

SECTION A - APPLICANT INFORMATION - QA17

Name: Brian Acheson

Date of birth: 28/04/1965

Nationality: Irish

Country, state or part of the UK where the PSC usually lives: London, United Kingdom

Service address: 21 Kensington Court, London, W8 5DT

The date he or she became a PSC in relation to the company (for existing companies the 6 April 2016 should be used): 06/04/2016

Which conditions for being a PSC are met: More than 50% and less than 75%, (70%)



Brian Acheson, Chief Executive Officer

Photo Credit: macegroup.com

Appendix A SQ Declaration

- I declare that to the best of my knowledge the answers submitted and the information contained in this SQ response are correct and accurate.
- I declare that, upon request and without delay I will provide the certificates or documentary evidence referred to in this document.
- I understand that the information will be used in the selection process to assess my organisation's suitability to be invited to participate further in this Procurement.
- I understand that Contracting Authority may reject this SQ response in its entirety and/or disqualify the Applicant from the Procurement process if there is a failure to answer all relevant questions fully or if false/misleading information or content is provided in any section.
- I confirm that no conflict of interest exists between me/us and my/our advisors, and the Contracting Authority and its advisors.

I understand that failure to ensure that no conflict of interest arise, may lead to disqualification from the procurement at the discretion of the Contracting Authority.

Signed by or on behalf of the Applicant.

Authorised Signatory



Director

Name:	TONY O'SHEA
On behalf of:	DORNAN ENGINEERING SERVICES LIMITED
Position (Job Title):	HEAD OF UK OPERATIONS
Date:	29/03/2019
Telephone number:	020 7340 1030

Company Registration No. 05799522 (England and Wales)

DORNAN ENGINEERING SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

DORNAN ENGINEERING SERVICES LIMITED

COMPANY INFORMATION

Directors	Brian Acheson Oliver Lonergan David Myers Ronan Keohane Patrick Finn Tony O'Shea Bryan White Paul Flynn
Secretary	Patrick Finn
Company number	05799522
Registered office	2nd Floor Emperor's Gate 114A Cromwell Road London England SW7 4ES
Auditors	Crowley & McCarthy Building G West Cork Technology Park Clonakilty Co. Cork Ireland
Bankers	Bank of Ireland UK PO Box 2124 Belfast BT1 9RS Northern Ireland
Solicitors	Cannings Connolly 16 St. Martin's-le-Grand London England EC1A 4EE

DORNAN ENGINEERING SERVICES LIMITED

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DORNAN ENGINEERING SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activity

The principal activity of the company is that of electrical, instrumentation and mechanical contractors.

Business Review

Company turnover for 2017 was similar to the previous year. The result for the year gave an operating profit before exceptional item of £433,113.

The directors consider the results achieved on ordinary activities to be satisfactory. Trading prospects for the forthcoming year are very strong and the directors are confident of delivering good profits and cash flow and of growing the business in the future.

Principal risks and uncertainties

The principal risk for our company is similar to most companies and industry sectors, namely the state of the economy and related global issues. We are dependent on the general economic environment and on the sector of the construction industry in which we operate.

Financial instruments, risks and management

The company does not own any complex financial instruments. Its principal financial instruments comprise of bank balances, contract debtors, invoice financing, trade creditors.

In respect of bank balances and invoice financing, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility.

Contract debtors are managed by the continuous review of credit limits and monitoring of outstanding debts.

Regarding trade creditors the liquidity is managed by ensuring sufficient funds are available to meet liabilities as they fall due.

Foreign currency risk

The company's principal foreign currency exposures arise from inter-company transactions with group companies based in Ireland. These exposures are not hedged.

Key performance indicators

The key financial highlights for the company are as follows:

	2017	2016
	£	£
Turnover (£)	72,651,856	70,282,194
Profit/(Loss) before tax (£)	1,121,280	(1,424,974)

Future Developments

Current year trading to date has been in line with the Board's expectations. The directors expect the current level of activity to be achievable into the future.

DORNAN ENGINEERING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Other information and explanations

Our people, training and employee involvement

The company's success is attributable to our team of skilled, experienced and dedicated management, engineering and support staff. Our short chain of command keeps us close to our employees at all times. Our employees are constantly updated with regard to company activity, performance, training, health and safety, environmental issues and future prospects. We continue to invest in training and development of our staff so that we retain the recognised skills and experience required to deliver best service to our customers. The company continues its policy regarding the employment of disabled persons and fair consideration is given to applications for employment by disabled persons having regard to their particular aptitudes and abilities without the reference of age, ethnicity, gender, religion, sexual orientation, disability or marital status. The group retains ISO9001:2008 certification, NICEIC membership and is certified to the Achilles Building Confidence Scheme.

Health and safety at work

The directors and senior managers continue to strive to embed best health and safety policies, practices and awareness throughout our operations. A similar rigorous approach is adopted with environmental issues and we strongly support the health and safety and environmental policies of our customers and the construction industry generally. The group is accredited within the Contractors Health and Safety Assessment Scheme (CHAS) and the group is currently registered by AFNOR UK as having complied with the requirements of OHSAS 18001:2007.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

By order of the board

Patrick Finn
Director
19 April 2018

Oliver Lonergan
Director

DORNAN ENGINEERING SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activities

The principal activity of the company continued to be that of electrical, instrumentation and mechanical contractors.

Directors

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

Brian Acheson
Oliver Lonergan
David Myers
Ronan Keohane
Patrick Finn
Tony O'Shea
Bryan White
Paul Flynn

The company secretary throughout the financial year was Patrick Finn.

Results and dividends

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

The retained profit/(loss) for the financial year amounted to £975,729 (2016: (£1,219,735)) and this was transferred to reserves at the year end.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

The auditor, Crowley & McCarthy, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

DORNAN ENGINEERING SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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. It has done so in respect of financial instruments and future developments.

Statement on relevant audit information

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, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the board of directors and signed on its behalf by:

Patrick Finn
Director
19 April 2018

Oliver Lonergan
Director

DORNAN ENGINEERING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF DORNAN ENGINEERING SERVICES LIMITED

Opinion

We have audited the financial statements of Dornan Engineering Services Limited (the 'company') for the year ended 31 December 2017 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows 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 Auditors' 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 our 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.

DORNAN ENGINEERING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBER OF DORNAN ENGINEERING SERVICES LIMITED

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, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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 auditors' 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.

Derry Crowley (Senior Statutory Auditor)
for and on behalf of Crowley & McCarthy, Statutory Auditor

Chartered Accountants

Building G
West Cork Technology Park
Clonakilty
Co. Cork

19 April 2018

DORNAN ENGINEERING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	6	72,651,856	70,282,194
Cost of sales		(68,440,328)	(63,679,865)
Gross profit		4,211,528	6,602,329
Administrative expenses		(3,778,415)	(5,114,502)
Exceptional item	5	-	(2,881,349)
Operating profit/(loss)	8	433,113	(1,393,522)
Interest receivable and similar income	9	1,647	5,490
Interest payable and similar expenses	10	(43,122)	(36,942)
Profit on disposal of subsidiary		729,642	-
Profit/(loss) before taxation		1,121,280	(1,424,974)
Tax on profit/(loss)	12	(145,551)	205,239
Profit/(loss) for the financial year		975,729	(1,219,735)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There is no other comprehensive income, other than that passing through the profit and loss account.

DORNAN ENGINEERING SERVICES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	13		91,085		220,012
Investments	14		4,844		5,511
			<u>95,929</u>		<u>225,523</u>
Current assets					
Stocks	15	-		76,332	
Debtors	16	30,767,422		20,069,152	
Cash at bank and in hand		2,392,607		1,504,058	
			<u>33,160,029</u>	<u>21,649,542</u>	
Creditors: amounts falling due within one year	17	(29,374,895)		(18,950,007)	
Net current assets			<u>3,785,134</u>		<u>2,699,535</u>
Total assets less current liabilities			<u>3,881,063</u>		<u>2,925,058</u>
Creditors: amounts falling due after more than one year	18		(422,831)		(455,553)
Provisions for liabilities			(2,998)		-
Net assets			<u>3,455,234</u>		<u>2,469,505</u>
Capital and reserves					
Called up share capital	22		170		170
Share premium account	23		20,000		10,000
Capital redemption reserve	24		30		30
Profit and loss reserves			3,435,034		2,459,305
Shareholders' equity			<u>3,455,234</u>		<u>2,469,505</u>

Approved by the board of directors and signed on its behalf by:

Oliver Lonergan
Director

Patrick Finn
Director

19 April 2018

DORNAN ENGINEERING SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2016		200	10,000	-	4,386,554	4,396,754
Year ended 31 December 2016:						
Loss and total comprehensive income for the year		-	-	-	(1,219,735)	(1,219,735)
Own shares acquired		-	-	-	(707,484)	(707,484)
Redemption of shares		(30)	-	30	(30)	(30)
Balance at 31 December 2016		170	10,000	30	2,459,305	2,469,505
Year ended 31 December 2017:						
Profit and total comprehensive income for the year		-	-	-	975,729	975,729
Issue of share capital	22	-	10,000	-	-	10,000
Balance at 31 December 2017		170	20,000	30	3,435,034	3,455,234

DORNAN ENGINEERING SERVICES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Net cash flows from operating activities	32		228,910		(316,675)
Investing activities					
Purchase of tangible fixed assets		-		(59,005)	
Proceeds on disposal of tangible fixed assets		12,074		25,689	
Proceeds on disposal of subsidiary		730,309		-	
Interest received		1,647		5,490	
Net cash flows from investing activities			744,030		(27,826)
Financing activities					
Proceeds from issue of shares		10,000		-	
Purchase of own shares		-		(707,514)	
Net cash flows from financing activities			10,000		(707,514)
Net increase/(decrease) in cash and cash equivalents			982,940		(1,052,015)
Cash and cash equivalents at beginning of year			1,390,370		2,442,385
Cash and cash equivalents at end of year			2,373,310		1,390,370
Relating to:					
Cash at bank and in hand			2,392,607		1,504,058
Bank overdrafts included in creditors payable within one year			(19,297)		(113,688)
			2,373,310		1,390,370

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Company information

Dornan Engineering Services Limited is a limited company domiciled and incorporated in England and Wales. The registered office is 2nd Floor Emperor's Gate, 114A Cromwell Road, London, England, SW7 4ES.

2 Accounting Convention and Basis of Preparation

Accounting convention

The financial statements have been prepared on the going concern basis and in accordance with the historical cost 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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group.

The financial statements of the company are consolidated in the financial statements of Dornan Engineering Holdings Limited. These consolidated financial statements are available from its registered office, 10 Eastgate Avenue, Eastgate, Little Island, Co. Cork.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

3 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 are the company's key sources of estimation uncertainty;

Going concern

At the time of approving the financial statements, the board of directors has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the board of directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Long term contracts

Profit on long term contracts is recognised using the percentage of completion method. A portion of estimated profit on individual contracts is taken into account based on the stage of completion. Revisions in estimates are reflected in the accounting period when revision becomes known. Expected losses are charged to income entirely when the losses become evident.

Useful lives of tangible fixed assets

The annual depreciation charge of tangible fixed assets depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives, management consider technological change, patterns of consumption, physical condition, and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the financial year end is disclosed in note 13.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits, together with an assessment of the effect of future tax planning strategies.

4 Accounting policies

4.1 Turnover

Turnover is stated net of trade discounts, VAT and similar taxes and derives from the provision of goods and services falling within the company's ordinary activities.

Turnover from long term contracts is billed based on agreed billing schedules and certifications and any profit arising thereon is calculated so as to equate with the deemed stage of completion.

4.2 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.

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Accounting policies

(Continued)

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 basis:

Leasehold property improvements	33.33% Straight line
Plant and equipment	33.33% Straight Line
Furniture and equipment	33.33% Straight Line
Motor vehicles	25% 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 recognised in the profit and loss account.

4.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities 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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the society holds a long-term interest and where the company has significant influence. The society considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, 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 publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

4.4 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Accounting policies

(Continued)

Where there is objective evidence that recoverable amounts of an asset is less than its carrying value the carrying amount of the asset is reduced to its recoverable amount resulting in an impairment loss. Impairment losses are recognised immediately in the profit and loss account, with the exception of losses on previously revalued tangible fixed assets, which are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset.

Where the circumstances causing an impairment of an asset no longer apply, then the impairment is reversed through the profit and loss account, except for impairments on previously revalued tangible assets, which are treated as revaluation increases to the extent that the revaluation was recognised in equity.

The recoverable amount of tangible fixed assets, goodwill and other intangible fixed assets is the higher of the fair value less cost to sell of the asset and its value in use. The value in use of these assets is the present value of the cash flows expected to be derived from those assets. This is determined by reference to the present value of the future cash flows of the company which is considered by the directors to be a single cash generating unit.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.5 Stocks

Stocks are stated at the lower of cost and net realisable value. In the case of finished goods and work in progress, cost is defined as the aggregate cost of raw material, direct labour and the attributable proportion of direct production overheads based on a normal level of capacity. Net realisable value is based on normal selling price, less further costs expected to be incurred to completion and disposal.

Contract work-in-progress is stated at cost, less foreseeable losses and progress payments received, where applicable. Cost is defined as the aggregate cost of raw material and the attributable proportion of relevant direct overheads.

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.

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Accounting policies

(Continued)

4.6 Long term contracts

When the outcome of a long term contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion.

The outcome of a long term contract can be estimated reliably when all the following conditions are satisfied:

- total contract revenue can be measured reliably;
- it is probable that the economic benefits associated with the contract will flow to the company;
- both the contract costs to complete and the stage of contract completion at the end of the reporting period can be measured reliably; and
- the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is measured by the certified turnover as a percentage of total expected turnover for the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a long term contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

4.7 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 in the company's balance sheet 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.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Ordinary share capital

The ordinary share capital of the company is presented as equity.

Basic financial assets

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

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Accounting policies

(Continued)

Other financial assets

Trade debtors for goods sold to customers on short-term credit, are initially measured at the undiscounted amount of cash receivable from that customer, which is normally the invoice price, and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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. The impairment loss is recognised in the profit and loss account.

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.

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 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Accounting policies

(Continued)

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.

All loans and borrowings, both assets and liabilities are initially recorded at the present value of cash payable to the lender in settlement of the liability discounted at the market interest rate. Subsequently loans and borrowings are stated at amortised cost using the effective interest rate method. The computation of amortised cost includes any issue costs, transaction costs and fees, and any discount or premium on settlement, and the effect of this is to amortise these amounts over the expected borrowing period. Loans with no stated interest rate and repayable within one year or on demand are not amortised. Loans and borrowings are classified as current assets or liabilities unless the borrower has an unconditional right to defer settlement of the liability for at least twelve months after the financial year end date.

Derecognition of financial liabilities

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

4.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Final dividends to the company's equity shareholders are recognised as a liability of the company when approved by the company's shareholders. Interim dividends are recognised when paid.

4.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The charge for taxation is based on the profit for the financial year and is calculated with reference to the tax rates applying at the financial year end date in the jurisdiction where the tax is applied.

Deferred tax

Deferred taxation is calculated on the differences between the company's taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Full provision for deferred tax assets and liabilities is made at current tax rates on differences that arise between the recognition of gains and losses in the financial statements and their recognition in the tax computation, including differences arising on the revaluation of fixed assets. 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.

4.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Accounting policies

(Continued)

4.11 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.

4.12 Retirement benefits

The company operates a defined contribution scheme. Retirement benefit contributions in respect of the scheme for employees are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The assets are held separately from those of the company in an independently administered fund. Differences between the amounts charged in the profit and loss account and payments made to the retirement benefit scheme are treated as assets or liabilities.

4.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

5 Exceptional costs/(income)

	2017	2016
	£	£
Provision for bad debt arising from liquidation of a customer	-	2,881,349

6 Turnover

Turnover is stated net of value added tax and is attributable to continuing activities. The total turnover of the company for the year has been derived from mechanical, electrical and instrumental contracting. The amount of turnover attributable to different geographical markets is not disclosed as in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the company.

