

## Gutteridge Haskins & Davey Limited

### Financial Statements

30 June 2015

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## GENERAL INFORMATION

### Directors

J Dutton  
A Wright

### Company Secretary

L M Elbourne

### Registered Office

4 Innovation Close  
York Science Park  
York YO10 5ZF

### Solicitor

Langleys  
Queen Street  
Micklegate  
York  
YO1 6WG

### Bankers

HSBC  
Leeds Branch Office  
33 Park Row  
Leeds LS11LD

### Auditor

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
1 City Square  
Leeds LS1 2AL

## DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 30 June 2015.

### DIRECTORS

The names of the directors in office at any time during or since the end of the year are:

J Dutton

A Wright

### PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an international professional services company providing leadership in management, engineering, the environment, planning and architecture.

### RESULTS OF OPERATIONS

The profit after tax of the Company for the reporting period was £956,339 (2014: loss after tax of £1,389,236).

### DIVIDENDS

No dividends have been declared or paid by the Company.

### CAPITAL STRUCTURE

During the year, the Company allotted 5,500,000 shares at £1 each which were issued to GHD Holdings UK (Pty) Ltd, the immediate parent company, to strengthen the capital of the Company.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2015 that has significantly affected or may significantly affect:

- (a) the Company's operations in future financial years,
- (b) the results of those operations in future financial years, or
- (c) the Company's state of affairs in future financial years.

### AUDITOR

Each of the persons who are a director at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to re-appoint Deloitte LLP as auditor will be proposed at the AGM.

This report is made in accordance with a resolution of the Board.



J Dutton  
Director

Date: 31 May 2016

## STRATEGIC REPORT

The directors, in preparing this strategic report, have complied with S414C of the Companies Act 2006.

### REVIEW OF BUSINESS

FY15 proved to be a challenging year for Gutteridge Haskins & Davey Limited (the Company), in part due to the UK economy still recovering and our clients running on limited budgets. There was a marginal increase in gross revenue for the year to £5,665,726 (2014: £5,577,382). Net profit for the year was £956,339 (2014: net loss of £1,389,236), which includes £1,500,000 dividend income (2014: £nil) from GHA Livgunn.

The implementation of Client Relationship Management in FY14 has now, after a period of significant effort, started to provide the focus we sought and Client Relationship Managers and Strategic Client Co-ordinators have been appointed for the top 10 clients who provide in excess of 70% of the income of the business.

During FY15, we continued to secure key framework agreements, in particular, with Transport for London in the areas of Rail Engineering, Project and Programme Management and Transport Planning. In addition we secured a position on the Network Rail – LEAN Framework.

This year also saw the Company expand its turnover in the Water Sector from initiating steps in FY15 and has secured projects with Thames Water and Scottish Water.

In May 2015 the business successfully acquired ownership of the GHA Livgunn group of companies. This acquisition allows the business to operate across a broader range of sectors, providing capability in the Energy & Resources, Property and Buildings and Water sectors, complimenting the existing Transportation and Environment capabilities. Integration activities are underway to bring the Company, the GHA Group and CRA together to operate as a cohesive national business, with an expected completion date in FY16.

Our strategy continues to remain robust and the expanded combined group should see significant growth in FY16 and provide a platform for further growth over the following years.

As at 30 June 2015, the Company had net assets of £10,131,419 (2014: net assets £3,224,968) and accumulated losses of £8,142,316 (2014: £9,098,655).

### KEY PERFORMANCE INDICATORS

	2015	2014
Revenue	£5,665,726	£5,577,382
Gross margin % <sup>(1)</sup>	10.9%	9.7%
EBITDA <sup>(2)</sup>	(£444,719)	(£677,267)
Net profit/(loss)	£956,339	(£1,389,236)
Utilisation	64%	65%
Invoice efficiency	71%	68%

<sup>(1)</sup> Being revenue less direct employee cost and job related disbursement, divided by revenue, expressed as a percentage.

<sup>(2)</sup> Being net loss before finance costs, tax, depreciation and impairment of goodwill and dividend income.

There has been improvement in EBITDA, utilisation and invoice efficiency over the past 12 months and these are key indicators that are monitored on a regular basis and provide an insight into the trends of the forthcoming period.

The cash position of the Company has reduced from £258,570 at 30 June 2014 to £107,053 at 30 June 2015 primarily due to the loss for the year being offset by receipts from related entities.

