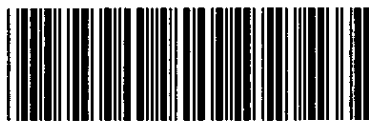


**REGISTERED NUMBER: 05221559 (England and Wales)**

**GHD ENVIRONMENT LIMITED**  
**DIRECTORS' REPORT AND**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

THURSDAY



\*A86L9PCP\*

A12 30/05/2019 #92

COMPANIES HOUSE

\*A8568HY3\*

A08 10/05/2019 #228

COMPANIES HOUSE

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FOR THE YEAR ENDED 30 JUNE 2018**

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**GHD ENVIRONMENT LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2018**

**DIRECTORS:**

M C Ingram  
C W Stockton

**SECRETARY:**

M D Jennings

**REGISTERED OFFICE:**

Level 1, Building 49  
Thornton Science Park  
Pool Lane, Ince  
Chester  
Cheshire  
CH2 4NU

**REGISTERED NUMBER:**

05221559 (England and Wales)

**BANKERS:**

HSBC Bank Plc  
4th Floor, City Point  
29 King Street  
Leeds  
LS1 2HL

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

The directors present their report with the financial statements of the Company for the year ended 30 June 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the Company is that of environmental consultancy.

**REVIEW OF BUSINESS**

The turnover for the Company for the year was £473,188 (2017: £676,063) and the profit on ordinary activities before tax was £12,258 (2017: loss before tax £120,044). The net assets of the Company increased to £167,647.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2017 to the date of this report.

M C Ingram  
C W Stockton

Other changes in directors holding office are as follows:

E S Roberts - resigned 20 November 2017

**MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**

No matter or circumstance has arisen since 30 June 2018 that has significantly affected or may significantly affect:

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

**GOING CONCERN**

The financial statements have been prepared on the going concern basis and this is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

At the balance sheet date the Company had net current liabilities of £281,180 (2017 £200,593) however, excluding amounts due to/from other group companies the Company had net current assets of £37,097 (2017 £92,630).

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 has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

  
Director **MARK INGRAM**

Date: **3/5/19**

**GHD ENVIRONMENT LIMITED (REGISTERED NUMBER: 05221559)****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

|   | Notes | 2018<br>£        | 2017<br>£        |
|---|-------|------------------|------------------|
| <b>CONTINUING OPERATIONS</b>                              |       |                  |                  |
| Revenue   |       | 473,188          | 676,063          |
| Cost of sales   |       | <u>(400,288)</u> | <u>(339,122)</u> |
| <b>GROSS PROFIT</b>                                       |       | 72,900           | 336,941          |
| Administrative expenses                                   |       | <u>(58,769)</u>  | <u>(453,395)</u> |
| <b>OPERATING PROFIT/(LOSS)</b>                            |       | 14,131           | (116,454)        |
| Finance costs   | 5     | <u>(1,873)</u>   | <u>(3,590)</u>   |
| <b>PROFIT/(LOSS) BEFORE INCOME TAX</b>                    | 6     | 12,258           | (120,044)        |
| Income tax (expense)/income                               | 7     | <u>(4,730)</u>   | <u>88,011</u>    |
| <b>PROFIT/(LOSS) FOR THE YEAR</b>                         |       | 7,528            | (32,033)         |
| <b>OTHER COMPREHENSIVE INCOME</b>                         |       | <u>-</u>         | <u>-</u>         |
| <b>TOTAL COMPREHENSIVE<br/>INCOME/(LOSS) FOR THE YEAR</b> |       | <u>7,528</u>     | <u>(32,033)</u>  |