7 Employees

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

	2017	2016
	Number	Number
Administration	19	17
Contracting	204	236
	223	253

DORNAN ENGINEERING SERVICES LIMITED

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

7 Employees (Continued)

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	13,420,200	15,575,509
Social security costs	1,387,373	1,638,613
Pension costs	289,286	285,703
	<u>15,096,859</u>	<u>17,499,825</u>

8 Operating profit/(loss)

	2017 £	2016 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses	68,909	67,718
Audit Fees	37,246	25,170
Depreciation of owned tangible fixed assets	114,332	111,708
Loss on disposal of tangible fixed assets	2,521	25,597
	<u>223,008</u>	<u>230,193</u>

9 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	1,647	4,680
Other interest income	-	810
	<u>1,647</u>	<u>5,490</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,647	4,680
	<u>1,647</u>	<u>4,680</u>

10 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	41,872	32,310
Other finance costs:		
Other interest	1,250	4,632
	<u>43,122</u>	<u>36,942</u>

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	441,741	624,530
Company pension contributions to defined contribution schemes	26,370	32,229
	<u>468,111</u>	<u>656,759</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2016 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017 £	2016 £
Remuneration for qualifying services	182,000	269,062
Company pension contributions to defined contribution schemes	22,500	8,976
	<u>204,500</u>	<u>278,038</u>

12 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	112,815	(130,165)
Deferred tax		
Origination and reversal of timing differences	32,736	(75,074)
Total tax charge	<u>145,551</u>	<u>(205,239)</u>

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Taxation

(Continued)

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit/(loss) before taxation	1,121,280	(1,424,974)
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	213,043	(284,995)
Effect of overseas tax rates	4,509	7,429
Loss/(Profit) on disposal of fixed asset	485	5,119
Other tax adjustments	67,945	67,208
Profit on sale of subsidiary	(140,431)	-
Tax expense for the year	145,551	(205,239)

13 Tangible fixed assets

	Leasehold property improvements £	Plant and equipment £	Furniture and equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2017	204,474	113,116	71,997	39,555	429,142
Disposals	-	(12,399)	-	(20,605)	(33,004)
At 31 December 2017	204,474	100,717	71,997	18,950	396,138
Depreciation and impairment					
At 1 January 2017	90,877	83,713	31,999	2,541	209,130
Depreciation charged in the year	68,158	13,574	23,999	8,601	114,332
Eliminated in respect of disposals	-	(12,399)	-	(6,010)	(18,409)
At 31 December 2017	159,035	84,888	55,998	5,132	305,053
Carrying amount					
At 31 December 2017	45,439	15,829	15,999	13,818	91,085
At 31 December 2016	113,597	29,403	39,998	37,014	220,012

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

14 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries		-	667
Investments in joint ventures	30	4,844	4,844
		<u>4,844</u>	<u>5,511</u>

Movements in fixed asset investments

	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 January 2017	5,511
Disposals	(667)
At 31 December 2017	<u>4,844</u>
Carrying amount	
At 31 December 2017	<u>4,844</u>
At 31 December 2016	<u>5,511</u>

15 Stocks

	2017 £	2016 £
Work in progress	-	76,332
	<u>-</u>	<u>76,332</u>

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

16 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	11,100,954	8,901,974
Amounts recoverable on contracts	10,797,188	8,224,571
Corporation tax recoverable	-	406,171
Amounts due from group undertakings	7,587,280	1,226,661
Amounts due from joint ventures	977,730	956,835
Other debtors	55,138	199,534
Prepayments and accrued income	249,132	123,668
	<u>30,767,422</u>	<u>20,039,414</u>
Deferred tax asset (note 19)	-	29,738
	<u>30,767,422</u>	<u>20,069,152</u>

Included above under amounts recoverable on contracts are retention amounts of £1,033,773 (2016: £2,133,521) which are due after more than one year.

17 Creditors: amounts falling due within one year

	Notes	2017	2016
		£	£
Bank loans and overdrafts	26	19,297	113,688
Trade creditors		7,072,583	4,963,139
Amounts accrued on contracts		7,644,375	6,930,567
Amounts due to group undertakings		12,726,283	4,782,896
Corporation tax		125,469	60,742
Other taxation and social security		1,150,414	1,418,132
Other creditors		41,997	36,397
Accruals and deferred income		594,477	644,446
		<u>29,374,895</u>	<u>18,950,007</u>

Included in other taxation and social security creditors are the following amounts:

Value added tax	458,411	775,062
PAYE/National Insurance	660,568	595,616
Other taxes	31,435	47,454
	<u>1,150,414</u>	<u>1,418,132</u>

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

18 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Amounts accrued on contracts	422,831	455,553
	<u>422,831</u>	<u>455,553</u>

19 Deferred taxation

	Liabilities 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
Balances:				
Accelerated capital allowances	10,522	-	-	(33,154)
Tax losses	-	-	-	56,190
Accrued retirement benefits	(7,524)	-	-	6,702
	<u>2,998</u>	<u>-</u>	<u>-</u>	<u>29,738</u>

Movements in the year:

	2017 £
Liability/(Asset) at 1 January 2017	(29,738)
Charge to profit or loss	32,736
	<u>2,998</u>

DORNAN ENGINEERING SERVICES LIMITED

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

20 Financial instruments

	2017	2016
	£	£
Financial assets		
Trade debtors	11,100,954	8,901,974
Amounts recoverable on contracts	10,797,188	8,224,571
Amounts due from fellow group undertakings	7,587,280	1,226,661
Amounts due from joint ventures	977,730	956,835
Other debtors	1,205	1,205
Cash at bank and in hand	2,392,607	1,504,058
	<u>32,856,964</u>	<u>20,815,304</u>
Total debt instruments measured at amortised cost	32,856,964	20,815,304
Equity instruments measured at cost less impairment	4,844	5,511
	<u>4,844</u>	<u>5,511</u>
Financial liabilities		
Bank loans and overdrafts	19,297	113,688
Trade creditors	7,072,583	4,963,139
Amounts accrued on contracts	8,067,206	7,386,120
Amounts due to group undertakings	12,726,283	4,782,896
Other creditors	41,997	36,397
Accruals and deferred income	594,477	644,446
	<u>28,521,843</u>	<u>17,926,686</u>
Total measured at amortised cost	28,521,843	17,926,686

21 Retirement benefit schemes

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.

	2017	2016
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	289,286	285,703
	<u>289,286</u>	<u>285,703</u>

At the balance sheet date an amount of £39,597 (2016: £33,508), was due to the fund.

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

22 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary Shares of £1 each	100	100
70 Ordinary A Shares of £1 each	70	70
	<u>170</u>	<u>170</u>
	<u><u>170</u></u>	<u><u>170</u></u>

Also in issue are ten B Ordinary Shares @ £ 0.01 per share nominal value. The company issued ten C Ordinary Shares during the year at @ £ 0.01 per share nominal value and a premium of £9,999.90.

The A Ordinary share holders do not hold any voting rights or entitlements to dividends, they are entitled to a share of the profits on sale of the company or on winding up.

The B and C Ordinary Share holders do not hold any voting rights or entitlements to dividends, they have entitlement to a share of the profits on the sale of the company or on winding up when certain agreed cumulative profit targets are met.

23 Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

24 Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

25 Operating lease commitments

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	2016
	£	£
Within one year	260,550	260,550
Between two and five years	382,282	642,832
	<u>642,832</u>	<u>903,382</u>
	<u><u>642,832</u></u>	<u><u>903,382</u></u>

26 Financial commitments, guarantees and contingent liabilities

Contingent liabilities

The company has provided warranties to customers in respect of contracts undertaken. These warranties are in turn supported by performance bonds which can be called on within certain agreed timescales. The maximum amount of the bond is £1,374,600 and it expires in April 2020.

Guarantees

Dornan Engineering Services Limited have provided a letter of guarantee to Bank of Ireland, guaranteeing Dornan Engineering Limited liabilities with the bank in the amount of €2,000,000, in respect of principal together with interest and costs accrued thereon.

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

27 Related party transactions

Remuneration of key management personnel

Executive Directors and certain senior employees who have authority and responsibility for planning, directing and controlling activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals in 2017 was salary of £441,741 (2016: £624,530) and pension contributions of £26,370 (2016: £32,229).

The company has taken advantage of the exemption under FRS102 not to disclose certain intercompany transactions.

Transactions with related parties

During the year Kantor Energy Limited (registered in UK) was invoiced for contract work amounting to £7,529,338 (2016: £1,976,806) and for expenses recharged of £174,662 (2016: £181,112).

DorCon Stockholm AB (a joint venture) was invoiced for contract work in the amount of £645,937 (2016: (£941,358)).

Amounts owed by related parties	2017	2016
	Balance £	Balance £
Kantor Energy Limited	7,302,411	1,224,621
DorCon Stockholm AB	977,730	956,835
	<u>8,280,141</u>	<u>2,181,456</u>

28 Events after the reporting date

There are no material post balance sheet events which are required to be reported in the financial statements.

29 Controlling party

Dornan Engineering Limited (registered in Ireland) is the company's immediate parent undertaking and Dornan Engineering Holdings Limited (registered in Ireland) is the ultimate parent undertaking.

30 Joint ventures

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Dorcon Stockholm AB	Sweden	Construction Projects	Ordinary	50.00	

DORNAN ENGINEERING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

31 Comparative figures

In preparing the financial statements for 31 December 2017, if necessary, changes to the comparative figures may have been made to ensure consistency of the figure reported for 31 December 2017.

32 Net cash flows from operating activities

	2017	2016
	£	£
Profit/(loss) for the year	975,729	(1,219,735)
Adjustments for:		
Corporation tax expense	145,551	(205,239)
Finance costs	43,122	36,942
Investment income	(1,647)	(5,490)
Loss on disposal of tangible fixed assets	2,521	25,597
Depreciation and impairment of tangible fixed assets	114,332	111,708
Profit on disposal of subsidiary	(729,642)	-
Decrease/(increase) in stocks	76,332	(47,568)
(Increase)/decrease in debtors	(11,134,179)	803,604
Increase in creditors	10,421,830	549,940
Interest paid	(43,122)	(36,942)
Tax refunded/(paid)	358,083	(329,492)
Net cash flows from operating activities	228,910	(316,675)

33 Approval of financial statements

The directors approved the financial statements on the 19 April 2018

DORNAN ENGINEERING SERVICES LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

DORNAN ENGINEERING SERVICES LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017		2016
	£	£	£	£
Turnover				
Sales		72,651,856		70,282,194
Cost of sales				
Materials & amounts accrued on contracts	12,544,196		11,852,587	
Subcontractors	31,428,740		29,011,936	
Project management and supervision	6,269,993		3,914,242	
Site facility Costs	4,314,740		3,406,860	
Movement in work in progress	76,332		(47,568)	
Wages and salaries	11,991,737		13,621,008	
Social security costs	1,387,373		1,638,613	
Staff pension costs defined contribution	262,916		253,474	
Entertaining	150,728		17,206	
Depreciation	13,573		11,507	
		<u>(68,440,328)</u>		<u>(63,679,865)</u>
Gross profit	5.80%	4,211,528	9.39%	6,602,329
Administrative expenses		(3,778,415)		(5,114,502)
Exceptional items				
Provision for bad debt arising from liquidation of a customer		-		(2,881,349)
		<u>-</u>		<u>-</u>
Operating profit/(loss)		433,113		(1,393,522)
Investment revenues				
Bank interest received	1,647		4,680	
Other interest received	-		810	
		<u>1,647</u>		<u>5,490</u>
Interest payable and similar expenses				
Bank interest on loans and overdrafts	41,872		32,310	
Interest on overdue taxation - not financial liabilities	1,250		4,632	
		<u>(43,122)</u>		<u>(36,942)</u>
Other gains and losses				
Profit or Loss on disposal of financial assets measured at cost		729,642		-
		<u>729,642</u>		<u>-</u>
Profit/(loss) before taxation	1.54%	1,121,280	2.03%	(1,424,974)

DORNAN ENGINEERING SERVICES LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
Administrative expenses		
Wages and salaries	986,722	1,329,971
Staff welfare	25,839	31,327
Staff training	89,126	106,590
Directors' remuneration	441,741	624,530
Directors' pension costs - defined contribution scheme	26,370	32,229
Management charge	-	1,098,768
Rent, Rates and Services	540,724	549,763
Office Cleaning	17,224	11,133
Repairs and maintenance	21,730	(4,332)
Computer running costs	42,240	32,431
Travelling expenses	79,097	73,193
Health and safety	591	17,923
Legal and professional fees	687,769	368,726
Audit fees	37,246	25,170
Insurance	2,451	1,836
Printing, Postage and stationery	73,393	62,167
Advertising	367,428	449,093
Telecommunications	26,765	29,081
Entertaining	61,755	1,599
Sundry expenses	78,015	79,788
Depreciation	100,759	100,201
Profit or loss on sale of tangible assets (non exceptional)	2,521	25,597
Profit or loss on foreign exchange	68,909	67,718
	<hr/>	<hr/>
	3,778,415	5,114,502
	<hr/> <hr/>	<hr/> <hr/>

Company Registration No. 212757 (Republic of Ireland)

DORNAN ENGINEERING LIMITED
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

DORNAN ENGINEERING LIMITED

COMPANY INFORMATION

Directors	Brian Acheson Oliver Lonergan David Dukelow William Flynn Paul Flynn David Myers Patrick Finn
Secretary	Patrick Finn
Company number	212757
Registered office	10 Eastgate Avenue Eastgate Little Island Cork
Auditor	Crowley & McCarthy Building G West Cork Technology Park Clonakilty Co. Cork
Bankers	Bank of Ireland 32 South Mall Cork Allied Irish Bank 26 Patrick Street Cork
Solicitors	JW O'Donovan Solicitors 53 South Mall Co. Cork

DORNAN ENGINEERING LIMITED

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DORNAN ENGINEERING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activities

The principal activities of the group comprise mechanical, electrical and instrumentation contracting in Ireland and abroad. The group currently operates in Ireland, the UK, the Netherlands, Belgium, Denmark and Sweden.

The directors do not foresee any change of activities in the current year and are confident that profitability and cash generation can be maintained.

Principal Risk and Uncertainties

The group is subject to the same economic uncertainties confronting all businesses. The directors continually take steps to identify, manage and mitigate business risk in the best manner possible. Credit risk is managed by proactive credit control and foreign exchange risk, while not material, is dealt with by matching of currency assets, liabilities and net cash flows. The achievement of turnover, profit and cash flow targets is supported by a marketing and accounts department which is focused on ensuring that new contracts are identified, pursued and won in order to guarantee continuity of operations and maintenance of company structures and that contracts are completed in accordance with budgets.

Market Risk

Worldwide the construction industry can be severely affected by a global economic downturn. This poses a significant threat to all construction companies. The directors are confident that the strength of their brand and the level of their customer base will allow the company withstand such threats.

Financial Risk

The construction industry involves very significant cash flows and investment in working capital. The company has built a significant base of shareholders funds which has supported the business in recent years and reduced requirements for external borrowing.

Key Performance Indicators

The company maintains a variety of suitable key performance indicators which include appropriate systems monitoring successful contracts together with forecasts of cashflows and sales volumes.

Directors and secretary

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

Brian Acheson
Oliver Lonergan
David Dukelow
William Flynn
Paul Flynn
David Myers
Patrick Finn

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

DORNAN ENGINEERING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Directors' interests

Dornan Engineering Holdings Limited, an investment holding company controlled by some of the directors, owns 100% of the issued Share Capital of Dornan Engineering Limited. The Board of Directors, as constituted on the date of this report, is listed on the company information page.

The beneficial interests of the directors in the share capital of the holding company at 31 December 2017 were as follows:-

	Ordinary Shares	A Ordinary Shares	B Ordinary Shares	C Ordinary Shares
Brian Acheson	70	60	0	70
Oliver Lonergan	20	20	0	20
David Myers	0	0	10	0

The directors' interests in the shares of Dornan Engineering Services Limited, a subsidiary of Dornan Engineering Limited were as stated below:

	A Ordinary Shares of £1 each	
	31 December 2017	31 December 2016
Brian Acheson	49	49
Oliver Lonergan	14	14
David Myers	7	7

Company Secretary

The company secretary throughout the financial year was Patrick Finn.