## STRATEGIC REPORT (continued)

### PRINCIPAL RISKS & UNCERTAINTIES

The Company will continue to drive diversification and build deeper capability and a more extensive geographical UK coverage.

Developing enhanced capability within the expanded capability and enhancing our geographical footprint, supported by UK national implementation of the CRM programme will allow a suitable strategy to be developed around the most appropriate mix of public and private investment in projects within the combined business.

Significant investment is being made in considering the rewards/recognition package for our team and this will be undertaken as part of the transition activities associated with combining the three business entities, into a single business operation.

### GOING CONCERN

As at 30 June 2015, the Company had net assets of £10,131,419 (2014: net assets £3,224,968) and accumulated losses of £8,142,316 (2014: £9,098,655). The ultimate parent company, GHD Group Pty Ltd, has undertaken to support the Company for a period of not less than 12 months from the date on which the financial statements are signed. The directors have considered this support and, after making enquiries of the directors of GHD Group Pty Ltd, have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that they have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of GHD Group Pty Ltd to continue as a going concern. For this reason the directors adopted the going concern basis in preparing the financial statements.

This report is made in accordance with a resolution of the Board.



J Dutton  
Director

Date: 31 May 2016

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report, Strategic 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 International Financial Reporting Standards (IFRS) as adopted by the European Union 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the Company's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT to the members of Gutteridge Haskins & Davey Limited

We have audited the financial statements of Gutteridge, Haskins & Davey Limited for the year ended 30 June 2015, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

### Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable 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 financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the 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 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 financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited 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 implication for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015, and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

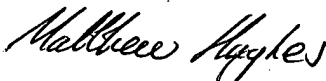
### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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.



Matthew Hughes BSc (Hons) ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Leeds, UK

21 May 2016



## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Notes	2015 £	2014 £
Revenue	5	5,665,726	5,577,382
Dividend income		1,500,000	-
Job related disbursements		(1,451,297)	(1,089,911)
Employee costs	8	(3,896,787)	(4,272,200)
Depreciation of plant and equipment	6,13	(96,502)	(100,937)
Recruitment and training		(52,167)	(52,276)
Occupancy costs		(285,737)	(286,580)
Travelling costs		(91,263)	(78,357)
Finance costs	6	(2,440)	(1,192)
Services charges		(223,279)	-
Impairment of goodwill	6	-	(609,840)
Other expenses		(109,915)	(475,325)
<b>Profit/ (loss) before tax</b>		<b>956,339</b>	<b>(1,389,236)</b>
Tax	10	-	-
<b>Profit/ (loss) and other comprehensive income attributable to the members of the Company</b>		<b>956,339</b>	<b>(1,389,236)</b>

All amounts relate to continuing operations.

The accompanying notes are an integral part of this Statement of Comprehensive Income.

## STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	2015 £	2014 £
<b>NON CURRENT ASSETS</b>			
Investment in subsidiaries	14	9,167,940	-
Intangible assets	15	913,337	913,337
Plant and equipment	13	147,531	228,448
<b>Total non-current assets</b>		<b>10,228,808</b>	<b>1,141,785</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	20(a)	107,053	258,570
Trade and other receivables	11	3,422,188	2,841,344
Prepayments		117,633	141,089
<b>Total current assets</b>		<b>3,646,874</b>	<b>3,241,003</b>
<b>TOTAL ASSETS</b>		<b>13,875,682</b>	<b>4,382,788</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	3,288,880	984,597
Provisions	17	57,620	66,176
Other liabilities	18	15,471	24,755
<b>Total current liabilities</b>		<b>3,361,971</b>	<b>1,075,528</b>
<b>NON CURRENT LIABILITIES</b>			
Trade and other payables	16	300,000	-
Provisions	17	82,292	82,292
<b>Total non-current liabilities</b>		<b>382,292</b>	<b>82,292</b>
<b>TOTAL LIABILITIES</b>		<b>3,744,263</b>	<b>1,157,820</b>
<b>NET ASSETS</b>		<b>10,131,419</b>	<b>3,224,968</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital	19	15,500,000	10,000,000
Other reserves		2,773,735	2,323,623
Accumulated losses		(8,142,316)	(9,098,655)
<b>TOTAL EQUITY</b>		<b>10,131,419</b>	<b>3,224,968</b>

The accompanying notes are an integral part of this Statement of Financial Position.