The notes form part of these financial statements

**GHD ENVIRONMENT LIMITED (REGISTERED NUMBER: 05221559)****STATEMENT OF FINANCIAL POSITION  
30 JUNE 2018**

|                                       | Notes | 2018<br>£             | 2017<br>£             |
|---------------------------------------|-------|-----------------------|-----------------------|
| <b>ASSETS</b>                         |       |                       |                       |
| <b>NON-CURRENT ASSETS</b>             |       |                       |                       |
| Property, plant and equipment         | 8     | 445,951               | 460,835               |
| Deferred tax                          | 16    | <u>2,876</u>          | <u>2,326</u>          |
|                                       |       | <u>448,827</u>        | <u>463,161</u>        |
| <b>CURRENT ASSETS</b>                 |       |                       |                       |
| Trade and other receivables           | 9     | 131,207               | 226,151               |
| Cash and cash equivalents             | 10    | 37,273                | 29,520                |
| Prepayments                           |       | <u>14,301</u>         | <u>16,230</u>         |
|                                       |       | <u>182,781</u>        | <u>271,901</u>        |
| <b>TOTAL ASSETS</b>                   |       | <u><u>631,608</u></u> | <u><u>735,062</u></u> |
| <b>EQUITY</b>                         |       |                       |                       |
| <b>SHAREHOLDERS' EQUITY</b>           |       |                       |                       |
| Called up share capital               | 11    | 451,000               | 451,000               |
| Retained earnings                     | 12    | <u>(283,353)</u>      | <u>(290,881)</u>      |
| <b>TOTAL EQUITY</b>                   |       | <u><u>167,647</u></u> | <u><u>160,119</u></u> |
| <b>LIABILITIES</b>                    |       |                       |                       |
| <b>NON-CURRENT LIABILITIES</b>        |       |                       |                       |
| Financial liabilities - borrowings    |       |                       |                       |
| Interest bearing loans and borrowings | 14    | <u>-</u>              | <u>102,449</u>        |
| <b>CURRENT LIABILITIES</b>            |       |                       |                       |
| Trade and other payables              | 13    | 463,961               | 435,730               |
| Financial liabilities - borrowings    |       |                       |                       |
| Interest bearing loans and borrowings | 14    | <u>-</u>              | <u>36,764</u>         |
|                                       |       | <u>463,961</u>        | <u>472,494</u>        |
| <b>TOTAL LIABILITIES</b>              |       | <u><u>463,961</u></u> | <u><u>574,943</u></u> |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |       | <u><u>631,608</u></u> | <u><u>735,062</u></u> |

For the year ending 30 June 2018 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

**Directors' responsibilities:**

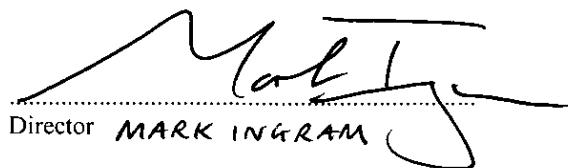
The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes form part of these financial statements

**GHD ENVIRONMENT LIMITED (REGISTERED NUMBER: 05221559)**

**STATEMENT OF FINANCIAL POSITION - continued**  
**30 JUNE 2018**

The financial statements were approved by the Board of Directors on 3/5/19 and were signed on its behalf by:

  
Director **MARK INGRAM**

The notes form part of these financial statements

**GHD ENVIRONMENT LIMITED (REGISTERED NUMBER: 05221559)**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

|  | Called up<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Total<br>equity<br>£ |
|--|------------------------------------|---------------------------|----------------------|
| <b>Balance at 1 July 2016</b>                  | 451,000                            | (258,848)                 | 192,152              |
| <b>Changes in equity</b>                       |                                    |                           |                      |
| Loss for year and total comprehensive income   | -                                  | (32,033)                  | (32,033)             |
| <b>Balance at 30 June 2017</b>                 | <u>451,000</u>                     | <u>(290,881)</u>          | <u>160,119</u>       |
| <b>Changes in equity</b>                       |                                    |                           |                      |
| Profit for year and total comprehensive income | -                                  | 7,528                     | 7,528                |
| <b>Balance at 30 June 2018</b>                 | <u>451,000</u>                     | <u>(283,353)</u>          | <u>167,647</u>       |