Accounting records

The company's directors are aware of their responsibilities, under sections 281 to 285 of the Companies Act 2014 as to whether in their opinion, the accounting records of the company are sufficient to permit the consolidated financial statements to be readily and properly audited and are discharging their responsibility by:

- employing qualified and experienced staff,
- ensuring that sufficient company resources are available for the task,
- liaising with the company's auditors, and
- putting in place arrangements to guard against falsification of the records.

The accounting records are held at the company's registered office, Eastgate Avenue, Eastgate, Little Island, Co. Cork.

Auditor

In accordance with the Companies Act 2014, section 383(2), Crowley & McCarthy continue in office as auditor of the group.

DORNAN ENGINEERING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Directors' compliance policy statement

We, the directors of the company who held office at the date of approval of these consolidated financial statements are responsible for securing the company's compliance with its relevant obligations; and

We confirm that the following matters have been done under section 225(2) in fulfilling its responsibilities

- drawing up of a 'compliance policy statement' setting out the company's policies (that, in our opinion, are appropriate to the company) respecting compliance by the company with its relevant obligations;
- putting in place appropriate arrangements or structures (that, in our opinion) are, designed to secure material compliance with the company's relevant obligations; and
- conducting a review during the financial year of any arrangements or structures that have been put in place.

Audit committee statement

The company, although meeting the requirements, has not established an audit committee under section 167 of the Companies Act 2014 as all of company shareholders are directors of the company and are actively involved in the day to day running of the business.

Statement of disclosure to auditor

In the case of each of the persons who are directors at the time this report is approved in accordance with section 332 of the Companies Act 2014 confirms that:

- so far as each director is aware, there is no relevant audit information of which the company's statutory auditor is unaware, and
- each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 330 of the Companies Act 2014.

On behalf of the board

Oliver Lonergan

Director

19 April 2018

Patrick Finn

Director

DORNAN ENGINEERING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare consolidated financial statements for each financial year. Under that law, the directors have elected to prepare the consolidated financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council. Under company law, the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the group and the parent company as at the financial year end date and of the profit or loss of the group for that financial year and otherwise comply with the Companies Act 2014.

In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies for the company consolidated financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the consolidated financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for ensuring that the group and the parent company keep or cause to be kept adequate accounting records which correctly explain and record the transactions of the group and the parent company, enable at any time the assets, liabilities, financial position and profit or loss of the group and the parent company to be determined with reasonable accuracy, enable them to ensure that the consolidated financial statements and Directors' Report comply with the Companies Act 2014 and enable the consolidated financial statements to be audited. They are also responsible for safeguarding the assets of the group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

Oliver Lonergan

Director

19 April 2018

Patrick Finn

Director

DORNAN ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF DORNAN ENGINEERING LIMITED

Opinion

We have audited the consolidated financial statements of Dornan Engineering Limited ('the company') and its subsidiaries ('the group') for the year ended 31 December 2017 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the notes to the financial statements, including the summary of significant accounting policies set out in note 4. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion:

- the group financial statements give a true and fair view of the assets, liabilities and financial position of the group as at 31 December 2017 and of its profit for the year then ended;
- the group financial statements have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the group financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) 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 group and company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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 (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and the parent 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 consolidated 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.

DORNAN ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF DORNAN ENGINEERING LIMITED

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' Report is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the company were sufficient to permit the consolidated financial statements to be readily and properly audited, and the company Balance sheet is in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

We have nothing to report in respect of our obligation under the Companies Act 2014 to report to you if, in our opinion, the disclosures of director's remuneration and transactions specified by sections 305 to 312 of the Act are not made.

Responsibilities of directors for the consolidated financial statements

As explained more fully in the Directors' Responsibilities Statement, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated 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 (Ireland) 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 IAASA's website at: [http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ireland/International-Standards-on-Auditing-\(Ireland\)/ISA-700-\(Ireland\)](http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ireland/International-Standards-on-Auditing-(Ireland)/ISA-700-(Ireland)). This description forms part of our auditor's report.

Other matter

We have reported separately on the parent company financial statements of Dornan Engineering Limited for the year ended 31 December 2017.

DORNAN ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF DORNAN ENGINEERING LIMITED

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 section 391 of the Companies Act 2014. 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.

Derry Crowley
for and on behalf of Crowley & McCarthy

Chartered Accountants and Statutory Audit Firm

Building G
West Cork Technology Park
Clonakilty
Co. Cork

19 April 2018

DORNAN ENGINEERING LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 €	2016 €
Turnover	5	218,400,916	270,965,057
Cost of sales		(191,818,499)	(231,234,667)
Gross profit		<u>26,582,417</u>	<u>39,730,390</u>
Administrative expenses		(22,114,212)	(31,753,326)
Operating profit	7	<u>4,468,205</u>	<u>7,977,064</u>
Interest receivable and similar income	10	696	320,737
Interest payable and similar expenses	11	(130,104)	(300,484)
Profit before taxation		<u>4,338,797</u>	<u>7,997,317</u>
Taxation	12	(384,412)	(988,697)
Profit for the financial year		<u><u>3,954,385</u></u>	<u><u>7,008,620</u></u>
Profit for the financial year is attributable to:			
Equity Shareholders		5,836,160	7,282,569
Minority Interests		(1,881,775)	(273,949)
		<u><u>3,954,385</u></u>	<u><u>7,008,620</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

DORNAN ENGINEERING LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 €	2016 €
Profit for the year	3,954,385	7,008,620
Other comprehensive income		
Currency translation difference on net assets of foreign investments	(52,861)	(847,890)
Total comprehensive income for the year	<u>3,901,524</u>	<u>6,160,730</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	5,760,025	6,471,123
- Minority interests	(1,858,501)	(310,393)
	<u>3,901,524</u>	<u>6,160,730</u>

DORNAN ENGINEERING LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017		2016	
		€	€	€	€
Fixed assets					
Tangible assets	14	607,915		700,642	
Investments	15	78,558		381,520	
		<u>686,473</u>		<u>1,082,162</u>	
Current assets					
Stocks	16	75,267		300,896	
Debtors	17	85,799,675		82,542,875	
Cash at bank and in hand		11,289,467		18,497,741	
		<u>97,164,409</u>		<u>101,341,512</u>	
Creditors: amounts falling due within one year	18	<u>(55,978,522)</u>		<u>(64,516,180)</u>	
Net current assets		<u>41,185,887</u>		<u>36,825,332</u>	
Total assets less current liabilities		<u>41,872,360</u>		<u>37,907,494</u>	
Creditors: amounts falling due after more than one year	19	(988,395)		(936,324)	
Net assets		<u>40,883,965</u>		<u>36,971,170</u>	
Capital and reserves					
Called up share capital presented as equity	24	1,270,000		1,270,000	
Share premium account	25	41,344		41,344	
Profit and loss reserves		41,413,230		35,653,205	
Equity attributable to owners of the parent company		<u>42,724,574</u>		<u>36,964,549</u>	
Minority interests	26	(1,840,609)		6,621	
		<u>40,883,965</u>		<u>36,971,170</u>	

Approved by the board of directors and signed on its behalf by:

Oliver Lonergan
Director

Patrick Finn
Director

19 April 2018

DORNAN ENGINEERING LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017		2016	
		€	€	€	€
Fixed assets					
Tangible assets	14	472,053		443,674	
Investments	15	1,117,651		283,413	
		<u>1,589,704</u>		<u>727,087</u>	
Current assets					
Stocks	16	75,267		193,534	
Debtors	17	69,585,632		63,810,420	
Cash at bank and in hand		7,669,579		15,044,133	
		<u>77,330,478</u>		<u>79,048,087</u>	
Creditors: amounts falling due within one year	18	<u>(37,228,928)</u>		<u>(47,850,934)</u>	
Net current assets		40,101,550		31,197,153	
Total assets less current liabilities		<u>41,691,254</u>		<u>31,924,240</u>	
Creditors: amounts falling due after more than one year	19	(490,713)		(301,152)	
Net assets		<u>41,200,541</u>		<u>31,623,088</u>	
Capital and reserves					
Called up share capital presented as equity	24	1,270,000		1,270,000	
Share premium account	25	41,344		41,344	
Profit and loss reserves		39,889,197		30,311,744	
Total equity		<u>41,200,541</u>		<u>31,623,088</u>	

Approved by the board of directors and signed on its behalf by:

Oliver Lonergan
Director

Patrick Finn
Director

19 April 2018

DORNAN ENGINEERING LIMITED

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

	Notes	Share capital €	Share premium account €	Profit and loss reserves €	Total €
Balance at 1 January 2016		1,270,000	41,344	36,145,452	37,456,796
Year ended 31 December 2016:					
Profit for the year		-	-	7,282,569	7,282,569
Other comprehensive income:					
Currency translation difference on net assets of foreign investments		-	-	(811,446)	(811,446)
Total comprehensive income for the year		-	-	6,471,123	6,471,123
Dividends	13	-	-	(6,100,000)	(6,100,000)
Own shares acquired		-	-	(863,370)	(863,370)
Balance at 31 December 2016		1,270,000	41,344	35,653,205	36,964,549
Year ended 31 December 2017:					
Profit for the year		-	-	5,836,160	5,836,160
Other comprehensive income:					
Currency translation difference on net assets of foreign investments		-	-	(76,135)	(76,135)
Total comprehensive income for the year		-	-	5,760,025	5,760,025
Balance at 31 December 2017		1,270,000	41,344	41,413,230	42,724,574

DORNAN ENGINEERING LIMITED

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

	Notes	Share capital €	Share premium account €	Profit and loss reserves €	Total €
Balance at 1 January 2016		1,270,000	41,344	27,390,002	28,701,346
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	9,021,742	9,021,742
Dividends	13	-	-	(6,100,000)	(6,100,000)
Balance at 31 December 2016		1,270,000	41,344	30,311,744	31,623,088
Year ended 31 December 2017:					
Profit and total comprehensive income for the year		-	-	9,577,453	9,577,453
Balance at 31 December 2017		1,270,000	41,344	39,889,197	41,200,541

DORNAN ENGINEERING LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 €	€	2016 €	€
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	35	(7,180,164)		16,380,430	
Interest paid		(130,104)		(300,484)	
Corporation taxes paid		(821,122)		(2,656,288)	
Net cash (outflow)/inflow from operating activities		(8,131,390)		13,423,658	
Investing activities					
Purchase of tangible fixed assets		(318,686)		(540,026)	
Proceeds on disposal of tangible fixed assets		62,519		96,826	
Cash acquired with subsidiary		92,791		-	
Dividends received from joint ventures		245,377		-	
Interest received		2,549		7,949	
Net cash generated from/(used in) investing activities		84,550		(435,251)	
Financing activities					
Proceeds from issue of shares		11,271		-	
Redemption of shares		-		(863,333)	
Net movement of finance lease obligations		74,430		267,474	
Dividends paid to equity shareholders		-		(6,100,000)	
Net cash generated from/(used in) financing activities		85,701		(6,695,859)	
Net (decrease)/increase in cash and cash equivalents		(7,961,139)		6,292,548	
Cash and cash equivalents at beginning of year		18,330,214		12,825,709	
Effect of foreign exchange rates		(45,422)		(788,043)	
Cash and cash equivalents at end of year		10,323,653		18,330,214	
Relating to:					
Cash at bank and in hand		11,289,467		18,497,741	
Bank overdrafts included in creditors payable within one year		(965,814)		(167,527)	
		10,323,653		18,330,214	

DORNAN ENGINEERING LIMITED

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

1 Company information

Dornan Engineering Limited is a limited company domiciled and incorporated in the Republic of Ireland. The registered office is 10 Eastgate Avenue, Eastgate, Little Island, Cork which is also the principal place of business for the company.

The Group consists of Dornan Engineering Limited and all of its subsidiaries.

2 Accounting convention

The consolidated financial statements have been prepared on the going concern basis and in accordance with the historical cost convention. They 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 2014.

The financial statements are presented in Euros, which is the functional currency of the company.

The consolidated financial statements incorporate those of Dornan Engineering Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

All financial statements are made up to 31 December 2017.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Going concern

At the time of approving the consolidated financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

DORNAN ENGINEERING LIMITED

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

3 Judgements and key sources of estimation uncertainty

In the application of the group'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 are the company's key sources of estimation uncertainty:

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Impairment of trade debtors

The group trades with a large and varied number of customers on credit terms. Some debts due may not be paid through the default of a small number of customers. The company uses estimates based on historic experience and current information in determining the level of debts for which an impairment charge is required. The level of impairment required is reviewed on an ongoing basis. The total amount of trade debtors at the financial year end is disclosed in note 17.

Long term contracts

Profit on long term contracts is recognised using the percentage of completion method. A portion of estimated profit on individual contracts is taken into account based on the stage of completion. Revisions in estimates are reflected in the accounting period when a revision becomes known. Expected losses are charged to income entirely when the losses become evident.

Useful lives of tangible fixed assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives, the directors consider technological change, patterns of consumption, physical condition, and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the financial year end is disclosed in note 14.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits, together with an assessment of the effect of future tax planning strategies.

4 Accounting policies

4.1 Turnover and revenue recognition

Turnover is stated net of trade discounts, VAT and similar taxes and derives from the provision of goods and services falling within the company's ordinary activities.

Turnover from long term contracts is billed based on agreed billing schedules and certifications and any profit arising thereon is calculated so as to equate with the deemed stage of completion.

DORNAN ENGINEERING LIMITED

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

4 Accounting policies

(Continued)

4.2 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:

Leasehold Improvements	33% - Straight Line
Plant and Machinery	20% - Straight Line
Furniture and Equipment	33% - Straight Line
Motor vehicles	15% - 33% Straight Line
Leased assets	25% - 33% 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 recognised in the profit and loss account.

4.3 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company consolidated financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities. In the group consolidated financial statements, joint ventures are accounted for using the equity method.

DORNAN ENGINEERING LIMITED

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

4 Accounting policies

(Continued)

4.4 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Where there is objective evidence that the recoverable amount of an asset is less than its carrying value the carrying amount of the asset is reduced to its recoverable amount resulting in an impairment loss. Impairment losses are recognised immediately in the profit and loss account, with the exception of losses on previously revalued tangible fixed assets, which are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset.

Where the circumstances causing an impairment of an asset no longer apply, then the impairment is reversed through the profit and loss account, except for impairments on previously revalued tangible assets, which are treated as revaluation increases to the extent that the revaluation was recognised in equity.

The recoverable amount of tangible fixed assets, goodwill and other intangible fixed assets is the higher of the fair value less cost to sell of the asset and its value in use. The value in use of these assets is the present value of the cash flows expected to be derived from those assets. This is determined by reference to the present value of the future cash flows of the company which is considered by the management to be a single cash generating unit.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.5 Stocks

Stocks are stated at the lower of cost and net realisable value. In the case of finished goods and work in progress, cost is defined as the aggregate cost of raw material, direct labour and the attributable proportion of direct production overheads based on a normal level of capacity. Net realisable value is based on normal selling price, less further costs expected to be incurred to completion and disposal.

Contract work-in-progress is stated at cost, less foreseeable losses and progress payments received, where applicable. Cost is defined as the aggregate cost of raw material and the attributable proportion of relevant direct overheads.

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.

DORNAN ENGINEERING LIMITED

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

4 Accounting policies

(Continued)

4.6 Construction Contracts

When the outcome of a long term contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion.

The outcome of a long term contract can be estimated reliably when all the following conditions are satisfied:

- total contract revenue can be measured reliably;
- it is probable that the economic benefits associated with the contract will flow to the company;
- both the contract costs to complete and the stage of contract completion at the end of the reporting period can be measured reliably; and
- the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is measured by the certified turnover as a percentage of total expected turnover for the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a long term contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

4.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

4.8 Financial instruments

The group 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 in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

Ordinary Share Capital

The ordinary share capital of the company is presented as equity.

Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

DORNAN ENGINEERING LIMITED

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

4 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Trade debtors and amounts recoverable on long term contracts, are initially measured at the undiscounted amount of cash receivable from that customer, which is normally the invoice price, and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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. The impairment loss 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.

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 group after deducting all of its liabilities.