The financial statements were approved by the board, and authorised for issue, on 31 May 2016 and were signed off on its behalf by

  
J. Dutton  
Director

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Notes	Share capital £	Other reserves £	Accumulated losses £	Total £
Balance at 1 July 2014		10,000,000	2,323,623	(9,098,655)	3,224,968
Issue of ordinary shares	19	5,500,000	-	-	5,500,000
Other reserve	19	-	450,112	-	450,112
Profit for the year		-	-	956,339	956,339
<b>Balance at 30 June 2015</b>		<b>15,500,000</b>	<b>2,773,735</b>	<b>(8,142,316)</b>	<b>10,131,419</b>
Balance at 1 July 2013		10,000,000	2,033,976	(7,709,419)	4,324,557
Other reserve	19	-	289,647	-	289,647
Loss for the year		-	-	(1,389,236)	(1,389,236)
<b>Balance at 30 June 2014</b>		<b>10,000,000</b>	<b>2,323,623</b>	<b>(9,098,655)</b>	<b>3,224,968</b>

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Notes	2015 £	2014 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		5,480,601	5,494,506
Payments to suppliers and employees		(5,509,221)	(5,377,262)
Interest paid		(2,440)	(1,192)
VAT paid to tax authorities		(776,292)	(824,613)
<b>Net cash used in operating activities</b>	20(b)	<b>(807,352)</b>	<b>(708,561)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for investments		(557,560)	(48,808)
Purchase of plant and equipment		(16,039)	(20,666)
Proceeds from sale of plant and equipment		454	-
<b>Net cash used in investing activities</b>		<b>(573,145)</b>	<b>(69,474)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in amounts due from related entities		1,228,980	186,125
<b>Net cash provided by financing activities</b>		<b>1,228,980</b>	<b>186,125</b>
Net decrease in cash and cash equivalents held		(151,517)	(591,910)
Cash and cash equivalents at the beginning of the financial year		258,570	850,480
<b>Cash and cash equivalents at the end of the financial year</b>	20(a)	<b>107,053</b>	<b>258,570</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENTS OF COMPLIANCE WITH IFRS

The financial statements of Gutteridge Haskins & Davey Limited ('the Company') for the year ended 30 June 2015 were authorised for issue by the board of directors on 31 May 2016. Gutteridge Haskins & Davey Limited is a private limited company incorporated and domiciled in England and Wales. The principal continuing activity of the Company is that of a professional services company involved in management, engineering, the environment, planning and architecture. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Company are set out in note 2.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Great British Pounds. The financial statements present information about the Company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of GHD Group Pty Ltd, a company registered in Australia, and is included in the consolidated financial statements of that company.

#### GOING CONCERN

As at 30 June 2015, the Company had net assets of £10,131,419 (2014: net assets £3,224,968) and accumulated losses of £8,142,316 (2014: £9,098,655). The ultimate parent company, GHD Group Pty Ltd, has undertaken to support the Company for a period of not less than 12 months from the date on which the financial statements are signed. The directors have considered this support and, after making enquiries of the directors of GHD Group Pty Ltd, have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that they have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of GHD Group Pty Ltd to continue as a going concern. For this reason the directors adopted the going concern basis in preparing the financial statements.

#### Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year.

#### (a) Revenue recognition

Amounts disclosed as revenue are net of duties and taxes paid. Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met. The directors believe that sales revenue relating to professional services represents one class of business.

#### Consulting services revenue

Consulting revenue is measured at the fair value of the consideration received or receivable. When the outcome of a contract can be reliably estimated, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. When the outcome of a contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recovered. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed from work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

#### Dividend and Interest Income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest on bank accounts is recognised as receivable.

#### (b) Taxes

##### Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Taxes (continued)

##### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

#### (c) Operating leases

The Company has entered into commercial property leases. The leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Incentives received at the beginning of the operating lease are recognised as liabilities. The aggregate benefits of incentives are recognised as reduction of rental expense on a straight line basis over the lease term. Lease payments relating to free rental periods are allocated between rental expense and increase of the asset.

Fixed price operating lease payments are charged to profit or loss on a straight line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

#### (d) Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. All differences are taken to the statement of comprehensive income.

#### (e) Plant and equipment

Plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Depreciation is calculated on a straight line basis over the useful life of the assets. The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease, or the estimated useful life of the improvement to the Company, whichever is the shorter. An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Depreciation is provided on all plant and equipment on a straight line basis over its expected useful life as follows:

- Plant and equipment - 3 to 5 years
- Leasehold improvements - 5 years

#### (f) Cash and cash equivalents

Cash in the statement of financial position comprises cash at banks and on hand.

