore also dependent on the volume of projects that the group can secure and deliver outside the UK. Globally the market continues to grow for Cambi technology, and the Group will continue to strengthen Cambi's competitiveness to secure new contracts. However, the global economy shows moderate growth. Cambi has good business opportunities in many markets around the world, and the investments in infrastructure for sludge treatment are expected to remain high in the coming years, through both public investments and an increase in public-private partnerships.

Cambi has ambitious goals for 2018, including plans for both organic growth in turnover and an improved operating margin.

On behalf of the board



Mr C Isachsen

Director

Date: 26/6/18

CAMBI UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activities

The principal activity of the company continued to be the manufacture, design and installation of equipment for the recycling of sewage.

Going concern

The company has continued to generate a profit and has net assets of £5,451k. The directors, having reviewed the trading forecasts, consider that the company has adequate resources for the foreseeable future and therefore continue to prepare the financial statements on the going concern basis.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr C Isachsen

Mr P Lillebo

Results and dividends

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

Dividends of £8,000,000 (2016: £Nil) were paid during the period.

Auditor

RSM UK Audit LLP were re-appointed as auditor to the company and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

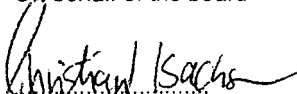
Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr C Isachsen

Director

Date: 26/6/18

CAMBI UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the Strategic Report and 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 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 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 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBI UK LIMITED

Opinion

We have audited the financial statements of Cambi UK Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and 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 FRS 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 company's affairs as at 31 December 2017 and of its 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company 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 company'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBI UK LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 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.

RSM UK Audit LLP

Jonathan Lowe (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester

M3 3HF

29/6/18

CAMBI UK LIMITED

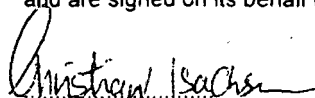
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £000	2016 £000
Turnover	3	16,242	18,808
Cost of sales		(10,267)	(13,974)
Gross profit		5,975	4,834
Administrative expenses		(1,636)	(2,077)
Exceptional item	4	(805)	2,166
Operating profit	6	3,534	4,923
Interest receivable and similar income	8	79	19
Interest payable and similar expenses	9	(2)	(36)
Profit before taxation		3,611	4,906
Tax on profit	10	(472)	(1,851)
Profit for the financial year		3,139	3,055

CAMBI UK LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Notes	2017 £000	2016 £000	2016 £000
Fixed assets				
Goodwill	12		27	67
Tangible assets	13		249	23
Investments	14		287	287
			<u>563</u>	<u>377</u>
Current assets				
Stocks	17	1,036	1,255	
Debtors	16	20,368	13,328	
Cash at bank and in hand		1,760	4,283	
		<u>23,164</u>	<u>18,866</u>	
Creditors: amounts falling due within one year	18	(18,247)	(8,928)	
Net current assets			<u>4,917</u>	<u>9,938</u>
Total assets less current liabilities			<u>5,480</u>	<u>10,315</u>
Provisions for liabilities	19		(29)	(3)
Net assets			<u>5,451</u>	<u>10,312</u>
Capital and reserves				
Called up share capital	21	400	400	
Profit and loss reserves		5,051	9,912	
Total equity			<u>5,451</u>	<u>10,312</u>

The financial statements were approved by the board of directors and authorised for issue on 26/6/18 and are signed on its behalf by:



Mr C Isachsen
Director

CAMBI UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £000	Profit and loss reserves £000	Total £000
Balance at 1 January 2016		400	6,857	7,257
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	3,055	3,055
Balance at 31 December 2016		400	9,912	10,312
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	3,139	3,139
Dividends	11	-	(8,000)	(8,000)
Balance at 31 December 2017		400	5,051	5,451

CAMBI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Cambi UK Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Congleton Technology Park, Radnor Park Ind. Est., Congleton, Cheshire, United Kingdom, CW12 4XJ.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- The requirements of Section 7 'Statement of cash flows' - Presentation of a statement of Cash Flow and related notes and disclosures.
- The requirements of Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instruments; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- The requirements of Section 33.1A 'Related Party Transactions' - In relation to the disclosure of key management personnel and transactions with group companies.

Consolidation

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity.

Cambi UK Limited is a wholly owned subsidiary of Cambi Group AS, a company incorporated in Norway, and the results of Cambi UK Limited are included in the consolidated financial statements of Cambi ASA, which are publicly available from its registered office.

Going concern

The company has continued to generate a profit and has net assets of £5,451K. The directors, having reviewed the trading forecasts, consider that the company has adequate resources for the foreseeable future and therefore continue to prepare the financial statements on the going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

CAMBI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a useful life of 5 years and is amortised on a systematic basis over its expected life.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	20% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

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.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

CAMBI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

CAMBI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

CAMBI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

CAMBI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

2 Judgements 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Construction contracts

The "percentage of completion method" is used to determine the appropriate amount of turnover and profit to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £000	2016 £000
Turnover analysed by class of business		
Attributable to the selling of recycling of sewage equipment	16,242	18,808
	<u>16,242</u>	<u>18,808</u>
	2017 £000	2016 £000
Other revenue		
Interest income	79	19
	<u>79</u>	<u>19</u>
	2017 £000	2016 £000
Turnover analysed by geographical market		
United Kingdom	7,991	7,761
Rest of the world	8,251	11,047
	<u>16,242</u>	<u>18,808</u>

4 Exceptional costs

	2017 £000	2016 £000
Foreign exchange	805	(2,166)

The exceptional item relates to losses/(gains) made on foreign exchange movements during the year.