Basic financial liabilities, including 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

DORNAN ENGINEERING LIMITED

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

4 Accounting policies

(Continued)

All loans and borrowings, both assets and liabilities are initially recorded at the present value of cash payable to the lender in settlement of the liability discounted at the market interest rate. Subsequently loans and borrowings are stated at amortised cost using the effective interest rate method. The computation of amortised cost includes any issue costs, transaction costs and fees, and any discount or premium on settlement, and the effect of this is to amortise these amounts over the expected borrowing period. Loans with no stated interest rate and repayable within one year or on demand are not amortised. Loans and borrowings are classified as current assets or liabilities unless the borrower has an unconditional right to defer settlement of the liability for at least twelve months after the financial year end date.

Other financial liabilities

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Final dividends to the company's equity shareholders are recognised as a liability of the company when approved by the company's shareholders. Interim dividends are recognised when paid.

4.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The charge for taxation is based on the profit for the financial year and is calculated with reference to the tax rates applying at the financial year end date in the jurisdiction where the tax is applied.

Deferred tax

Deferred taxation is calculated on the differences between the group's taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Full provision for deferred tax assets and liabilities is made at current tax rates on differences that arise between the recognition of gains and losses in the financial statements and their recognition in the tax computation, including differences arising on the revaluation of fixed assets. 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.

DORNAN ENGINEERING LIMITED

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

4 Accounting policies

(Continued)

4.10 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

4.11 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.

4.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The group operates defined contribution pension schemes for certain employees. The assets of the schemes are held separately from those of the company in an independently administered fund. Other employees are covered under Construction Industry Federation Schemes. Contributions are charged to the profit and loss account in the period in which they are incurred.

4.13 Leases

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet and are depreciated over their useful lives with the corresponding lease or hire purchase obligation being recognised as a liability. The interest element of the finance lease rentals are charged to the profit and loss account over the period of the lease and represent a constant periodic rate of interest on the balance of capital repayments outstanding.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

4.14 Foreign exchange

Transactions in currencies other than euros are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

The assets and liabilities of foreign undertakings are translated at the rate of exchange ruling at the balance sheet date. The results of foreign undertakings are translated at the average monthly rates prevailing during the year. The exchange difference arising on the retranslation of opening net assets is recognised in the statement of comprehensive income and accumulated in reserves. All other translation differences are taken to the profit and loss account.

DORNAN ENGINEERING LIMITED

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

5 Turnover and other revenue

Turnover is stated net of value added tax and is attributable to continuing activities. The total turnover for the year has been derived from mechanical, electrical and instrumental contracting. In the view of the directors, disclosure of segmental information would be seriously prejudicial to the interests of the group. Accordingly, as permitted the directors have availed of Paragraph 65(6) of Schedule 3 to the Companies Act 2014 and have not disclosed an analysis of turnover.

6 Profit attributable to members of the parent company

In accordance with section 304 of the Companies Act 2014, a separate profit and loss account for the company has not been presented in these financial statements. The profit dealt with in the accounts of the parent company was €9,577,453 (2016: €9,021,742).

7 Operating profit

	2017	2016
	€	€
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	402,179	30,776
Audit fees	89,289	68,228
Depreciation of tangible fixed assets	350,174	283,815
Profit on disposal of tangible fixed assets	(8,717)	(10,825)
	<u>402,179</u>	<u>30,776</u>

8 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Administration	81	75	64	61
Contracting	634	593	418	346
	<u>715</u>	<u>668</u>	<u>482</u>	<u>407</u>

Their aggregate remuneration comprised:

	Group 2017 €	2016 €	Company 2017 €	2016 €
Wages and salaries	52,962,302	51,186,766	36,597,891	31,206,441
Social security costs	5,010,228	4,834,919	3,297,844	2,739,862
Pension costs	2,017,179	1,318,778	1,624,346	912,466
	<u>59,989,709</u>	<u>57,340,463</u>	<u>41,520,081</u>	<u>34,858,769</u>

DORNAN ENGINEERING LIMITED

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

9 Directors' remuneration

	2017 €	2016 €
Remuneration for qualifying services	1,646,695	1,777,672
Company pension contributions to defined contribution schemes	233,835	117,746
	<u>1,880,530</u>	<u>1,895,418</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2016 - 7).

10 Interest receivable and similar income

	2017 €	2016 €
Interest income		
Interest on bank deposits	2,549	6,536
Other interest income	-	1,413
	<u>2,549</u>	<u>7,949</u>
Income from fixed asset investments		
Income from participating interests - joint ventures	(1,853)	312,788
	<u>696</u>	<u>320,737</u>

11 Interest payable and similar expenses

	2017 €	2016 €
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	79,576	102,970
Interest on finance leases and hire purchase contracts	11,327	6,658
	<u>90,903</u>	<u>109,628</u>
Other finance costs:		
Other interest	39,201	190,856
	<u>130,104</u>	<u>300,484</u>

DORNAN ENGINEERING LIMITED

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

12 Taxation

	2017 €	2016 €
Current tax		
Corporation tax on profits for the current period	1,626,638	1,115,211
Deferred tax		
Origination and reversal of timing differences	(1,242,226)	(126,514)
Total tax charge	<u>384,412</u>	<u>988,697</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 €	2016 €
Profit before taxation	<u>4,338,797</u>	<u>7,997,317</u>
Expected tax charge based on the standard rate of corporation tax of 12.50% (2016: 12.50%)	542,350	999,665
Tax effect of expenses that are not deductible in determining taxable profit	43,559	59,695
Tax effect of income not taxable in determining taxable profit	-	(37,864)
Effect of change in corporation tax rate	-	(2,183)
Depreciation on assets not qualifying for tax allowances	7,631	10,829
Effect of overseas tax rates	(293,541)	(69,126)
Under/(over) provided in prior years	8,502	(44,817)
Close company surcharge	-	163
Other tax adjustments	62,931	66,088
Loss on disposal of fixed assets	12,980	6,247
Tax expense for the year	<u>384,412</u>	<u>988,697</u>

13 Dividends

	2017 €	2016 €
Interim paid	<u>-</u>	<u>6,100,000</u>

DORNAN ENGINEERING LIMITED

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

14 Tangible fixed assets

Group

	Leasehold Improvements	Plant and Machinery	Furniture and Equipment	Motor vehicles	Leased assets	Total
	€	€	€	€	€	€
Cost						
At 1 January 2017	238,821	300,968	319,890	251,163	813,153	1,923,995
Additions	-	-	-	103,455	215,231	318,686
Disposals	-	(13,975)	-	(44,891)	(65,500)	(124,366)
Exchange adjustments	(8,358)	(4,624)	(2,943)	(1,613)	-	(17,538)
At 31 December 2017	230,463	282,369	316,947	308,114	962,884	2,100,777
Depreciation and impairment						
At 1 January 2017	106,143	266,625	261,150	135,711	453,723	1,223,352
Depreciation charged in the year	77,746	15,483	33,653	71,150	152,142	350,174
Eliminated in respect of disposals	-	(13,975)	-	(11,589)	(45,000)	(70,564)
Exchange adjustments	(4,640)	(3,606)	(1,634)	(220)	-	(10,100)
At 31 December 2017	179,249	264,527	293,169	195,052	560,865	1,492,862
Carrying amount						
At 31 December 2017	51,214	17,842	23,778	113,062	402,019	607,915
At 31 December 2016	132,678	34,342	58,740	115,452	359,430	700,642

DORNAN ENGINEERING LIMITED

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

14 Tangible fixed assets

(Continued)

Company

	Plant and Machinery	Furniture and Equipment	Motor vehicles	Leased assets	Total
	€	€	€	€	€
Cost					
At 1 January 2017	168,850	235,799	146,008	813,154	1,363,811
Additions	-	-	63,617	215,230	278,847
Disposals	-	-	(21,667)	(65,500)	(87,167)
At 31 December 2017	168,850	235,799	187,958	962,884	1,555,491
Depreciation and impairment					
At 1 January 2017	168,850	223,776	73,785	453,724	920,135
Depreciation charged in the year	-	6,278	54,699	152,141	213,118
Eliminated in respect of disposals	-	-	(4,815)	(45,000)	(49,815)
At 31 December 2017	168,850	230,054	123,669	560,865	1,083,438
Carrying amount					
At 31 December 2017	-	5,745	64,289	402,019	472,053
At 31 December 2016	-	12,023	72,221	359,430	443,674

15 Fixed asset investments

	Notes	Group 2017 €	2016 €	Company 2017 €	2016 €
Investments in subsidiaries	31	-	-	1,117,651	283,363
Investments in joint ventures	32	78,558	381,520	-	50
		78,558	381,520	1,117,651	283,413

Investment in joint ventures

Group	2017 €	2016 €
At 1 January	381,520	71,395
Additions	-	-
Share of (loss)/profit in joint ventures	(29,669)	312,788
Dividends received	(245,277)	-
Gain on reclassification as subsidiary	(28,016)	-
Exchange movements	-	(2,663)
At 31 December	78,558	381,520

DORNAN ENGINEERING LIMITED

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

15 Fixed asset investments

(Continued)

In the opinion of the directors the shares in and loans to the companies detailed above are worth at least the amounts at which they are stated in the Balance Sheet.

Movements in fixed asset investments Company

	Shares in group undertakings and participating interests €
Cost or valuation	
At 1 January 2017	283,413
Additions	834,238
	<hr/>
At 31 December 2017	1,117,651
	<hr/>
Net book value	
At 31 December 2017	1,117,651
	<hr/> <hr/>
At 31 December 2016	283,413
	<hr/> <hr/>

16 Stocks

	Group 2017 €	2016 €	Company 2017 €	2016 €
Work in progress	75,267	300,896	75,267	193,534
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

DORNAN ENGINEERING LIMITED

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

17 Debtors

	Group 2017	2016	Company 2017	2016
	€	€	€	€
Amounts falling due within one year:				
Trade debtors	31,661,127	36,437,558	18,432,245	25,720,204
Gross amounts due from contract customers	39,857,073	33,199,011	25,247,392	21,469,120
Corporation tax recoverable	13,701	677,101	-	-
Amounts owed by group undertakings	9,740,815	9,659,142	24,156,005	15,675,024
Amounts owed by undertakings in which the company has a participating interest	1,102,003	1,118,422	-	859
Other debtors	884,344	1,030,841	757,666	747,528
Prepayments and accrued income	1,234,263	339,992	952,418	178,798
	<u>84,493,326</u>	<u>82,462,067</u>	<u>69,545,726</u>	<u>63,791,533</u>
Deferred tax asset (note 21)	469,605	80,808	39,906	18,887
	<u>84,962,931</u>	<u>82,542,875</u>	<u>69,585,632</u>	<u>63,810,420</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 21)	836,744	-	-	-
	<u>836,744</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total debtors	<u>85,799,675</u>	<u>82,542,875</u>	<u>69,585,632</u>	<u>63,810,420</u>

Included above under amounts recoverable on contracts are retention amounts of €4,728,900 (2016: €6,874,921) which are due after more than one year.

DORNAN ENGINEERING LIMITED

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

18 Creditors: amounts falling due within one year

		Group 2017	2016	Company 2017	2016
	Notes	€	€	€	€
Bank loans and overdrafts	28	965,814	167,527	940,383	34,719
Obligations under finance leases	20	169,629	108,287	156,349	108,287
Trade creditors		24,459,728	22,851,983	15,924,376	16,438,781
Amounts accrued on contracts		23,472,872	34,269,207	12,880,760	24,494,837
Amounts due to group undertakings		600,000	2,119,839	3,349,127	4,410,376
Corporation tax payable		329,217	203,786	185,715	132,772
Other taxation and social security		3,590,124	2,928,902	2,253,809	1,228,081
Other creditors		119,079	93,493	-	-
Accruals and deferred income		2,272,059	1,773,156	1,538,409	1,003,081
		<u>55,978,522</u>	<u>64,516,180</u>	<u>37,228,928</u>	<u>47,850,934</u>

Included in other taxation and social security creditors are the following amounts:

Value added tax	1,249,238	905,255	732,562	-
PAYE/PRSI	2,207,696	1,953,507	1,427,371	1,226,161
Subcontractor taxes	133,190	70,140	93,876	1,920
	<u>3,590,124</u>	<u>2,928,902</u>	<u>2,253,809</u>	<u>1,228,081</u>

Trade creditors and other creditors are payable at various dates after the financial year end in accordance with the companies usual and customary credit terms. Tax and social insurance are repayable at various dates after the financial year-end in accordance with the applicable statutory provisions. The company has financed certain tangible assets by entering into a number of finance leases. These finance leases are payable in monthly and quarterly instalments and are subject to interest rates between 4% and 6%.

19 Creditors: amounts falling due after more than one year

		Group 2017	2016	Company 2017	2016
	Notes	€	€	€	€
Obligations under finance leases	20	236,655	223,567	215,547	223,567
Amounts accrued on contracts		751,740	712,757	275,166	77,585
		<u>988,395</u>	<u>936,324</u>	<u>490,713</u>	<u>301,152</u>

DORNAN ENGINEERING LIMITED

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

20 Finance lease obligations

	Group 2017 €	2016 €	Company 2017 €	2016 €
Future minimum lease payments due under finance leases:				
Within one year	182,528	121,047	168,260	121,047
In two to five years	254,949	243,361	232,358	243,361
	437,477	364,408	400,618	364,408
Less: future finance charges	(31,193)	(32,554)	(28,722)	(32,554)
	406,284	331,854	371,896	331,854

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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:

Group	Assets 2017 €	Assets 2016 €
Accelerated capital allowances	(3,932)	(38,723)
Tax losses	1,269,822	92,816
Retirement benefit obligations	40,459	26,715
	1,306,349	80,808
	Assets 2017 €	Assets 2016 €
Accelerated capital allowances	7,927	-
Retirement benefit obligations	31,979	18,887
	39,906	18,887

DORNAN ENGINEERING LIMITED

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

21 Deferred taxation

(Continued)

	Group Asset 2017 €	Company Asset 2017 €
Movements in the year:		
Asset at 1 January 2017	(80,808)	(18,887)
Credit to profit and loss account	(1,242,226)	(21,019)
Exchange movements	16,685	-
Asset at 31 December 2017	<u>(1,306,349)</u>	<u>(39,906)</u>

22 Financial instruments

	Group 2017 €	2016 €	Company 2017 €	2016 €
Carrying amount of financial assets				
Debt instruments measured at amortised cost:				
Trade debtors	31,661,127	36,437,558	18,432,245	25,720,204
Gross amounts due from contract customers	39,857,073	33,199,011	25,247,392	21,469,120
Amount due from parent undertaking	9,740,815	9,659,142	9,740,817	9,659,142
Amounts due from fellow group undertakings	-	-	14,415,188	6,015,882
Amounts due from joint ventures	1,102,003	1,118,422	-	859
Other debtors	90,029	27,296	88,671	25,889
Cash at bank and in hand	11,289,467	18,497,741	7,669,579	15,044,133
Total debt instruments measured at amortised cost	<u>93,740,514</u>	<u>98,939,170</u>	<u>75,593,892</u>	<u>77,935,229</u>
Equity instruments measured at cost less impairment	-	-	1,117,691	283,413
Carrying amount of financial liabilities				
Measured at amortised cost:				
Bank loans and overdrafts	965,814	167,527	940,383	34,719
Obligations under finance leases	406,284	331,854	371,896	331,854
Trade creditors	24,459,728	22,851,983	15,924,376	16,438,781
Amounts accrued on contracts	24,224,612	34,981,964	13,155,926	24,572,422
Amounts due to group undertakings	600,000	2,119,839	3,349,127	4,410,376
Other creditors	119,079	93,493	-	-
Accruals and deferred income	2,272,059	1,773,156	1,538,409	1,003,081
Total measured at amortised cost	<u>53,047,576</u>	<u>62,319,816</u>	<u>35,280,117</u>	<u>46,791,233</u>

DORNAN ENGINEERING LIMITED

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

23 Retirement benefit schemes

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The charge to the profit and loss in respect of defined contribution schemes was €2,017,179 (2016: €1,318,778). At the balance sheet date an amount of €326,730 (2016: €194,091) was due to the fund.