#### (g) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

#### (h) Trade receivables

Trade receivables are recognised at cost less provision for doubtful debts. The recoverability of trade receivables is reviewed on an ongoing basis. A provision for doubtful receivables is established when collection of the full nominal amount is no longer probable. Bad debts are written off as incurred.

#### (i) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of acquisition) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The consideration also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are recognised in profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed, that meet the criteria for recognition, on a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- (j) Non-current asset investments in subsidiary undertakings are initially stated at cost, being the fair value of the consideration given. Investments are reviewed annually to determine if an indication of impairment exists. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(k) **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of net identifiable assets of the acquired business at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment. Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose.

(l) **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and are discounted to present value where the effect is material.

**Premises make good**

The Company has legal obligations to 'make good' certain of its leasehold premises. Provisions are measured both initially and subsequently as the present value of the amount required to settle the obligation at the end of the reporting period.

(m) **Employee benefits**

**Wages and salaries and annual leave**

Liabilities for wages and salaries and annual leave are recognised and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. They are expected to be settled within one year.

**Pensions**

The Company operates a defined contribution pension scheme. Contributions to this scheme are recognised in profit or loss in the period in which they become payable.

### 3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

(a) **New standards and interpretations adopted**

In the current financial year, the Company has adopted all the applicable new and revised IFRSs that are relevant to its operations and effective for annual periods beginning on or after 1 July 2014. The adoption of these new/revised IFRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

(b) **New standards and interpretations not applied**

The IASB and IFRIC have issued the following standards, amendments and interpretations with an effective date after the date of these financial statements:

<b>International Accounting Standards (IAS/IFRSs)</b>	<b>Effective date</b>
IAS 1 Disclosure Initiative	1 January 2016
IAS 16 Property, plant and equipment (amendment)	1 January 2016
IAS 27 Separate Financial Statements (amendment)	1 January 2016
IAS 38 Intangible assets	1 January 2016
IFRS 9 Financial Instruments (2014)	1 January 2018
IFRS 10 Consolidated Financial Statements (amendment)	1 January 2016
IFRS 15 Revenue from contracts with customers	1 January 2018

It is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

#### Estimates and assumptions

Estimates and judgments are regularly evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The estimates and assumptions that have a potential risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are discussed below:

#### Estimated impairment of cash generating units, including goodwill

The Company tests at the end of each reporting period whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(k). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 15 for details of these assumptions and the potential impact of changes to the assumption.

#### Work in progress

The accurate calculation of work in progress relies on accurate forecasts of contract costs to completion which are based on management's best estimate. At 30 June 2015, the net amount of work in progress was an asset of £204,023 (2014: £43,117). Refer to Note 12.

#### Judgment

In the process of applying the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the financial statements:

#### Taxes

The Company recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. At 30 June 2015, the unrecognised deferred tax asset was £1,247,632 (2014: £1,666,364). Refer to Note 10.

### 5. REVENUE

#### Sales revenue

Professional services

Dividend income

	2015 £	2014 £
Professional services	5,665,726	5,577,382
Dividend income	1,500,000	-
	<b>7,165,726</b>	<b>5,577,382</b>

### 6. PROFIT/ (LOSS) BEFORE TAX

#### This is stated after charging

Depreciation of plant and equipment (note 13)

Interest expense – other

Auditor's remuneration (note 7)

Operating lease cost: land and buildings

Operating lease cost: others

Impairment of goodwill

Depreciation of plant and equipment (note 13)	96,502	100,937
Interest expense – other	2,440	1,192
Auditor's remuneration (note 7)	32,276	28,110
Operating lease cost: land and buildings	189,326	195,179
Operating lease cost: others	-	898
Impairment of goodwill	-	609,840

### 7. AUDITOR'S REMUNERATION

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and other services provided to the Company:

Fees payable to the Company's auditor for the audit of the financial statements

Non audit fees – taxation services

Fees payable to the Company's auditor for the audit of the financial statements	28,916	24,150
Non audit fees – taxation services	3,360	3,960
	<b>32,276</b>	<b>28,110</b>

### 8. EMPLOYEE COSTS

Wages and salaries

National Insurance

Pension costs

Employee benefits

Other staff costs

Wages and salaries	3,297,422	3,638,170
National Insurance	386,417	424,325
Pension costs	224,998	232,654
Employee benefits	(13,234)	(25,076)
Other staff costs	1,184	2,127
	<b>3,896,787</b>	<b>4,272,200</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 8. EMPLOYEE COSTS (continued)

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

	2015 No.	2014 No.
Directors*	2	2
Professional staff	44	52
Support staff	8	7
	<b>54</b>	<b>61</b>

\*One of the directors (2014: one) is also professional staff, but, for the purpose of this note, he is only categorised as a director.