The notes form part of these financial statements



**GHD ENVIRONMENT LIMITED (REGISTERED NUMBER: 05221559)****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

|   | Notes | 2018<br>£            | 2017<br>£            |
|---|-------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>           |       |                      |                      |
| Cash generated from operations                        | 1     | 148,839              | 50,356               |
| Interest paid   |       | <u>(1,873)</u>       | <u>(3,590)</u>       |
| Net cash from operating activities                    |       | <u>146,966</u>       | <u>46,766</u>        |
| <b>Cash flows from investing activities</b>           |       |                      |                      |
| Purchase of tangible fixed assets                     |       | <u>-</u>             | <u>(365)</u>         |
| Net cash from investing activities                    |       | <u>-</u>             | <u>(365)</u>         |
| <b>Cash flows from financing activities</b>           |       |                      |                      |
| Repayments of borrowings                              |       | <u>(139,213)</u>     | <u>(38,636)</u>      |
| Net cash from financing activities                    |       | <u>(139,213)</u>     | <u>(38,636)</u>      |
|   |       | <u>-</u>             | <u>-</u>             |
| <b>Increase in cash and cash equivalents</b>          |       | 7,753                | 7,765                |
| <b>Cash and cash equivalents at beginning of year</b> | 2     | 29,520               | 21,755               |
| <b>Cash and cash equivalents at end of year</b>       | 2     | <u><u>37,273</u></u> | <u><u>29,520</u></u> |

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

|   | 2018                  | 2017                 |
|---|-----------------------|----------------------|
|   | £                     | £                    |
| Profit/(loss) before income tax         | 12,258                | (120,044)            |
| Depreciation charges                    | 14,884                | 12,840               |
| Finance costs                           | <u>1,873</u>          | <u>3,590</u>         |
|   | 29,015                | (103,614)            |
| Decrease in trade and other receivables | 96,873                | 79,612               |
| Increase in trade and other payables    | <u>22,951</u>         | <u>74,358</u>        |
| <b>Cash generated from operations</b>   | <b><u>148,839</u></b> | <b><u>50,356</u></b> |

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 30 June 2018**

|                           | 30.6.18       | 1.7.17        |
|---------------------------|---------------|---------------|
|                           | £             | £             |
| Cash and cash equivalents | <u>37,273</u> | <u>29,520</u> |

**Year ended 30 June 2017**

|                           | 30.6.17       | 1.7.16        |
|---------------------------|---------------|---------------|
|                           | £             | £             |
| Cash and cash equivalents | <u>29,520</u> | <u>21,755</u> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS**

The financial statements of GHD Environment Limited ('the Company') for the period ended 30 June 2018 were authorised for issue by the board of directors on .....<sup>31/5/19</sup>..... GHD Environment 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 and planning. 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 3.

**2. STATUTORY INFORMATION**

GHD Environment Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**3. 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.

**Going concern**

The financial statements have been prepared on the going concern basis and this is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

At the balance sheet date the Company had net current liabilities of £281,180 (2017 £200,593) however, excluding amounts due to/from other group companies the Company had net current assets of £37,097 (2017 £92,630).

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.

**Estimates and assumptions**

Estimates and judgements 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:

**(a) 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 2018, the net amount of work in progress was a liability of £14,245 (2017 asset of £91). Refer to Note 9.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2018**

**3. ACCOUNTING POLICIES - continued**

**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.

**(a) 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 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 statement of financial position under trade and other receivables

**(b) Interest income**

Interest on bank accounts is recognised as receivable.

**Property, 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:

|                        |                |
|------------------------|----------------|
| Buildings              | - 50 years     |
| Leasehold improvements | - 5 years      |
| Plant and machinery    | - 3 to 5 years |

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2018**

**3. ACCOUNTING POLICIES - continued**

**Taxes**

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.

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 at each reporting date 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 date 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.

**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 profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2018**

**3. ACCOUNTING POLICIES - continued**

**Hire purchase and leasing commitments**

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.

**Cash and cash equivalents**

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

**Financial liabilities**

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

**Borrowings**

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

**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.

**Investments in subsidiaries**

Investments in subsidiaries are carried at the lower of cost or net realisable value. The carrying amounts of investments are reviewed annually.