24 Share capital

	Group and company	
	2017	2016
	€	€
Ordinary share capital		
Authorised equity		
8,500,000 A Ordinary Shares of €1.27 each	10,795,000	10,795,000
1,500,000 B Ordinary Shares of €1.27 each	1,905,000	1,905,000
	<u>12,700,000</u>	<u>12,700,000</u>
Issued and fully paid equity		
850,000 A Ordinary Shares of €1.27 each	1,079,500	1,079,500
150,000 B Ordinary Shares of €1.27 each	190,500	190,500
	<u>1,270,000</u>	<u>1,270,000</u>

25 Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

26 Minority interests

	2017	2016
	€	€
At beginning of year	6,621	316,974
Issue of minority interest shares	11,271	40
Loss attributable to minority interests for the year	(1,858,501)	(310,393)
	<u>1,840,609</u>	<u>6,621</u>

DORNAN ENGINEERING LIMITED

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

27 Operating lease commitments

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

	Group 2017 €	2016 €	Company 2017 €	2016 €
Within one year	472,667	483,317	179,000	179,000
Between two and five years	1,102,121	1,466,814	671,250	716,000
In over five years	-	134,250	-	134,250

28 Financial commitments, guarantees and contingent liabilities

In accordance with the provisions of Section 357(1(b)) of the Companies Act 2014, the company has irrevocably guaranteed all liabilities, commitments and losses of its subsidiary undertaking, Dornan Engineering Germany Limited, in respect of the financial year as are referred to in Part III, Section A, Paragraph 14 of that Act, for the purposes of enabling the subsidiary to claim exemption from the requirement to file its own financial statements.

Valuable security has not been provided by the company in respect of these guarantees. The above disclosure has been made merely to comply with statutory requirements concerning the filing exemption referred to, as in the opinion of the directors, the likelihood of crystallisation of the contingency is remote.

Borrowings and Security

As security for sums advanced Bank of Ireland holds the following:-

- A floating charge on the undertaking and assets of Dornan Engineering Limited and of Dornan Engineering Holdings Limited.
- A book debts debenture.
- Assignment over various life policies.
- Deed of assignment over deposit account, in the amount of €495,052 held in the name of Dornan Engineering Limited.

Performance Bonds and Security

Warranties have been provided to customers in respect of contracts undertaken. These warranties are in turn supported by demand bonds and performance bonds which can be called on within certain agreed timescales. The demand bonds are secured by liens over funds of €351,140. Bonds in place at year end covered maximum potential liabilities of €9,872,631 all expiring at different dates the latest being 30 June 2020.

Guarantees

Dornan Engineering Holdings Limited and Dornan Engineering Limited have provided a letter of guarantee to Bank of Ireland, guaranteeing Dornan Engineering Limited liabilities with the bank in the amount of €6,500,000, in respect of principal together with interest and costs accrued thereon.

Dornan Engineering Services Limited has provided a letter of guarantee to Bank of Ireland, guaranteeing Dornan Engineering Limited liabilities with the bank in the amount of €2,000,000, in respect of principal together with interest and costs accrued thereon.

DORNAN ENGINEERING LIMITED

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

29 Related party transactions

Remuneration of key management personnel

Executive Directors and certain senior employees who have authority and responsibility for planning, directing and controlling activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals in the year was €1,880,530 (2016: €1,895,418), which included pension contributions of €233,835 (2016: €117,746).

The company has taken advantage of the exemption under FRS102 not to disclose certain intercompany transactions.

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sale of services		Purchase of services	
	2017	2016	2017	2016
	€	€	€	€
Group				
Kantor Energy Limited	9,043,558	2,422,734	-	-
DorCon Stockholm AB	736,807	(1,148,726)	-	-
Kantor Energy (Ireland) Limited	-	-	454,992	10,965
	<u>9,780,365</u>	<u>1,274,008</u>	<u>454,992</u>	<u>10,965</u>
	Management Charges		Other Expenses	
	2017	2016	2017	2016
	€	€	€	€
Group				
Kantor Energy Limited	-	388,697	588,160	745,827
	<u>-</u>	<u>388,697</u>	<u>588,160</u>	<u>745,827</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2017	2016
	€	€
Group		
Kantor Energy (Ireland) Limited	-	500
	<u>-</u>	<u>500</u>
Company		
Kantor Energy (Ireland) Limited	-	500
	<u>-</u>	<u>500</u>

DORNAN ENGINEERING LIMITED

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

29 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2017 Balance	2016 Balance
	€	€
Group		
Kantor Energy Limited	8,343,752	1,861,961
DorCon Stockholm AB	1,102,003	1,117,563
Kantor Energy (Ireland) Limited	4,272	312
	<u>9,450,027</u>	<u>2,979,836</u>
Company		
Kantor Energy Limited	65,488	431,628
Kantor Energy (Ireland) Limited	4,272	312
	<u>69,760</u>	<u>431,940</u>

30 Events after the reporting date

There are no material post balance sheet events which are required to be reported in the financial statements.

31 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
IDSD Limited	Republic of Ireland	Engineering Contracting	Ordinary	100.00	
Dornan AG	Switzerland	Engineering Contracting	Ordinary	100.00	
Dornan Engineering Germany Limited	Republic of Ireland	Engineering Contracting	Ordinary	100.00	
Dornan Engineering Services Limited	England and Wales	Engineering Contracting	Ordinary	100.00	
Kantor Energy (Ireland) Limited	Republic of Ireland	Energy Project Consultants	Ordinary	66.67	
Kantor Energy Limited	England and Wales	Specialist district energy design and build contractor	Ordinary	66.70	

DORNAN ENGINEERING LIMITED

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

31 Subsidiaries

(Continued)

The company has established subsidiary companies as vehicles for expansion of its sphere of operation in the U.K. and Europe. Dornan Engineering Services Ltd. is a U.K. registered company carrying on contracting operations in Britain. Dornan Engineering Germany Ltd. is an Irish registered company which has branch activities in Germany. IDSD Ltd. is an Irish registered company which has branch activities in the Netherlands. Dornan AG is a company registered in Switzerland which has not yet commenced operations.

32 Joint ventures

Details of joint ventures at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Dorcon Stockholm AB	Sweden	Construction Projects	Ordinary	50.00	

33 Controlling party

The ultimate parent company is Dornan Engineering Holdings Limited, a company registered in Ireland.

34 Comparatives

In preparing the financial statements for 31 December 2017, if necessary, changes to the comparative figures may have been made to ensure consistency of the figure reported for 31 December 2017.

35 Cash generated from group operations

	2017	2016
	€	€
Profit for the year after tax	3,954,385	7,008,620
Adjustments for:		
Taxation charged	384,412	988,697
Finance costs	130,104	300,484
Investment income	(696)	(320,737)
Gain on disposal of tangible fixed assets	(8,717)	(10,825)
Depreciation and impairment of tangible fixed assets	350,174	283,815
Movements in working capital:		
Decrease/(increase) in stocks	225,629	(237,804)
(Increase) in debtors	(2,523,817)	(4,070,104)
(Decrease)/increase in creditors	(9,691,638)	12,438,284
Cash (absorbed by)/generated from operations	(7,180,164)	16,380,430

36 Approval of the financial statements

The directors approved the financial statements on the 19 April 2018

Company Registration No. 212757 (Republic of Ireland)

DORNAN ENGINEERING LIMITED
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

DORNAN ENGINEERING LIMITED

COMPANY INFORMATION

Directors	Brian Acheson Oliver Lonergan David Dukelow William Flynn Paul Flynn David Myers Patrick Finn	(Appointed 30 November 2016)
Secretary	Patrick Finn	
Company number	212757	
Registered office	10 Eastgate Avenue Eastgate Little Island Cork	
Auditor	Crowley & McCarthy Building G West Cork Technology Park Clonakilty Co. Cork	
Bankers	Bank of Ireland 32 South Mall Cork Allied Irish Bank 26 Patrick Street Cork	
Solicitors	JW O'Donovan Solicitors 53 South Mall Co. Cork	

DORNAN ENGINEERING LIMITED

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DORNAN ENGINEERING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and audited consolidated financial statements for the financial year ended 31 December 2016.

Principal activities

The principal activities of the group comprise mechanical, electrical and instrumentation contracting in Ireland and abroad. The improvement in economic conditions in Ireland together with expanded market penetration in mainland Europe led to a further substantial increase in turnover.

The directors do not foresee any change of activities in the current year and are confident that profitability and cash generation can be maintained.

Principal Risk and Uncertainties

The group is subject to the same economic uncertainties confronting all businesses. The directors continually take steps to identify, manage and mitigate business risk in the best manner possible. Credit risk is managed by proactive credit control and foreign exchange risk, while not material, is dealt with by matching of currency assets, liabilities and net cash flows. The achievement of turnover, profit and cash flow targets is supported by a marketing and accounts department which is focused on ensuring that new contracts are identified, pursued and won in order to guarantee continuity of operations and maintenance of company structures and that contracts are completed in accordance with budgets.

Market Risk

Worldwide the construction industry has been severely affected by the global economic downturn in the past number of years. This poses a significant threat to all construction companies. The directors are confident that the strength of their brand and the level of their customer base will allow the company withstand such threats.

Financial Risk

The construction industry involves very significant cash flows and investment in working capital. The company has built a significant base of shareholders funds which has supported the business in recent years and reduced requirements for external borrowing.

Key Performance Indicators

The company maintains a variety of suitable key performance indicators which include appropriate systems monitoring successful contracts together with forecasts of cashflows and sales volumes.

Directors and secretary

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

Brian Acheson	
Christopher McGovern	(Retired 30 November 2016)
Oliver Lonergan	
David Dukelow	
Derek Duffy	(Resigned 19 October 2016)
William Flynn	
Paul Flynn	
David Myers	
Patrick Finn	(Appointed 30 November 2016)

Results and dividends

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

Ordinary dividends were paid amounting to €6,100,000. The directors do not recommend payment of a further dividend.

DORNAN ENGINEERING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Directors' interests

Dornan Engineering Holdings Limited, an investment holding company controlled by some of the directors, owns 100% of the issued Share Capital of Dornan Engineering Limited. The Board of Directors, as constituted on the date of this report, is listed on the company information page.

The beneficial interests of the directors in the share capital of the holding company at 31 December 2016 were as follows:-

	Ordinary Shares	A Ordinary Shares	B Ordinary Shares	C Ordinary Shares
Brian Acheson	70	60	0	70
Oliver Lonergan	20	20	0	20
David Myers	0	0	10	0

The directors' interests in the shares of Dornan Engineering Services Limited, a subsidiary of Dornan Engineering Limited were as stated below:

	A Ordinary Shares of £1 each	
	31 December 2016	31 December 2015
Brian Acheson	49	50
Oliver Lonergan	14	20
Christopher McGovern	-	10
David Myers	7	-

Company Secretary

The company secretary was Christopher McGovern until 30 November 2016. On 30 November 2016 Patrick Finn was appointed company secretary.

Accounting records

The company's directors are aware of their responsibilities, under sections 281 to 285 of the Companies Act 2014 as to whether in their opinion, the accounting records of the company are sufficient to permit the consolidated financial statements to be readily and properly audited and are discharging their responsibility by:

- employing qualified and experienced staff,
- ensuring that sufficient company resources are available for the task,
- liaising with the company's auditors, and
- putting in place arrangements to guard against falsification of the records.

The accounting records are held at the company's registered office, 10 Eastgate Avenue Eastgate Little Island Cork.

Auditor

In accordance with the Companies Act 2014, section 383(2), Crowley & McCarthy continue in office as auditor of the group.

DORNAN ENGINEERING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Directors' compliance policy statement

We, the directors of the company who held office at the date of approval of these consolidated financial statements are responsible for securing the company's compliance with its relevant obligations; and

We confirm that the following matters have been done under section 225(2) in fulfilling its responsibilities

- drawing up of a 'compliance policy statement' setting out the company's policies (that, in our opinion, are appropriate to the company) respecting compliance by the company with its relevant obligations;
- putting in place appropriate arrangements or structures (that, in our opinion) are, designed to secure material compliance with the company's relevant obligations; and
- conducting a review during the financial year of any arrangements or structures that have been put in place.

Audit committee statement

The company, although meeting the requirements, has not established an audit committee under section 167 of the Companies Act 2014 as all of company shareholders are directors of the company and are actively involved in the day to day running of the business.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare consolidated financial statements for each financial year. Under that law, the directors have elected to prepare the consolidated financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council. Under company law, the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the group and the parent company as at the financial year end date and of the profit or loss of the group for that financial year and otherwise comply with the Companies Act 2014.

In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies for the company consolidated financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the consolidated financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for ensuring that the group and the parent company keep or cause to be kept adequate accounting records which correctly explain and record the transactions of the group and the parent company, enable at any time the assets, liabilities, financial position and profit or loss of the group and the parent company to be determined with reasonable accuracy, enable them to ensure that the consolidated financial statements and Directors' Report comply with the Companies Act 2014 and enable the consolidated financial statements to be audited. They are also responsible for safeguarding the assets of the group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DORNAN ENGINEERING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of disclosure to auditor

In the case of each of the persons who are directors at the time this report is approved in accordance with section 332 of the Companies Act 2014 confirms that:

- so far as each director is aware, there is no relevant audit information of which the company's statutory auditor is unaware, and
- each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 330 of the Companies Act 2014.

On behalf of the board

Oliver Lonergan
Director
9 May 2017

Patrick Finn
Director

DORNAN ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DORNAN ENGINEERING LIMITED

We have audited the consolidated financial statements of Dornan Engineering Limited for the year ended 31 December 2016 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council.

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the consolidated financial statements

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the consolidated financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on consolidated financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities and financial position of the group as at 31 December 2016 and of its profit for the year then ended; and
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and, in particular, the requirements of the Companies Act 2014.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the parent company were sufficient to permit the consolidated financial statements to be readily and properly audited.
- The parent company financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the consolidated financial statements.

DORNAN ENGINEERING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DORNAN ENGINEERING LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of our obligation under the Companies Act 2014 to report to you if, in our opinion, the disclosures of director's remuneration and transactions specified by sections 305 to 312 of the Act are not made.

Other matter

We have reported separately on the parent company financial statements of Dornan Engineering Limited for the year ended 31 December 2016.

Derry Crowley
for and on behalf of Crowley & McCarthy

Chartered Accountants and Statutory Audit Firm

Building G
West Cork Technology Park
Clonakilty
Co. Cork

9 May 2017

DORNAN ENGINEERING LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 €	2015 €
Turnover	6	270,965,057	211,533,028
Cost of sales		(231,234,667)	(183,471,845)
Gross profit		39,730,390	28,061,183
Administrative expenses		(31,753,326)	(19,352,354)
Operating profit	7	7,977,064	8,708,829
Interest receivable and similar income	10	320,737	68,709
Interest payable and similar expenses	11	(300,484)	(161,795)
Profit before taxation		7,997,317	8,615,743
Taxation	12	(988,697)	(1,437,421)
Profit for the financial year		7,008,620	7,178,322
Profit for the financial year is attributable to:			
Equity Shareholders		7,282,569	6,913,282
Minority Interests		(273,949)	265,040
		7,008,620	7,178,322

The profit and loss account has been prepared on the basis that all operations are continuing operations.