### 9. REMUNERATION OF DIRECTORS

	2015 £	2014 £
Directors' emoluments	132,500	132,500
Contributions to defined contribution pension schemes	7,950	7,950
	<b>140,450</b>	<b>140,450</b>

The amounts are for the period during which directors are in office. Ashley Wright is also a director of related entities. His emolument and pension costs are disclosed in the financial statements of those entities and it is not possible to split the remuneration between the entities hence no recharge is made. At 30 June 2015, one UK based director was in a defined contribution pension scheme (2014: one).

### 10. TAX

The factors affecting the current tax charge/(credit) for both the current and prior year are explained below:

	2015 £	2014 £
Profit/ (loss) before tax	<b>956,339</b>	<b>(1,389,236)</b>
Tax on the profit/(loss) at the UK average corporate tax rate of 20.75%* (2014: 22.5%)	198,440	(312,578)
Expenses not deductible for tax purposes	4,382	2,037
Income not taxable	(311,250)	-
Capital allowances deferred	19,194	17,162
Short term timing differences	3,409	(1,620)
Unrecognised tax losses	-	229,828
Tax losses utilised	93,398	65,171
Utilisation of carry forward tax losses not previously recognised	(7,573)	-
<b>Tax</b>	<b>-</b>	<b>-</b>

At 30 June 2015 there was a potential deferred tax asset of £1,247,632 (2014: £1,666,364) in respect of unutilised tax losses, accelerated capital allowances and short term timing differences. A deferred tax asset was not recognised due to the uncertainty as to whether it would be recovered.

\* The Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the main rate of UK corporation tax to 21% effective from 1 April 2014 and 20% with effect from 1 April 2015. Accordingly 20% has been applied when calculating deferred tax assets and liabilities as at 30 June 2015.

Finance Act No2 2015, which was substantively enacted on 26 October 2015, includes further provisions to reduce the corporation tax to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. As the enabling legislation has not been substantively enacted at the balance sheet date these rates do not apply to the deferred tax position at 30 June 2015. Applying these rates to the unrecognised deferred tax provision at 30 June 2015 would reduce the deferred tax provision to £1,185,250 (19%) and £1,122,869 (18%).

## NOTES TO THE FINANCIAL STATEMENTS

### 11. TRADE AND OTHER RECEIVABLES

	2015 £	2014 £
<b>CURRENT</b>		
Trade debtors	930,215	745,090
Amounts due from contract customers (note 12)	245,492	91,877
Amounts receivable from a controlled entity (note 23)	-	8,149
Amounts receivable from common controlled entities (note 23)	2,203,151	1,944,853
Other debtors	43,330	51,375
	<b>3,422,188</b>	<b>2,841,344</b>

#### (a) Provision for doubtful debts

Trade receivables are non-interest bearing and are generally on 30 days terms. A provision for doubtful debts is recognised when there is objective evidence that an individual trade receivable is impaired.

At 30 June, the ageing analysis of trade receivables is as follows:

	Total £	0-30 Days £	31-90 Days PDNI* £	+ 91 Days PDNI* £
2015	930,215	415,609	489,827	24,779
2014	745,090	424,523	307,486	13,081

\* Past due not impaired ("PDNI")

No provision of bad debt has been made in 2015 or 2014. The directors do not consider a provision for impairment of receivables to be required.

#### (b) Fair value and credit risk

Due to the short term nature of trade receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the carrying amount of receivables, net of provision for doubtful debts. New client credit assessments are undertaken where expected fees exceed £5,000, the detail being dependent on the fee. The credit risk of existing clients is reassessed where there are indicators of issues with timely collection of debts.