**Employee benefits**

**(a) 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.

**(b) 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2018**

**3. ACCOUNTING POLICIES - continued**

**New standards and interpretations adopted**

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

In the current financial period, 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 2017. The adoption of any 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:

| International Accounting Standards (IAS/IFRSs)  | Effective date |
|---|----------------|
| IFRS 3 Business Combinations (Annual improvement 2015-2017 Cycle)   | 1 January 2019 |
| IFRS 3 Business Combinations (Definition of business)   | 1 January 2020 |
| IFRS 9 Financial Instruments (Amendments)   | 1 January 2018 |
| IFRS 11 Joint Arrangements (Annual improvement 2015-2017 Cycle)   | 1 January 2019 |
| Amendments to References to the Conceptual Framework in IFRS Standards (IFRS 2, IFRS 3, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32) | 1 January 2020 |
| IFRS 15 Revenue from Contracts with Customers   | 1 January 2018 |
| IFRS 16 Leases  | 1 January 2019 |
| IFRS 17 Insurance Contracts   | 1 January 2019 |
| IAS 1 Presentation of Financial Statements (Definition of material)   | 1 January 2020 |
| IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of material)  | 1 January 2020 |
| IAS 12 Income Taxes (Annual Improvements 2015-2017 Cycle)   | 1 January 2019 |
| IAS 19 Employee Benefits  | 1 January 2019 |
| IAS 23 Borrowing Costs (Annual Improvements 2015-2017 Cycle)  | 1 January 2019 |
| IAS 28 Investments in Associates and Joint Ventures (Long-term interests)   | 1 January 2019 |

The directors of the Company do not anticipate that the application of these amendments, with exception to IFRS 15 and IFRS 16, will have a material impact on the Company's financial statements.

- IFRS 16 Leases removes the distinction between accounting for finance leases and operating leases for lessees with operating leases to be recognized in statement of financial position as is the current practice for finance leases. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16 and hence the Company will recognise a right-of-use asset and corresponding liability in respect of all these leases, unless they qualify for low value or short-term leases upon the application of IFRS 16. In the statement of profit or loss and other comprehensive income, operating lease expense will be replaced by depreciation and interest expense. The new requirement to recognise a right-of-use and a related lease liability may have a significant impact on the amounts recognised in the Company's financial statements and the directors are currently assessing its potential impact. While IFRS 16 may have a future material impact on the amounts reported and disclosures made in the Company's financial statements it is not practicable to provide a reasonable estimate of the effect of these new standards until the Company finalises the detailed review.
- IFRS 15 Revenue from Contracts with Customers provides a comprehensive new framework for determining how and when to recognise revenue as well as requiring more informative and relevant disclosure. It replaces existing revenue guidance of IAS 18 Revenue, IAS 11 Construction Contracts and other revenue recognition related interpretations. The Company has adopted IFRS 15 Revenue from Contracts and Customers from 1 July 2018, using the modified retrospective method as permitted by IFRS 15. The adoption of this standard did not result in any change in the recognition of revenues compared to prior periods and therefore no comparative figures will be restated in the financial statements for the year ended 30 June 2019. In determining the impact, the Company undertook a detailed assessment of a cross-section of material contract types and found only minor changes to current accounting methods would be required. The Company has updated and implemented revised procedures and controls to meet the requirements of IFRS 15.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2018**

**3. ACCOUNTING POLICIES - continued**

- IFRS 9 Financial Instruments sets out the requirements for recognising, measuring and classifying financial assets, financial liabilities and some contracts to buy or sell non-financial items. Based on its assessment, the Company does not believe the new classification requirements will have a material impact on its accounting for trade receivables, loans and investments in equity securities measured on a fair value basis. IFRS 9 replaces the 'incurred loss' model with forward looking 'expected credit loss' (ECL) model. This will require judgement about how economic factors affect ECL. The Company believes that impairment losses are unlikely to be materially different under existing measurement methodologies.