DORNAN ENGINEERING LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 €	2015 €
Profit for the year	7,008,620	7,178,322
Other comprehensive income		
Currency translation difference on net assets of foreign investments	(847,890)	286,429
Total comprehensive income for the year	<u>6,160,730</u>	<u>7,464,751</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	6,471,123	7,199,711
- Minority interests	(310,393)	265,040
	<u>6,160,730</u>	<u>7,464,751</u>

DORNAN ENGINEERING LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016		2015	
		€	€	€	€
Fixed assets					
Tangible assets	14		700,642		587,612
Investments	15		381,520		71,395
			<u>1,082,162</u>		<u>659,007</u>
Current assets					
Stocks	16	300,896		63,092	
Debtors	17	82,542,874		77,727,253	
Cash at bank and in hand		18,497,741		12,859,620	
		<u>101,341,511</u>		<u>90,649,965</u>	
Creditors: amounts falling due within one year	18	(64,516,179)		(52,426,366)	
Net current assets			<u>36,825,332</u>		<u>38,223,599</u>
Total assets less current liabilities			<u>37,907,494</u>		<u>38,882,606</u>
Creditors: amounts falling due after more than one year	19		(936,324)		(1,047,066)
Provisions for liabilities	21		-		(61,770)
Net assets			<u>36,971,170</u>		<u>37,773,770</u>
Capital and reserves					
Called up share capital presented as equity	24		1,270,000		1,270,000
Share premium account			41,344		41,344
Profit and loss reserves			35,653,205		36,145,452
Equity attributable to owners of the parent company			<u>36,964,549</u>		<u>37,456,796</u>
Minority interests			6,621		316,974
			<u>36,971,170</u>		<u>37,773,770</u>

Approved by the board of directors and signed on its behalf by:

Oliver Lonergan
Director

Patrick Finn
Director

9 May 2017

DORNAN ENGINEERING LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016		2015	
		€	€	€	€
Fixed assets					
Tangible assets	14		443,674		142,210
Investments	15		283,413		283,333
			<u>727,087</u>		<u>425,543</u>
Current assets					
Stocks	16	193,534		23,901	
Debtors	17	63,810,419		42,942,246	
Cash at bank and in hand		15,044,133		5,687,308	
		<u>79,048,086</u>		<u>48,653,455</u>	
Creditors: amounts falling due within one year	18	(47,850,933)		(19,998,821)	
Net current assets			<u>31,197,153</u>		<u>28,654,634</u>
Total assets less current liabilities			<u>31,924,240</u>		<u>29,080,177</u>
Creditors: amounts falling due after more than one year	19		(301,152)		(378,831)
Net assets			<u><u>31,623,088</u></u>		<u><u>28,701,346</u></u>
Capital and reserves					
Called up share capital presented as equity	24		1,270,000		1,270,000
Share premium account			41,344		41,344
Profit and loss reserves			30,311,744		27,390,002
Total equity			<u><u>31,623,088</u></u>		<u><u>28,701,346</u></u>

Approved by the board of directors and signed on its behalf by:

Oliver Lonergan
Director

Patrick Finn
Director

9 May 2017

DORNAN ENGINEERING LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital €	Share premium account €	Profit and loss reserves €	Total €
Balance at 1 January 2015		1,270,000	41,344	28,945,741	30,257,085
Year ended 31 December 2015:					
Profit for the year		-	-	6,913,282	6,913,282
Other comprehensive income:					
Currency translation difference on net assets of foreign investments		-	-	286,429	286,429
Total comprehensive income for the year		-	-	7,199,711	7,199,711
Balance at 31 December 2015		1,270,000	41,344	36,145,452	37,456,796
Year ended 31 December 2016:					
Profit for the year		-	-	7,282,569	7,282,569
Other comprehensive income:					
Currency translation difference on net assets of foreign investments		-	-	(811,446)	(811,446)
Total comprehensive income for the year		-	-	6,471,123	6,471,123
Dividends	13	-	-	(6,100,000)	(6,100,000)
Redemption of shares	25	-	-	(863,370)	(863,370)
Balance at 31 December 2016		1,270,000	41,344	35,653,205	36,964,549

DORNAN ENGINEERING LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital €	Share premium account €	Profit and loss reserves €	Total €
Balance at 1 January 2015		1,270,000	41,344	22,483,226	23,794,570
Year ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	4,906,776	4,906,776
Balance at 31 December 2015		1,270,000	41,344	27,390,002	28,701,346
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	9,021,742	9,021,742
Dividends	13	-	-	(6,100,000)	(6,100,000)
Balance at 31 December 2016		1,270,000	41,344	30,311,744	31,623,088

DORNAN ENGINEERING LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 €	€	2015 €	€
Cash flows from operating activities					
Cash generated from operations	35	16,380,430		9,355,205	
Interest paid		(300,484)		(161,795)	
Corporation taxes paid		(2,656,288)		(1,074,817)	
Net cash inflow from operating activities		13,423,658		8,118,593	
Investing activities					
Purchase of tangible fixed assets		(540,026)		(432,293)	
Proceeds on disposal of tangible fixed assets		96,826		111,972	
Investment in joint ventures		-		(50)	
Interest received		7,949		4,845	
Net cash used in investing activities		(435,251)		(315,526)	
Financing activities					
Proceeds from issue of shares		-		13,625	
Redemption of shares	25	(863,334)		-	
Net movement of finance lease obligations		267,475		(132,665)	
Dividends paid to equity shareholders		(6,100,000)		-	
Net cash used in financing activities		(6,695,859)		(119,040)	
Net increase in cash and cash equivalents		6,292,548		7,684,027	
Cash and cash equivalents at beginning of year		12,825,709		4,862,980	
Effect of foreign exchange rates		(788,043)		278,702	
Cash and cash equivalents at end of year		18,330,214		12,825,709	
Relating to:					
Cash at bank and in hand		18,497,741		12,859,620	
Bank overdrafts included in creditors payable within one year		(167,527)		(33,911)	
		18,330,214		12,825,709	

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Company information

Dornan Engineering Limited is a limited company domiciled and incorporated in the Republic of Ireland. The registered office is 10 Eastgate Avenue, Eastgate, Little Island, Cork which is also the principal place of business for the company.

The Group consists of Dornan Engineering Limited and all of its subsidiaries.

2 Accounting convention

The consolidated financial statements have been prepared on the going concern basis and in accordance with the historical cost convention. They 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 2014.

The financial statements are presented in Euros, which is the functional currency of the company.

The consolidated financial statements incorporate those of Dornan Engineering Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December 2016.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

3 Accounting policies

3.1 Turnover and revenue recognition

Turnover is stated net of trade discounts, VAT and similar taxes and derives from the provision of goods and services falling within the company's ordinary activities.

Turnover from long term contracts is billed based on agreed billing schedules and certifications and any profit arising thereon is calculated so as to equate with the deemed stage of completion.

3.2 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.

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Accounting policies

(Continued)

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:

Leasehold Improvements	33% - Straight Line
Plant and Machinery	20% - Straight Line
Furniture and Equipment	33% - Straight Line
Motor vehicles	15% - 33% Straight Line
Leased assets	25% - 33% 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 recognised in the profit and loss account.

3.3 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company consolidated financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

3.4 Impairment of fixed assets

Where there is objective evidence that the recoverable amount of an asset is less than its carrying value the carrying amount of the asset is reduced to its recoverable amount resulting in an impairment loss. Impairment losses are recognised immediately in the profit and loss account, with the exception of losses on previously revalued tangible fixed assets, which are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset.

Where the circumstances causing an impairment of an asset no longer apply, then the impairment is reversed through the profit and loss account, except for impairments on previously revalued tangible assets, which are treated as revaluation increases to the extent that the revaluation was recognised in equity.

The recoverable amount of tangible fixed assets, goodwill and other intangible fixed assets is the higher of the fair value less cost to sell of the asset and its value in use. The value in use of these assets is the present value of the cash flows expected to be derived from those assets. This is determined by reference to the present value of the future cash flows of the company which is considered by the management to be a single cash generating unit.

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Accounting policies

(Continued)

3.5 Stocks

Stocks are stated at the lower of cost and net realisable value. In the case of finished goods and work in progress, cost is defined as the aggregate cost of raw material, direct labour and the attributable proportion of direct production overheads based on a normal level of capacity. Net realisable value is based on normal selling price, less further costs expected to be incurred to completion and disposal.

Contract work-in-progress is stated at cost, less foreseeable losses and progress payments received, where applicable. Cost is defined as the aggregate cost of raw material and the attributable proportion of relevant direct overheads.

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.

3.6 Long term contracts

When the outcome of a long term contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion.

The outcome of a long term contract can be estimated reliably when all the following conditions are satisfied:

- total contract revenue can be measured reliably;
- it is probable that the economic benefits associated with the contract will flow to the company;
- both the contract costs to complete and the stage of contract completion at the end of the reporting period can be measured reliably; and
- the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is measured by the certified turnover as a percentage of total expected turnover for the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a long term contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

3.7 Financial instruments

The group 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 in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

Ordinary Share Capital

The ordinary share capital of the company is presented as equity.

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Accounting policies

(Continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Other financial assets

Trade debtors and amounts recoverable on long term contracts, are initially measured at the undiscounted amount of cash receivable from that customer, which is normally the invoice price, and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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. The impairment loss 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.

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 group after deducting all of its liabilities.

All loans and borrowings, both assets and liabilities are initially recorded at the present value of cash payable to the lender in settlement of the liability discounted at the market interest rate. Subsequently loans and borrowings are stated at amortised cost using the effective interest rate method. The computation of amortised cost includes any issue costs, transaction costs and fees, and any discount or premium on settlement, and the effect of this is to amortise these amounts over the expected borrowing period. Loans with no stated interest rate and repayable within one year or on demand are not amortised. Loans and borrowings are classified as current assets or liabilities unless the borrower has an unconditional right to defer settlement of the liability for at least twelve months after the financial year end date.

Other financial liabilities

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

Equity instruments

Equity instruments issued by the group are recorded at the 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 group.

3.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The charge for taxation is based on the profit for the financial year and is calculated with reference to the tax rates applying at the financial year end date in the jurisdiction where the tax is applied.

Deferred tax

Deferred taxation is calculated on the differences between the group's taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Full provision for deferred tax assets and liabilities is made at current tax rates on differences that arise between the recognition of gains and losses in the financial statements and their recognition in the tax computation, including differences arising on the revaluation of fixed assets. 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.

3.9 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

3.10 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.

3.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Accounting policies

(Continued)

The group operates defined contribution pension schemes for certain employees. The assets of the schemes are held separately from those of the company in an independently administered fund. Other employees are covered under Construction Industry Federation Schemes. Contributions are charged to the profit and loss account in the period in which they are incurred.

3.12 Leases

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet and are depreciated over their useful lives with the corresponding lease or hire purchase obligation being recognised as a liability. The interest element of the finance lease rentals are charged to the profit and loss account over the period of the lease and represent a constant periodic rate of interest on the balance of capital repayments outstanding.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

3.13 Foreign exchange

Transactions in currencies other than euros are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

The assets and liabilities of foreign undertakings are translated at the rate of exchange ruling at the balance sheet date. The results of foreign undertakings are translated at the average monthly rates prevailing during the year. The exchange difference arising on the retranslation of opening net assets is recognised in the statement of comprehensive income and accumulated in reserves. All other translation differences are taken to the profit and loss account.

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

4 Judgements and key sources of estimation uncertainty

In the application of the group'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 are the company's key sources of estimation uncertainty:

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Long term contracts

Profit on long term contracts is recognised using the percentage of completion method. A portion of estimated profit on individual contracts is taken into account based on the stage of completion. Revisions in estimates are reflected in the accounting period when a revision becomes known. Expected losses are charged to income entirely when the losses become evident.

Useful lives of tangible fixed assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives, the directors consider technological change, patterns of consumption, physical condition, and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the financial year end is disclosed in note 14.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits, together with an assessment of the effect of future tax planning strategies.

5 Profit attributable to members of the parent company

In accordance with section 304 of the Companies Act 2014, a separate profit and loss account for the company has not been presented in these financial statements. The profit dealt with in the accounts of the parent company was €9,021,742 (2015: €4,906,776).

6 Turnover and other revenue

Turnover is stated net of value added tax and is attributable to continuing activities. The total turnover for the year has been derived from mechanical, electrical and instrumental contracting. In the view of the directors, disclosure of segmental information would be seriously prejudicial to the interests of the group. Accordingly, as permitted the directors have availed of Paragraph 65(6) of Schedule 3 to the Companies Act 2014 and have not disclosed an analysis of turnover.

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

7 Operating profit

	2016 €	2015 €
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	30,776	(230,372)
Audit fees	68,228	67,664
Depreciation of tangible fixed assets	283,815	192,530
Profit on disposal of tangible fixed assets	(10,825)	(31,499)
	<u> </u>	<u> </u>

8 Employees

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

	Group 2016 Number	2015 Number	Company 2016 Number	2015 Number
Administration	75	71	61	49
Contracting	593	538	346	284
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	668	609	407	333
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group 2016 €	2015 €	Company 2016 €	2015 €
Wages and salaries	51,186,766	46,256,316	31,206,441	24,309,927
Social security costs	4,834,919	4,156,411	2,739,862	2,054,642
Pension costs	1,318,778	1,388,355	912,466	1,048,319
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	57,340,463	51,801,082	34,858,769	27,412,888
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

9 Directors' remuneration

	2016 €	2015 €
Remuneration for qualifying services	1,777,672	1,325,862
Company pension contributions to defined contribution schemes	117,746	76,825
	<u> </u>	<u> </u>
	1,895,418	1,402,687
	<u> </u>	<u> </u>

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

10 Interest receivable and similar income

	2016	2015
	€	€
Interest income		
Interest on bank deposits	6,536	4,845
Other interest income	1,413	-
	<hr/>	<hr/>
Total interest revenue	7,949	4,845
Income from fixed asset investments		
Income from participating interests - joint ventures	312,788	63,864
	<hr/>	<hr/>
Total income	320,737	68,709
	<hr/> <hr/>	<hr/> <hr/>

11 Interest payable and similar expenses

	2016	2015
	€	€
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	102,970	127,770
Interest on finance leases and hire purchase contracts	6,658	8,631
	<hr/>	<hr/>
	109,628	136,401
Other finance costs:		
Other interest	190,856	25,394
	<hr/>	<hr/>
Total finance costs	300,484	161,795
	<hr/> <hr/>	<hr/> <hr/>

12 Taxation

	2016	2015
	€	€
Current tax		
Corporation tax on profits for the current period	1,115,211	1,399,939
Deferred tax		
Origination and reversal of timing differences	(126,514)	37,482
	<hr/>	<hr/>
Total tax charge	988,697	1,437,421
	<hr/> <hr/>	<hr/> <hr/>

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

12 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 €	2015 €
Profit before taxation	7,997,317	8,615,743
Expected tax charge based on the standard rate of corporation tax of 12.50% (2015: 12.50%)	999,665	1,076,968
Tax effect of expenses that are not deductible in determining taxable profit	59,695	147,539
Tax effect of income not taxable in determining taxable profit	(37,864)	-
Effect of change in corporation tax rate	(2,183)	5,894
Permanent capital allowances in excess of depreciation	-	16,792
Depreciation on assets not qualifying for tax allowances	10,829	-
Effect of overseas tax rates	(69,126)	263,112
Under/(over) provided in prior years	(44,817)	(66,365)
Close company surcharge	163	3,943
Other tax adjustments	66,088	(7,835)
Loss on disposal of fixed assets	6,247	(2,627)
Tax expense for the year	988,697	1,437,421

13 Dividends

	2016 €	2015 €
Interim paid	6,100,000	-

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

14 Tangible fixed assets

Group

Current financial year

	Leasehold Improvements	Plant and Machinery	Furniture and Equipment	Motor vehicles	Leased assets	Total
	€	€	€	€	€	€
Cost						
At 1 January 2016	278,594	377,395	333,895	243,563	525,016	1,758,463
Additions	-	22,717	-	107,472	409,837	540,026
Disposals	-	(69,372)	-	(95,982)	(121,700)	(287,054)
Exchange adjustments	(39,773)	(29,772)	(14,005)	(3,890)	-	(87,440)
At 31 December 2016	238,821	300,968	319,890	251,163	813,153	1,923,995
Depreciation and impairment						
At 1 January 2016	30,954	279,521	228,322	165,050	467,004	1,170,851
Depreciation charged in the year	83,172	14,587	35,632	58,583	91,841	283,815
Eliminated in respect of disposals	-	(11,057)	-	(84,874)	(105,122)	(201,053)
Exchange adjustments	(7,983)	(16,425)	(2,804)	(3,048)	-	(30,260)
At 31 December 2016	106,143	266,626	261,150	135,711	453,723	1,223,353
Carrying amount						
At 31 December 2016	132,678	34,342	58,740	115,452	359,430	700,642
At 31 December 2015	247,640	97,874	105,573	78,513	58,012	587,612

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

14 Tangible fixed assets

(Continued)