CAMBI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Production and sales staff	40	40

Their aggregate remuneration comprised:

	2017 £000	2016 £000
Wages and salaries	1,587	1,601
Social security costs	165	164
Pension costs	10	2
	<u>1,762</u>	<u>1,767</u>

During the year, no director received any emoluments (2016: £Nil).

6 Operating profit

	2017 £000	2016 £000
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	62	14
Amortisation of intangible assets	40	40
Cost of stocks recognised as an expense	2,216	5,231
Operating lease charges	123	193
	<u></u>	<u></u>

7 Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	17	13
	<u></u>	<u></u>
For other services		
Taxation compliance services	3	5
All other non-audit services	5	5
	<u>8</u>	<u>10</u>

CAMBI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

8 Interest receivable and similar income

	2017 £000	2016 £000
Interest income		
Interest on bank deposits	4	4
Interest receivable from group companies	74	15
Other interest income	1	-
	<u>79</u>	<u>19</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	4	4
	<u>4</u>	<u>4</u>

9 Interest payable and similar expenses

	2017 £000	2016 £000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	2	6
Interest payable to group undertakings	-	25
	<u>2</u>	<u>31</u>
Other finance costs:		
Other interest	-	5
	<u>2</u>	<u>36</u>

10 Taxation

	2017 £000	2016 £000
Current tax		
UK corporation tax on profits for the current period	666	989
Adjustments in respect of prior periods	(220)	-
Double tax relief	(639)	(709)
	<u>(193)</u>	<u>280</u>
Total UK current tax	(193)	280
Foreign current tax on profits for the current period	639	1,574
	<u>446</u>	<u>1,854</u>
Total current tax	446	1,854

CAMBI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

10 Taxation (Continued)

Deferred tax		
Origination and reversal of timing differences	26	(2)
Changes in tax rates	-	(1)
	<u>26</u>	<u>(3)</u>
Total deferred tax		
	<u>26</u>	<u>(3)</u>
Total tax charge	<u>472</u>	<u>1,851</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2017 £000	2016 £000
Profit before taxation	<u>3,611</u>	<u>4,906</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	695	981
Tax effect of expenses that are not deductible in determining taxable profit	-	2
Adjustments in respect of prior years	(220)	-
Depreciation on assets not qualifying for tax allowances	-	3
Foreign tax	-	865
Tax rate changes	(3)	-
	<u>472</u>	<u>1,851</u>
Taxation charge for the year		

Factors affecting future tax charges

The rate of UK corporation tax was reduced from 20% to 19% from April 2017 and will reduce to 17% from 1 April 2020.

11 Dividends

	2017 £000	2016 £000
Final paid	<u>8,000</u>	<u>-</u>

CAMBI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

12 Intangible fixed assets

	Goodwill £000
Cost	
At 1 January 2017 and 31 December 2017	200
Amortisation and impairment	
At 1 January 2017	133
Amortisation charged for the year	40
At 31 December 2017	173
Carrying amount	
At 31 December 2017	27
At 31 December 2016	67

13 Tangible fixed assets

	Plant and equipment £000	Motor vehicles £000	Total £000
Cost			
At 1 January 2017	70	-	70
Additions	278	10	288
At 31 December 2017	348	10	358
Depreciation and impairment			
At 1 January 2017	47	-	47
Depreciation charged in the year	60	2	62
At 31 December 2017	107	2	109
Carrying amount			
At 31 December 2017	241	8	249
At 31 December 2016	23	-	23

14 Fixed asset investments

	Notes	2017 £000	2016 £000
Investments in subsidiaries	15	287	287

CAMBI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Cambi Environmental Technology (Beijing) Company Limited	1	Manufacture and installation of equipment for the recycling of sewage	Ordinary	100.00	

1 Room 2307 Zone A, Eagle Plaza, No. 26 Xiaoyun Road Chaoyang District, Beijing, P.R.C. 100016.

16 Debtors

	2017 £000	2016 £000
Amounts falling due within one year:		
Trade debtors	1,989	1,022
Gross amounts due from contract customers	3,332	570
Corporation tax recoverable	277	-
Amounts owed by group undertakings	14,745	11,715
Other debtors	25	21
	<u>20,368</u>	<u>13,328</u>

17 Stocks

	2017 £000	2016 £000
Raw materials and consumables	1,016	843
Finished goods and goods for resale	20	412
	<u>1,036</u>	<u>1,255</u>

18 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Payments received on account	144	1,274
Trade creditors	378	384
Amounts due to group undertakings	17,139	6,953
Corporation tax	-	62
Other taxation and social security	147	53
Accruals and deferred income	439	202
	<u>18,247</u>	<u>8,928</u>

CAMBI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

19 Provisions for liabilities

	Notes	2017 £000	2016 £000
Deferred tax liabilities	20	29	3

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £000	Liabilities 2016 £000
Balances:		
Accelerated capital allowances	29	3
Movements in the year:		2017 £000
Liability at 1 January 2017		3
Charge to profit or loss		26
Liability at 31 December 2017		29

21 Share capital

	2017 £000	2016 £000
Ordinary share capital Issued and fully paid		
400,000 Ordinary shares of £1 each	400	400

22 Retirement benefit schemes

	2017 £000	2016 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	10	2

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

CAMBI UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

23 Reserves

Profit and loss account

Cumulative profit and loss net of distribution to owners.

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £000	2016 £000
Within one year	117	100
Between one and five years	297	396
	<u>414</u>	<u>496</u>

25 Controlling party

The company's immediate parent undertaking is Cambi Group AS, a company incorporated in Norway, and is the smallest and largest company for which consolidated accounts including Cambi UK Limited are prepared. Copies of the consolidated financial statements are publicly available from its registered office.

The ultimate parent undertaking is Cortex AS, a company with a registered office of 11A Skysstasjon, Asker, Norway, 1383.

The ultimate controlling party is Per Lillebo.