**4. EMPLOYEES AND DIRECTORS**

|                       | 2018          | 2017           |
|-----------------------|---------------|----------------|
|                       | £             | £              |
| Wages and salaries    | 11,072        | 415,888        |
| Social security costs | -             | 44,809         |
| Other pension costs   | -             | 20,996         |
|                       | <u>11,072</u> | <u>481,693</u> |

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

|                    | 2018     | 2017      |
|--------------------|----------|-----------|
| Directors*         | 2        | 3         |
| Professional staff | -        | 8         |
| Support staff      | -        | 2         |
|                    | <u>2</u> | <u>13</u> |

\*In 2017 one of the directors was also professional staff. For the purpose of this note, he was only categorised as 'a director'.

|                         | 2018 | 2017 |
|-------------------------|------|------|
|                         | £    | £    |
| Directors' remuneration | -    | -    |

The amounts are for the period which the directors are in office. M C Ingram and C W Stockton are also directors of related entities. Their emoluments and pension costs are disclosed in the financial statements of those entities. It is not possible to separately identify the emoluments attributable to services provided to each company.

**5. NET FINANCE COSTS**

|                    | 2018         | 2017         |
|--------------------|--------------|--------------|
|                    | £            | £            |
| Finance costs:     |              |              |
| Bank loan interest | <u>1,873</u> | <u>3,590</u> |



**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2018**

**6. PROFIT/(LOSS) BEFORE INCOME TAX**

The profit before income tax (2017 - loss before income tax) is stated after charging/(crediting):

|  | 2018       | 2017         |
|--|------------|--------------|
|  | £          | £            |
| Depreciation - owned assets                                | 14,884     | 12,840       |
| Auditors' remuneration - audit of the financial statements | -          | 5,364        |
| Corporate statutory charges                                | -          | 24,873       |
| Foreign exchange differences                               | <u>687</u> | <u>2,597</u> |

**7. INCOME TAX**

**Analysis of tax expense/(income)**

|  | 2018         | 2017            |
|--|--------------|-----------------|
|  | £            | £               |
| Current tax:   |              |                 |
| Corporation tax  | 4,585        | (15,868)        |
| Under provision in prior year  | <u>695</u>   | <u>(69,817)</u> |
| Total current tax  | <u>5,280</u> | <u>(85,685)</u> |
| Deferred tax:  |              |                 |
| Deferred tax   | 32           | (2,326)         |
| Over provision in prior year   | <u>(582)</u> | <u>-</u>        |
| Total deferred tax   | <u>(550)</u> | <u>(2,326)</u>  |
| Total tax expense/(income) in statement of profit or loss and other comprehensive income | <u>4,730</u> | <u>(88,011)</u> |

**Factors affecting the tax expense**

The tax assessed for the year is higher (2017 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

|  | 2018          | 2017             |
|--|---------------|------------------|
|  | £             | £                |
| Profit/(loss) before income tax  | <u>12,258</u> | <u>(120,044)</u> |
| Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.750%) | 2,329         | (23,709)         |
| Effects of:  |               |                  |
| Expenses not deductible for tax purposes   | 118           | 21               |
| Under/(over)provision in prior year  | 113           | (69,817)         |
| Other  | <u>2,170</u>  | <u>5,494</u>     |
| Tax expense/(income)   | <u>4,730</u>  | <u>(88,011)</u>  |

Finance Act No2 2015, which was substantively enacted on 26 October 2015, included provisions to reduce the corporation tax to 19% with effect from 1 April 2017. A further cut to 17% with effect from 1 April 2020 has subsequently been enacted. Accordingly, 19% has been applied when calculating deferred tax assets and liabilities as at 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2018