<i>Prior financial year</i>	Leasehold Improvements	Plant and Machinery	Furniture and Equipment	Motor vehicles	Leased assets	Total
	€	€	€	€	€	€
Cost						
At 1 January 2015	93,921	377,966	235,799	313,963	745,432	1,767,081
Additions	278,594	18,353	98,096	37,250	-	432,293
Disposals	(99,673)	(31,730)	-	(87,488)	(220,416)	(439,307)
Exchange adjustments	5,752	12,806	-	(20,162)	-	(1,604)
At 31 December 2015	278,594	377,395	333,895	243,563	525,016	1,758,463
Depreciation and impairment						
At 1 January 2015	93,921	286,986	211,220	151,982	601,115	1,345,224
Depreciation charged in the year	30,954	17,031	17,102	69,325	58,118	192,530
Eliminated in respect of disposals	(99,673)	(31,730)	-	(35,202)	(192,229)	(358,834)
Exchange adjustments	5,752	7,234	-	(21,055)	-	(8,069)
At 31 December 2015	30,954	279,521	228,322	165,050	467,004	1,170,851
Carrying amount						
At 31 December 2015	247,640	97,874	105,573	78,513	58,012	587,612
At 31 December 2014	-	90,980	24,579	161,981	144,317	421,857

Company

Current financial year

	Plant and Machinery	Furniture and Equipment	Motor vehicles	Leased assets	Total
	€	€	€	€	€
Cost					
At 1 January 2016	168,850	235,799	137,029	525,016	1,066,694
Additions	-	-	61,273	409,837	471,110
Disposals	-	-	(52,296)	(121,700)	(173,996)
At 31 December 2016	168,850	235,799	146,006	813,153	1,363,808
Depreciation and impairment					
At 1 January 2016	168,850	217,498	71,132	467,004	924,484
Depreciation charged in the year	-	6,278	47,221	91,841	145,340
Eliminated in respect of disposals	-	-	(44,568)	(105,122)	(149,690)
At 31 December 2016	168,850	223,776	73,785	453,723	920,134
Carrying amount					
At 31 December 2016	-	12,023	72,221	359,430	443,674
At 31 December 2015	-	18,301	65,897	58,012	142,210

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

14 Tangible fixed assets

(Continued)

<i>Prior financial year</i>	Plant and Machinery	Furniture and Equipment	Motor vehicles	Leased assets	Total
	€	€	€	€	€
Cost					
At 1 January 2015	168,850	235,799	187,267	745,432	1,337,348
Additions	-	-	37,250	-	37,250
Disposals	-	-	(87,488)	(220,416)	(307,904)
At 31 December 2015	168,850	235,799	137,029	525,016	1,066,694
Depreciation and impairment					
At 1 January 2015	168,850	211,220	59,310	601,115	1,040,495
Depreciation charged in the year	-	6,278	47,024	58,118	111,420
Eliminated in respect of disposals	-	-	(35,202)	(192,229)	(227,431)
At 31 December 2015	168,850	217,498	71,132	467,004	924,484
Carrying amount					
At 31 December 2015	-	18,301	65,897	58,012	142,210
At 31 December 2014	-	24,579	127,957	144,317	296,853

15 Fixed asset investments

	Notes	Group 2016 €	2015 €	Company 2016 €	2015 €
Investments in subsidiaries	31	-	-	283,363	283,283
Investments in joint ventures	32	381,520	71,395	50	50
		381,520	71,395	283,413	283,333

Investment in joint ventures

Group	2016 €	2015 €
At 1 January	71,395	6,219
Additions	-	50
Share of profit in joint ventures	312,788	63,864
Exchange movements	(2,663)	1,262
At 31 December	381,520	71,395

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

15 Fixed asset investments

(Continued)

Movements in fixed asset investments

Company

Current financial year

	Loans to group undertakings	Shares in group undertakings and participating interests	Total
	€	€	€
Cost or valuation			
At 1 January 2016	-	283,333	283,333
Additions	-	80	80
At 31 December 2016	-	283,413	283,413
Net book value			
At 31 December 2016	-	283,413	283,413
At 31 December 2015	-	283,333	283,333

Prior financial year

	Loans to group undertakings	Shares in group undertakings and participating interests	Total
	€	€	€
Cost or valuation			
At 1 January 2015	3,727,592	283,283	4,010,875
Additions	-	50	50
Disposals	(3,727,592)	-	(3,727,592)
At 31 December 2015	-	283,333	283,333
Net book value			
At 31 December 2015	-	283,333	283,333
At 31 December 2014	3,727,592	283,283	4,010,875

16 Stocks

	Group 2016 €	2015 €	Company 2016 €	2015 €
Work in progress	300,896	63,092	193,534	23,901

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

17 Debtors

	Group 2016	2015	Company 2016	2015
Amounts falling due within one year:	€	€	€	€
Trade debtors	36,437,557	22,793,869	25,720,203	10,514,321
Gross amounts due from contract customers	33,199,011	38,035,015	21,469,120	19,315,888
Corporation tax recoverable	677,101	-	-	-
Amount due from parent undertaking	9,659,142	10,536,817	9,659,142	10,536,817
Amounts due from fellow group undertakings	-	-	6,015,882	1,337,128
Amounts due from joint ventures	1,118,422	4,447,905	859	936
Other debtors	1,030,841	1,542,667	747,528	1,047,866
Prepayments and accrued income	339,992	358,589	178,798	176,899
	<u>82,462,066</u>	<u>77,714,862</u>	<u>63,791,532</u>	<u>42,929,855</u>
Deferred tax asset (note 21)	80,808	12,391	18,887	12,391
	<u>82,542,874</u>	<u>77,727,253</u>	<u>63,810,419</u>	<u>42,942,246</u>

Included above under amounts recoverable on contracts are retention amounts of €6,874,921 (2015: €3,790,424) which are due after more than one year.

18 Creditors: amounts falling due within one year

	Group 2016	2015	Company 2016	2015
Notes	€	€	€	€
Bank loans and overdrafts	28 167,527	33,911	34,719	32,951
Obligations under finance leases	108,287	42,983	108,287	42,983
Trade creditors	22,851,983	17,680,395	16,438,781	7,659,888
Gross amounts due to contract customers	34,269,207	26,293,010	24,494,837	7,401,075
Amounts due to group undertakings	678,324	-	2,968,861	1,628,032
Amounts due to undertakings in which the group has a participating interest	1,441,514	-	1,441,514	-
Corporation tax payable	203,786	1,064,089	132,772	659,700
Value added tax	905,255	2,391,987	-	-
PAYE and social security	1,953,507	1,895,234	1,226,161	1,025,210
Subcontractor taxes	70,140	607,737	1,920	575,887
Other creditors	93,493	219,801	-	-
Accruals and deferred income	1,773,156	2,197,219	1,003,081	973,095
	<u>64,516,179</u>	<u>52,426,366</u>	<u>47,850,933</u>	<u>19,998,821</u>

Trade creditors and other creditors are payable at various dates after the financial year end in accordance with the companies usual and customary credit terms. Tax and social insurance are repayable at various dates after the financial year end in accordance with the applicable statutory provisions. The group has financed certain tangible assets by entering into a number of finance leases. These finance leases are payable in monthly and quarterly instalments and are subject to interest rates between 4% and 6%.

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

19 Creditors: amounts falling due after more than one year

Notes	Group 2016 €	2015 €	Company 2016 €	2015 €
Obligations under finance leases	223,567	21,396	223,567	21,396
Gross amounts due to contract customers	712,757	1,025,670	77,585	357,435
	<u>936,324</u>	<u>1,047,066</u>	<u>301,152</u>	<u>378,831</u>

20 Finance lease obligations

	Group 2016 €	2015 €	Company 2016 €	2015 €
Future minimum lease payments due under finance leases:				
Within one year	121,047	43,730	121,047	43,730
In two to five years	243,361	25,372	243,361	25,372
	<u>364,408</u>	<u>69,102</u>	<u>364,408</u>	<u>69,102</u>
Less: future finance charges	(32,554)	(4,723)	(32,554)	(4,723)
	<u>331,854</u>	<u>64,379</u>	<u>331,854</u>	<u>64,379</u>

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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:

Group	Liabilities 2016 €	Liabilities 2015 €	Assets 2016 €	Assets 2015 €
Accelerated capital allowances	-	81,306	(38,723)	-
Tax losses	-	-	92,816	-
Other timing differences	-	(19,536)	26,715	12,391
	<u>-</u>	<u>61,770</u>	<u>80,808</u>	<u>12,391</u>

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

21 Deferred taxation

(Continued)

	Liabilities 2016 €	Liabilities 2015 €	Assets 2016 €	Assets 2015 €
Company				
Other timing differences	-	-	18,887	12,391
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
			Group Asset 2016 €	Company Asset 2016 €
Movements in the year:				
Liability/(asset) at 1 January 2016			49,379	(12,391)
Credit to profit and loss account			(126,514)	(6,496)
Exchange movements			(3,673)	-
			<u> </u>	<u> </u>
Liability/(asset) at 31 December 2016			<u>(80,808)</u>	<u>(18,887)</u>

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

22 Financial instruments

	Group 2016 €	2015 €	Company 2016 €	2015 €
Carrying amount of financial assets				
Debt instruments measured at amortised cost:				
Trade debtors	36,437,557	22,793,869	25,720,203	10,514,321
Gross amounts due from contract customers	33,199,011	38,035,015	21,469,120	19,315,888
Amount due from parent undertaking	9,659,142	10,536,817	9,659,142	10,536,817
Amounts due from fellow group undertakings	-	-	6,015,882	1,337,128
Amounts due from joint ventures	1,118,422	4,447,905	859	936
Other debtors	27,296	116,316	25,889	38,648
Cash at bank and in hand	18,497,741	12,859,620	15,044,133	5,687,308
	<u>98,939,169</u>	<u>88,789,542</u>	<u>77,935,228</u>	<u>47,431,046</u>
Carrying amount of financial liabilities				
Measured at amortised cost:				
Bank loans and overdrafts	167,527	33,911	34,719	32,951
Obligations under finance leases	331,854	64,379	331,854	64,379
Trade creditors	22,851,983	17,680,395	16,438,781	7,659,888
Gross amounts due to contract customers	34,981,964	27,318,680	24,572,422	7,758,510
Amounts due to group undertakings	678,324	-	2,968,861	1,628,032
Amounts due to undertakings in which the group has a participating interest	1,441,514	-	1,441,514	-
Other creditors	93,493	219,801	-	-
Accruals and deferred income	1,773,156	2,197,219	1,003,081	973,095
	<u>62,319,815</u>	<u>47,514,385</u>	<u>46,791,232</u>	<u>18,116,855</u>

23 Retirement benefit schemes

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The charge to the profit and loss in respect of defined contribution schemes was €1,318,778 (2015: €1,388,356). At the balance sheet date an amount of €194,091 (2015: €200,205) was due to the fund.

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

24 Share capital

	Group and company	
	2016	2015
	€	€
Ordinary share capital		
Authorised equity		
8,500,000 A Ordinary Shares of €1.27 each	10,795,000	10,795,000
1,500,000 B Ordinary Shares of €1.27 each	1,905,000	1,905,000
	<u>12,700,000</u>	<u>12,700,000</u>
Issued and fully paid equity		
1,000,000 A Ordinary Shares of €1.27 each	1,270,000	1,270,000
	<u>1,270,000</u>	<u>1,270,000</u>

25 Capital redemption

During the year Dornan Engineering Services Limited a subsidiary of Dornan Engineering Limited bought back 30 "A" Ordinary shares with a nominal value of £30 for total consideration of £707,514. These shares were cancelled on redemption.

26 Minority interests

	2016	2015
	€	€
At beginning of year	316,974	38,309
Issue of minority interest shares	40	13,625
(Loss)/profit attributable to minority interests for the year	(310,393)	265,040
	<u>6,621</u>	<u>316,974</u>

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

27 Operating lease commitments

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

	Group 2016 €	2015 €	Company 2016 €	2015 €
Within one year	483,317	368,138	179,000	179,000
Between two and five years	1,466,814	1,946,850	716,000	716,000
In over five years	134,250	313,250	134,250	313,250

28 Financial commitments, guarantees and contingent liabilities

In accordance with the provisions of Section 357(1(b)) of the Companies Act 2014, the company has irrevocably guaranteed all liabilities and losses of its subsidiary undertaking, Dornan Engineering Germany Limited, in respect of the financial year as are referred to in Part III, Section A, Paragraph 14 of that Act, for the purposes of enabling the subsidiary to claim exemption from the requirement to file its own financial statements.

Valuable security has not been provided by the company in respect of these guarantees. The above disclosure has been made merely to comply with statutory requirements concerning the filing exemption referred to, as in the opinion of the directors, the likelihood of crystallisation of the contingency is remote.

Borrowings and Security

As security for sums advanced Bank of Ireland holds the following:-

- A floating charge on the undertaking and assets of the Dornan Engineering Limited and of Dornan Engineering Holdings Limited.
- A book debts debenture.
- Assignment over various life policies.
- Deed of assignment over deposit account, in the amount of €495,017 held in the name of Dornan Engineering Limited.

Performance Bonds and Security

Warranties have been provided to customers in respect of contracts undertaken. These warranties are in turn supported by demand bonds and performance bonds which can be called on within certain agreed timescales. The demand bonds are secured by liens over funds of €495,952. Bonds in place at year end covered maximum potential liabilities of €2,912,143 all expiring at different dates the latest being 30 June 2020.

Guarantees

Dornan Engineering Holdings Limited and Dornan Engineering Limited have provided a letter of guarantee to Bank of Ireland, guaranteeing Dornan Engineering Limited liabilities with the bank in the amount of €6,500,000, in respect of principal together with interest and costs accrued thereon.

Dornan Engineering Services Limited has provided a letter of guarantee to Bank of Ireland, guaranteeing Dornan Engineering Limited liabilities with the bank in the amount of €2,000,000, in respect of principal together with interest and costs accrued thereon.

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

29 Related party transactions

Remuneration of key management personnel

Executive Directors and certain senior employees who have authority and responsibility for planning, directing and controlling activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals in the year was €1,895,418 (2015; €1,528,865).

The company has taken advantage of the exemption under FRS102 not to disclose certain intercompany transactions.

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sale of services		Purchase of services	
	2016	2015	2016	2015
	€	€	€	€
Group				
Kantor Energy Limited	2,422,734	2,681,780	-	-
DorCon Stockholm AB	(1,148,726)	16,766,601	-	-
IDSD Limited	151,328	-	3,720,971	-
Kantor Energy (Ireland) Limited	-	-	10,965	-
	<u>1,425,336</u>	<u>19,448,381</u>	<u>3,731,936</u>	<u>-</u>
	Management Charges		Other Expenses	
	2016	2015	2016	2015
	€	€	€	€
Group				
Kantor Energy Limited	388,697	669,525	745,827	432,879
	<u>388,697</u>	<u>669,525</u>	<u>745,827</u>	<u>432,879</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2016	2015
	€	€
Group		
IDSD Limited	1,441,515	-
Kantor Energy (Ireland) Limited	500	-
	<u>1,442,015</u>	<u>-</u>
Company		
IDSD Limited	1,441,515	-
Kantor Energy (Ireland) Limited	500	-
	<u>1,442,015</u>	<u>-</u>

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

29 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2016 Balance	2015 Balance
	€	€
Group		
Kantor Energy Limited	1,861,961	893,167
DorCon Stockholm AB	1,117,563	4,446,968
IDSD Limited	859	936
Kantor Energy (Ireland) Limited	312	-
	<u>2,980,695</u>	<u>5,341,071</u>
Company		
DorCon Stockholm AB	431,628	241,862
IDSD Limited	859	936
Kantor Energy (Ireland) Limited	312	-
	<u>432,799</u>	<u>242,798</u>

30 Events after the reporting date

There are no material post balance sheet events which are required to be reported in the financial statements.