### 12. WORK IN PROGRESS

	2015 £	2014 £
Contracts in progress at the end of the reporting period:		
Revenue earned less recognised losses of contracts in progress at the reporting date	2,467,282	3,927,188
Less progress billings	(2,263,259)	(3,884,071)
Net work in progress	<b>204,023</b>	<b>43,117</b>
Amounts due from contract customers included in trade and other receivables	245,492	91,877
Amount due to contract customers included in trade and other payables	(41,469)	(48,760)
Net work in progress	<b>204,023</b>	<b>43,117</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 13. PLANT AND EQUIPMENT

	Leasehold improvement £	Plant and equipment £	Total £
<i>Cost</i>			
At 1 July 2013	250,297	337,154	587,451
Additions	2,174	18,492	20,666
At 1 July 2014	252,471	355,646	608,117
Additions	-	16,039	16,039
Disposals	-	(1,180)	(1,180)
At 30 June 2015	252,471	370,505	622,976
<i>Depreciation and impairment</i>			
At 1 July 2013	109,144	169,588	278,732
Provided during the year	54,884	46,053	100,937
At 1 July 2014	164,028	215,641	379,669
Provided during the year	39,163	57,339	96,502
Disposals	-	(726)	(726)
At 30 June 2015	203,191	272,254	475,445
Net book value at 30 June 2015	49,280	98,251	147,531
Net book value at 30 June 2014	88,443	140,005	228,448

### 14. INVESTMENTS IN SUBSIDIARIES

	2015 £	2014 £
Investment in GHA Livgunn Limited	8,657,940	-
Investment in Conestoga-Rovers & Associates (Europe) Limited	510,000	-
	<b>9,167,940</b>	<b>-</b>

On 22 May 2015, the Company acquired all outstanding shares in GHA Livgunn Limited ("GHA") a company incorporated in England and Wales. GHA is a professional service company providing project management and technical advice within Property & Buildings, Water and Energy resources sectors. The purchase price was £8,657,940 with consideration being £3,700,000 cash, £2,500,000 in the form of equity shares in GHD Group Pty Ltd, the Company's ultimate parent company and a deferred cash settlement of £2,457,940.

Effective 30 March 2015, the Company acquired all outstanding the shares of Conestoga-Rovers & Associates (Europe) Limited ("CRA") from a common controlled entity, GHD Holdings (Canada) Inc. for a consideration of £60,000, immediately followed by an additional capital injection of £450,000. CRA is a company registered in England and Wales. CRA is a professional service company providing environmental consultancy services.

On 1 July 2011, the Company acquired 100% of the shares of CollinsonDutton Limited ("CDL") and its subsidiary. After the acquisition, CDL's business, client relationships, experienced and key employees were transferred to the Company during 2012 and 2013. The investment amount was fully transferred to goodwill in 2013 (Note 15). CDL is incorporated in England and Wales and its principal activity is the provision of consultancy services. CDL is now a dormant company.

### 15. INTANGIBLE ASSETS

	2015 £	2014 £
Goodwill at cost	1,523,177	1,523,177
Less impairment	(609,840)	(609,840)
	<b>913,337</b>	<b>913,337</b>
<b>(a) Movements in goodwill</b>		
Gross carrying amount at the beginning of the financial year	1,523,177	1,523,177
Accumulated impairment losses at the beginning of the financial year	(609,840)	-
Opening net book amount	913,337	1,523,177
Impairment charge	-	(609,840)
Closing net book amount	<b>913,337</b>	<b>913,337</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 15. INTANGIBLE ASSETS continued

#### (b) Impairment tests for goodwill

Goodwill is allocated to the cash generating units (CGUs) identified according to business reporting unit (Operating Centre), on the basis of location of the business acquired. Management has determined that the business in the UK as a whole is a single CGU. The recoverable amount is the higher of value in use ("VIU") or fair value less costs to sell ("FVLCS").

In its impairment assessment the Company determines the recoverable amount based on a VIU calculation using cash flow projections based on financial budgets approved by management covering a one-year period and, where available, business forecasts of between 3-5 years. Cash flows beyond the budget or forecast period are extrapolated to 5 years using a long-term growth rate of 1%.

Cash flow projections are determined utilising the budgeted earnings before interest, tax, depreciation and amortisation (EBITDA), less capital maintenance spending and working capital changes, adjusted to exclude any uncommitted restructuring and acquisition integration costs and future benefits, to provide a "free cash flow" estimate. This is then discounted to its present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where impairment may be indicated a second valuation may be undertaken using FVLCS, the value that may be realised from divestment of a business.