31 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Dornan Engineering Germany Limited	Republic of Ireland	Engineering Contracting	Ordinary	100.00	
Dornan AG	Switzerland	Engineering Contracting	Ordinary	100.00	
Kantor Energy (Ireland) Limited	Republic of Ireland	Energy Project Consultants	Ordinary	66.67	
Kantor Energy Limited	England and Wales	Specialist district energy design and build contractor	Ordinary	66.70	
Dornan Engineering Services Limited	England and Wales	Engineering Contracting	Ordinary	100.00	

DORNAN ENGINEERING LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

32 Joint ventures

Details of joint ventures at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
DorCon Stockholm AB	Sweden	Construction Operations	Ordinary	50.00	
IDSD Limited	Republic of Ireland	Engineering Contracting	Ordinary	50.00	

33 Controlling party

The ultimate parent company is Dornan Engineering Holdings Limited, a company registered in Ireland.

34 Comparatives

In preparing the financial statements for 31 December 2016, if necessary, changes to the comparative figures may have been made to ensure consistency of the figure reported for 31 December 2016.

35 Cash generated from group operations

	2016 €	2015 €
Profit for the year after tax	7,008,620	7,178,322
Adjustments for:		
Taxation charged	988,697	1,437,421
Finance costs	300,484	161,795
Investment income	(320,737)	(68,709)
Gain on disposal of tangible fixed assets	(10,825)	(31,499)
Depreciation and impairment of tangible fixed assets	283,815	192,530
Movements in working capital:		
(Increase)/decrease in stocks	(237,804)	23,992
(Increase) in debtors	(4,070,103)	(13,004,266)
Increase in creditors	12,438,283	13,465,619
Cash generated from operations	16,380,430	9,355,205

36 Approval of the financial statements

The directors approved the financial statements on the 9 May 2017

SPECIFICATION OF INSURANCE FOR CONSTRUCTION RISKS

Section 1

Name of Insurance Broker Marsh Ireland Limited

Address 23/25, South Terrace, Cork

Telephone No: (021) 4907 400 Fax No: (021) 4272 555

I/We confirm that the details contained in Section 2 to 5 inclusive are correct as of: Day 30th Month October Year 2018

Signature Colm Coffey A.C.I.I. / Elaine Coleman, A.C.I.I.

Typed Name Colm Coffey, A.C.I.I. / Elaine Coleman, A.C.I.I.

Date: 30th October 2018

Email: colm.coffey@marsh.com / elaine.coleman@marsh.com

Section 2

The following details apply to the Policies in Section 3, 4, 5, 6, 7 and 8.

Name of Insured: Dornan Engineering Services Limited

Address: 2nd Floor, 114A Cromwell Road, London SW7 4ES

Business Description:

Table with 4 rows of business description text: Mechanical/Electrical/Instrumentation & Processing Contractors, Maintenance, Project Supervisor Construction Stage, General Building Contractors, Mechanical Electrical Contractors in respect of District Heating & Renewable Energy Schemes. Civil Engineering Contractors, Provision of technical support systems and services and general ancillary services as more fully outlined within client's website and annual report and accounts

EMPLOYERS' LIABILITY INSURANCE

Policy No:	IECASA07977	Expiry Date :	31 ST Oct 2019	
Insurer(s):	ACE			
Limit of indemnity:	GBP£ 10,000,000*	Any one occurrence inclusive of costs		
	(specify if different)	*Increasing to GBP£ 23,000,000 by way of excess layer with AIG		
Deductible:	Each Occurrence	GBP£ 7,000	Aggregate €	-----
	Warranties/Conditions Precedent			
	<input type="checkbox"/>	<input type="checkbox"/> No		

If yes (a) Attach copies and (b) Indicate the number attached

The above E.L. Policy includes the undernoted unless stated to the contrary:

1. Territorial Limits – European Union and elsewhere in the world for non-manual work
2. Jurisdiction – European Union
3. Liability to:
 - 3.1 Labour Masters, Gang labour, Lumpers, Labour only sub-Contractors and Self employed Persons.
 - 3.2 Persons hired from any Public Authority, Company, Firm or individual or persons engaged under Educational Training or Work Experience Programmes.
4. Liability assumed:
 - 4.1 Under Plant Hire Agreements.
 - 4.2 Under other forms of Contract/Agreement but only so far as concerns the Insureds' legal liability to pay for bodily injury or disease to an Employee of the Insured.
 - 4.3 Duties of acting as Project Supervisor for construction stage.
5. Indemnity to:
 - 5.1 Principal in respect of the negligence of the Insured.
 - 5.2 Principal to the extent of indemnity required under any contract of agreement for the performance of work.

The above E.L. Policy excludes the undernoted unless otherwise stated:

1. Construction, alteration, demolition or repair of Bridges, Towers, Steeples, Chimney Shafts, Blast Furnaces and Viaducts other than the following: (specify below)
2. All work higher than: (specify below: e.g. Height, Storeys, etc.) If no limit applies, state "None".

NO HEIGHT LIMIT
3. Excavations Depth Limit: If no limit applies, state "None".

NO DEPTH LIMIT
4. Pile driving, tunnelling, quarrying or the use of explosives.
5. Offshore work of any kind.
6. Radioactive Contamination, Nuclear Explosion, etc.
7. War / Terrorism
8. Liability compulsorily insurable under any Road Traffic Act
9. Asbestos

NB Please attach details of any other non-standard exclusions that apply.

PUBLIC LIABILITY INSURANCE

Policy Number(s)	IECASA07977	Expiry Date	31 st Oct 2019
Insurer(s)	ACE		

	Any one occurrence inclusive of costs	Aggregated any one period
Limit of Indemnity (excluding Products)	GBP£ 4,500,000*	Unlimited
Products Liability	GBP£ 4,500,000*	GBP£ 4,500,000 any one period

*Increased to GBP£ 25,000,000 by way of Excess Layers with AIG

Inner or Aggregate Limits

Fire/Explosion	€		
Hot Work	€		
Vibration, Removal or Weakening of Supports	€		
Sudden/Accidental Pollution	€		
Efficacy	€		
Others –	€		
Please Specify			
Deductible*		Each Claim GBP£ 7,000	Aggregate € --

Deductibles

Deductible applies to all claims	<input type="checkbox"/> Yes	<input type="checkbox"/>
Deductible applies to property damage claims only	<input type="checkbox"/>	<input type="checkbox"/> No
Warranties/Conditions Precedent If Yes attach copies.	<input type="checkbox"/>	<input type="checkbox"/> No

The above P.L. Policy includes the undernoted unless stated to the contrary:

1. Territorial Limits - European Union and elsewhere in the world for non-manual work
2. Jurisdiction - European Union
3. Bringing/taking away of a vehicle beyond the limits of the Carriageway. (**NON RTA**)
4. Indemnity to:
 - 4.1 Principal in respect of the negligence of the Insured.
 - 4.2 Principal to the extent of indemnity required under any contract of agreement for the performance of work.
5. Liability for damage to Buildings (including Contents) temporarily occupied for the purpose of cleaning, alteration, maintenance or repair.
6. Liability of:
 - 6.1 Labour Masters, Gang labour, Lumpers, Labour only sub-Contractors and Self employed Persons.

6.2 Persons hired from any Public Authority, Company, Firm or individual or persons engaged under Educational Training or Work Experience Programmes.

7. Liability Assumed:

7.1 Under Plant Hire Agreements but always excluding liability for loss or damage to the hired or borrowed plant itself.

7.2 Under indemnity clauses for standard building contract agreements.

8. Non-Road Traffic Act Liability for all mechanically powered vehicles.

The above P.L. Policy Excludes the undernoted unless otherwise stated:

1. Construction, alteration, demolition or repair of Bridges, Towers, Steeples, Chimney Shafts, Blast Furnaces and viaducts other than the following: (specify below)

--

2. All work higher than: (specify below, e.g. height, storeys, etc.) If no limit applies, state "None".

NO HEIGHT LIMIT

3. Excavations other than the following: (specify below) If no limit applies, state "None".

NO DEPTH LIMIT

4. Pile driving, tunnelling, quarrying or the use of explosives.

5. Offshore work of any kind.

6. Radioactive Contamination, Nuclear explosion etc.

7. War/Terrorism

8. Property belonging to the Insured or in the Insured's custody and control, with exceptions.

9. Defective Workmanship and Materials but not liability resulting therefrom.

10. Road Traffic Act Liability.

11. Gradual Pollution.

12. The ownership/operation of Marine Craft/Aircraft.

13. Liquidated Damages/Penalty Clause

14. Asbestos

15. Loss or damage due to design (but not the consequences of defective design)

Continue below if necessary

16.	
17.	
18.	
19.	
20.	

CONTRACTORS "ALL RISKS"

Policy No:

IECRNA08286

Expiry Date:

31st Oct 2019

Insurer(s):

ACE

Sums Insured:

(a) Contract works, temporary works,
material per contract

GBP£ 8,000,000

(b) Constructional Plant, Tools, Equipment
and Temporary Buildings used in
connection with the Contract

GBP£ 770,000 OWN PLANT – GBP£ 490,000 HIRED-IN PLANT

(c) Housing contracts limit (if any) applicable
to any one building or block of buildings = **FULL LIMIT**(d) Any one Item hired-in Plant **GBP 490,000**(e) Debris Removal Costs up to € **INCLUDED IN SUM INSURED**(f) Architects'/Surveyors'/
Consulting Engineers' Fees up to € **INCLUDED IN SUM INSURED**Deductible :Contract Works **GBP£ 888**Own Plant **GBP£ 888**Hired-in-Plant **GBP£ 888**

Warranties/Conditions

No

If Yes attach copies.

The above C.A.R. Policy includes the undernoted unless stated to the contrary:

1. Territorial Limits – European Union,
2. Loss/damage occurring during the maintenance period - minimum period 12 months
3. The property insured whilst in transit within the Territorial Limits excluding:
 - (a) Air or sea transits.
 - (b) Mechanically propelled vehicles whilst under their own power.
 - (c) Employees tools and personal effects.
4. Public Authorise Clause.
5. Free issue materials.
6. Off site storage.
7. The Employer/Principal as a joint Insured if required by Contract.

8. Inflation.
9. Additional Expenses to avoid delay in completion of the works.

The above C.A.R. Policy Excludes the undernoted unless otherwise stated:

1. Wear and Tear
2. Consequential Losses
3. Loss or damage due to use., occupation or possession by or on behalf of the Employer..
4. Defective Design Workmanship and Materials but not the consequences thereof
5. Stocktaking Losses
6. Loss or damage due to design
7. Penalties
8. Existing Buildings
9. Certificate of Completion
10. War/Terrorism

ENGINEERING INSURANCE

NONE THROUGH MARSH

Policy No: Expiry Date:

Insurer(s):

Does your Policy cover:-

1. Third party liability unless insured under Public Liability policy Yes No

Limit of Indemnity € _____

2. Accidents occurring anywhere in Ireland Yes No

3. Republic of Ireland Jurisdiction Yes No

4. Indemnity to Principals if Third Party liability covered Yes No

If yes, limit: € _____

Any one accident: € _____

Any one period: € _____

5. Damage to goods being lifted Yes No

If yes, limit: € _____

6. Inspection of all Plant requiring statutory examination Yes No

MOTOR INSURANCE

Policy No: Expiry Date:

Insurer(s):

Does your policy cover:

- | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-------------------------------------|----|-------------------------------------|
| 1. All mechanically propelled vehicles and Plant in respect of liability under the Road Traffic Acts. <i>OWNED, HIRED OR LEASED TO THE INSURED</i> | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| 2. Trailers whilst attached | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| 3. Commercial Vehicle indemnity limit for Third Party Property Damage
*INCREASED TO *GBP£5,000,000 BY WAY OF EXCESS LAYER WITH
AIG | £ | 4,000,000* _____ | | |
| 4. Passenger Liability for unlimited number of passengers
If "no", please state extent of cover | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| 5. Use of Mechanical Plant as a tool of trade including damage to underground services and bridges. (RTA RISKS) | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| 6. Include damage to any weighbridge, road or anything in or below the surface of a road due to the weight of or vibration caused by any vehicle or plant being used by you or on your behalf in the performance of the Contract? | | | | |
| Yes | | <input type="checkbox"/> | No | <input type="checkbox"/> |
| 7. Do the Territorial Limits automatically include Ireland and the UK? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| 8. Indemnity to principals | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| 9. Have you investigated and confirmed the adequacy of the Motor insurance arranged by your: | | | | |
| (a) Suppliers | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| (b) Plant Hirers | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| (c) Sub-Contractors | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |

Section 8

PROFESSIONAL INDEMNITY

Policy No: DCB 10886 Expiry Date: 31/10/2019

Insurer(s): VARIOUS – LEAD INSURER AIG

1. Retroactive Date: NONE

2. Insured name as stated in the policy: DORNAN ENGINEERING SERVICES LIMITED

3. Insured's occupation as stated in the policy: CONSTRUCTION PROFESSIONAL SERVICES

4. State Limits of Indemnity in respect of: _____

(a) Any one claim

GBP £10 MILLION

(b) In the aggregate _____

Unlimited any one period of insurance

5. State deductible applying to each and every claim

GBP £75,000 EACH CLAIM

6. Confirm if policy includes automatic reinstatement of indemnity limit N/A Policy provides "any one claim" limit

Please attach in full any amendments or additional exceptions to the standard cover, and also to any warranties or special conditions.

Signed: Colm Coffey, A.C.I.I. /Elaine Coleman, A.C.I.I.

Dated: 30th October 2018



ANTI-SLAVERY AND HUMAN TRAFFICKING STATEMENT

INTRODUCTION FROM THE BOARD

We at Dornan's are committed to improving our practices to combat slavery and human trafficking. Dornan Engineering Services Limited ("DESL") will continue its efforts to ensure all people are treated with dignity and respect when we are competing for and running projects and activities wherever we work.

ANTI-SLAVERY AND HUMAN TRAFFICKING STATEMENT

THE COMPANY'S BUSINESS AND STRUCTURE

DESL is a provider of electrical, mechanical and instrumentation services in the construction sector primarily responsible for projects in the UK. DESL is part of the Dornan Engineering Limited Group ("DEL"), its parent company, which has its head office in Ireland. DEL is primarily responsible for projects within Ireland and Europe. Another company within the Group - Kantor Energy Limited – is responsible for the design and development of energy system solutions for projects in the UK. The Group has over 1000 employees and operates in Western Europe including the UK, Ireland, Sweden, the Netherlands, Germany, Belgium and Denmark. The Group has a global annual turnover of approximately £328,000,000 and DESL has an annual turnover of approximately £112,000,000.

OUR SUPPLY CHAINS

Our supply chains include sub-contractors, suppliers and agency staff in the UK and Europe who assist in the completion of the projects in each country we operate in.

OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING

We are committed to ensuring that there is no modern slavery or human trafficking in any part of our business and in so far as is possible to requiring our suppliers hold similar ethos. Our slavery and human trafficking policy statement reflects our commitment to acting ethically and with integrity in all our business relationships. In addition to this we operate a number of internal policies to ensure that we are conducting business in an ethical and transparent manner. These include our Equal Opportunities Policy, Recruitment Policy, Code of Conduct and Corporate Social Responsibility Policy.

DUE DILIGENCE PROCESSES FOR SLAVERY AND HUMAN TRAFFICKING

Dornan maintains a preferred subcontractor/supplier list. To ensure all those in our supply chain and subcontractors comply with our values we conduct due diligence on all subcontractors and suppliers before allowing them to become a preferred supplier.

Our Anti-Slavery Policy forms part of our contract with all subcontractors/suppliers and they are required to confirm that no part of their business operations contradicts this policy.

We are committed as a Company to tackling modern slavery and human trafficking and want to work with suppliers who share our values.



TRAINING

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business we provide training to our staff. We also require our business partners to provide training to their staff and suppliers and providers.

OUR EFFECTIVENESS IN COMBATING SLAVERY AND HUMAN TRAFFICKING

We use the following key performance indicators to measure how effective we have been to ensure that slavery and human trafficking is not taking place in any part of our business or supply chains:

- Audits of our supply chains
- Written confirmations from our suppliers to ensure they adhere to the legislation

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31 March 2019. Any query about this policy statement should be addressed to me.

A handwritten signature in black ink, appearing to read 'Oliver Lonergan', written over a horizontal line.

Mr Oliver Lonergan
Managing Director
Dornan Engineering Services Ltd