#### Discount Rates

Post-tax discount rates reflect the Company's estimate of the time value of money and risks specific to each CGU. In determining the appropriate discount rate for each CGU, consideration has been given to the estimated weighted average cost of capital (WACC) for the Group adjusted for country and business risks specific to that CGU, including benchmarking against relevant peer group companies. The post-tax discount rate is applied to post tax cash flows that include an allowance for tax based on the respective jurisdictions tax rate. This method is used to approximate the requirement of the account standards to apply a pre-tax discount rate to pre-tax cash flows. Post-tax discount rate used was 10%.

#### Budgeted Capital Expenditure

The cash flows for capital expenditure are based on annually set budgets and past experience and the amounts included in the terminal year calculation are replacement of plant as it is retired from service.

#### Budget Working Capital

Working capital has been maintained to support the underlying business plus allowances for growth and has been assumed to be in line with the historic trends given the level of utilisation and operating activity.

#### CGU Impairment

VIU calculations have been performed using management views of short to medium term growth of gross revenue with a 1% long term rate.

### 16. TRADE AND OTHER PAYABLES

#### CURRENT

	2015 £	2014 £
Trade payables	68,762	92,465
Amounts due to contract customers (note 12)	41,469	48,760
Amount payable to ultimate parent entity (note 23)	421,283	379,310
Amount payable to common controlled entities (note 23)	189,566	2,521
Deferred settlement on acquisition	2,157,940	47,560
Other payables	409,860	413,981
	<b>3,288,880</b>	<b>984,597</b>

#### NON CURRENT

Deferred settlement on acquisition	<b>300,000</b>	-
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Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 13 days (2014: 17 days). The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Payables to related parties are interest free and due for payment upon demand. They are considered as current.

The directors consider that the carrying amount of trade payables approximates to their fair value.

The deferred settlement on acquisition is expected to be extinguished by 30 June 2018.

## NOTES TO THE FINANCIAL STATEMENTS

### 17. PROVISIONS

#### CURRENT

Employee benefits

2015 £	2014 £
57,620	66,176

#### NON CURRENT

Make good provision

82,292	82,292
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#### (a) Nature and purpose of provisions

##### Employee benefits

This is the Company's annual leave liability based on salary hourly rate with national insurance cost factored in. Annual leave entitlement is normally utilised within 12 months.

##### Premises make good

The Company has legal obligations to "make good" certain of its leasehold premises for which it makes provision in line with the accounting policy set out at note 2. The provision is expected to be utilised by 30 June 2017.

#### (b) Movements in provisions

##### Employee benefits – current

Carrying amount at beginning of year

Additional provision recognised

Provision utilised or transferred out

Provision at year end

2015 £	2014 £
66,176	90,315
390,986	421,404
(399,542)	(445,543)
57,620	66,176

##### Premises make good – non current

Carrying amount at beginning of year

Provision at year end

82,292	82,292
82,292	82,292

### 18. OTHER LIABILITIES

#### CURRENT

Lease incentive

15,471	24,755
--------	--------

### 19. SHARE CAPITAL

#### Authorised

15,500,000 (2014: 10,000,000) ordinary shares of £1 each

15,500,000	10,000,000
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#### Issued and fully paid

15,500,000 (2014: 10,000,000) ordinary shares of £1 each

15,500,000	10,000,000
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During the year, the Company allotted 5,500,000 shares at £1 each which were issued to GHD Holdings UK (Pty) Ltd, the immediate parent company, to strengthen the capital of the Company.

Other reserves represent a discretionary trust distribution from Bond Street Trust (an Australian Trust). The company was nominated by the trustees as an income beneficiary of the Bond Street Trust

## NOTES TO THE FINANCIAL STATEMENTS

### 20. NOTES TO THE STATEMENTS OF CASHFLOW

#### (a) RECONCILIATION OF CASH

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks, net of any outstanding bank overdraft. The carrying amount of these assets is approximately equal to their fair value. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position are as follows:

	2015 £	2014 £
Cash and cash equivalents	107,053	258,570

#### (b) RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO PROFIT OR LOSS AFTER TAX

Profit/ (loss) after tax	956,339	(1,389,236)
Adjustments for non-cash and non-operating items:		
Dividends received	(1,500,000)	-
Depreciation	96,502	100,937
Goodwill impairment	-	609,840
Changes in operating assets and liabilities		
Increase in receivables and prepayments	(307,239)	(44,486)
(Decrease)/increase in payables	(52,954)	14,384
Net cash flows used in operating activities	(807,352)	(708,561)

### 21. COMMITMENTS AND CONTINGENCIES

#### (a) OPERATING LEASE COMMITMENTS

Future minimum rentals payable under non-cancellable operating leases are as follows:

##### Land and buildings

Not later than one year	168,460	168,456
After one year but not more than five years	75,729	239,852
Total	244,189	408,308

#### (b) CAPITAL COMMITMENTS AND CONTINGENCIES

There is no capital commitment or contingent liability at the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS

### 22. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND RISK MANAGEMENT

#### (a) FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise receivables, payables and intercompany loans. At the end of the reporting period, there are no significant concentrations of credit risk for loans and receivables. The carrying amount reflected below represents the Company's maximum exposure to credit risk for such loans and receivables.

	2015	2014
	£	£
<b>Financial assets</b>		
Cash and cash equivalents	107,053	258,570
Trade and other receivables	3,422,188	2,841,344
	<b>3,529,241</b>	<b>3,099,914</b>
<b>Financial liabilities</b>		
Trade and other payables	3,588,880	984,597
	<b>3,588,880</b>	<b>984,597</b>

#### (b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company manages its exposure to key financial risks which are credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to receivables and use of loan from a common controlled entity. Ageing analyses are undertaken to manage credit risk (note 11). Liquidity risk is monitored through future cash flow forecasts.

#### (c) RISK EXPOSURES AND RESPONSES

##### (i) Credit Risk

Credit risk arises from cash and cash equivalents, trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The principal credit risk is the non-payment of trade receivables by clients. The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures where expected fees exceed £5,000. Ageing analyses are undertaken to manage credit risk (note 11). Receivable balances are monitored on an ongoing basis to minimise the Company's exposure to credit risk.

##### (ii) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. Liquidity risk is monitored through future cash flow forecasts. The Company maintains continuity and flexibility of funding through the use of bank facilities.

##### (iii) Market Risk

Market risk arises where there are changes in market conditions such as interest rates or foreign exchange rates.

##### Foreign Currency Risk

At the end of the reporting period, the Company did not have any foreign currency receivable. The Company's borrowings are in Great British Pounds. The £610,849 (2014: £381,831) payables to related parties were in currencies other than Great British Pounds.

The Company's foreign currency exposure arises mainly from exchange rate movements of the Australian dollar against the Great British Pounds. The Company does not enter into financial derivatives to manage its foreign exchange risk.

A sensitivity analysis was carried out and should the Great British Pounds were to weaken/strengthen by +/-10%, impact on the statement of comprehensive income would be £61,084 (2014: £38,183). The 10% is the change in foreign exchange rates that management deems reasonably possible.

## NOTES TO THE FINANCIAL STATEMENTS

### 23. RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. All transactions were made on arm's length. Those transactions with directors are disclosed in note 9 if any. Transactions entered into, and trading balances outstanding at 30 June 2015 with other related parties, are as follows:

Related party	Sales to related party £	Amounts owed by related party £	Amounts owed to related party £	Loans from related party £	Loan repaid to related party £
Ultimate parent entity	-	-	-	421,283	-
Common controlled entities	71,934	2,203,151	189,566	-	-

Transactions entered into, and trading balances outstanding at 30 June 2014 with other related parties, are as follows.

Related party	Sales to related party £	Amounts owed by related party £	Amounts owed to related party £	Loans from related party £	Loan repaid to related party £
Ultimate parent entity	-	-	379,310	-	-
Common controlled entities	244,680	1,944,853	2,521	-	-
Subsidiary	-	8,149	-	-	-

#### PARENT ENTITY

The ultimate parent entity of the Company is GHD Group Pty Ltd and the immediate parent is GHD Holdings (UK) Ltd. For amounts receivable from and payable to members of the wholly owned Group, refer to notes 11 and 16.

### 24. PARENT UNDERTAKING

The immediate parent company is GHD Holdings (UK) Pty Ltd, a company registered in Australia. The ultimate parent company and controlling party is GHD Group Pty Ltd, a company registered in Australia. Copies of GHD Group Pty Ltd & Controlled Entities Consolidated Financial Statement can be obtained on application to the Company Secretary, Level 15, 133 Castlereagh St, Sydney, NSW 2000, Australia.

At the year end, GHD Group Pty Ltd was the parent company of the largest and smallest group of which the Company is a member and for which consolidated financial statements are drawn up.

### 25. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2015 that has significantly affected or may significantly affect:

- (a) the Company's operations in future financial years;
- (b) the results of those operations in future financial years; or
- (c) the Company's state of affairs in future financial years.