8. PROPERTY, PLANT AND EQUIPMENT

|                                    | Buildings<br>£ | Leasehold<br>improvements<br>£ | Plant and<br>machinery<br>£ | Totals<br>£    |
|------------------------------------|----------------|--------------------------------|-----------------------------|----------------|
| <b>COST</b>                        |                |                                |                             |                |
| At 1 July 2017<br>and 30 June 2018 | <u>567,057</u> | <u>10,771</u>                  | <u>91,097</u>               | <u>668,925</u> |
| <b>DEPRECIATION</b>                |                |                                |                             |                |
| At 1 July 2017                     | 111,078        | 10,771                         | 86,241                      | 208,090        |
| Charge for year                    | <u>11,424</u>  | <u>-</u>                       | <u>3,460</u>                | <u>14,884</u>  |
| At 30 June 2018                    | <u>122,502</u> | <u>10,771</u>                  | <u>89,701</u>               | <u>222,974</u> |
| <b>NET BOOK VALUE</b>              |                |                                |                             |                |
| At 30 June 2018                    | <u>444,555</u> | <u>-</u>                       | <u>1,396</u>                | <u>445,951</u> |
| At 30 June 2017                    | <u>455,979</u> | <u>-</u>                       | <u>4,856</u>                | <u>460,835</u> |

9. TRADE AND OTHER RECEIVABLES

|   | 2018<br>£      | 2017<br>£      |
|---|----------------|----------------|
| Current:  |                |                |
| Trade receivables   | 12,017         | 151,279        |
| Amounts due from contract customers                             | -              | 91             |
| Amounts receivable from common<br>controlled entities (note 19) | 106,549        | 67,300         |
| Other debtors   | 4,350          | 7,481          |
| VAT   | <u>8,291</u>   | <u>-</u>       |
|   | <u>131,207</u> | <u>226,151</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2018

## 9. TRADE AND OTHER RECEIVABLES - continued

## Trade receivables

## (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 period end, the ageing analysis of trade receivables is as follows:

|            | Total   | 0-30 Days | 31-90 Days<br>PDNI* | +91 Days<br>PDNI* |
|------------|---------|-----------|---------------------|-------------------|
|            | £       | £         | £                   | £                 |
| 30/06/2018 | 12,017  | 8,860     | 3,157               | -                 |
| 30/06/2017 | 151,279 | 83,284    | 60,776              | 7,219             |

\* Past due not impaired ("PDNI")

All debtors aged over 90 days (2017: 90 days) have been collected before the signing date of the financial statements. 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.

## Work in progress

|  | 2018<br>£       | 2017<br>£ |
|--|-----------------|-----------|
| Contracts in progress at the end of the reporting period:                            |                 |           |
| Revenue earned less recognised losses of contracts in progress at the reporting date | (14,245)        | 91        |
| Net work in progress   | <u>(14,245)</u> | <u>91</u> |
| Amounts due from contract customers included in trade and other receivables          | -               | 91        |
| Amounts due to contract customers included in trade and other payables               | (14,245)        | -         |
| Net work in progress   | <u>(14,245)</u> | <u>91</u> |

## 10. CASH AND CASH EQUIVALENTS

|               | 2018<br>£     | 2017<br>£     |
|---------------|---------------|---------------|
| Cash in hand  | 146           | 303           |
| Bank accounts | <u>37,127</u> | <u>29,217</u> |
|               | <u>37,273</u> | <u>29,520</u> |

## 11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class:            | Nominal<br>value: | 2018<br>£      | 2017<br>£      |
|---------|-------------------|-------------------|----------------|----------------|
| 417,175 | Ordinary A shares | £1                | 417,175        | 417,175        |
| 33,825  | Ordinary B shares | £1                | <u>33,825</u>  | <u>33,825</u>  |
|         |                   |                   | <u>451,000</u> | <u>451,000</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2018**

**12. RESERVES**

|                     | Retained<br>earnings<br>£ |
|---------------------|---------------------------|
| At 1 July 2017      | (290,881)                 |
| Profit for the year | <u>7,528</u>              |
| At 30 June 2018     | <u>(283,353)</u>          |

Retained earnings are the profits/(losses) the business elects to keep within the Company after paying dividends to shareholders.

**13. TRADE AND OTHER PAYABLES**

|   | 2018<br>£      | 2017<br>£      |
|---|----------------|----------------|
| Current:  |                |                |
| Trade payables  | 23,391         | 19,955         |
| Amounts due to contract customers                       | 14,245         | -              |
| Social security and other taxes                         | -              | 52,752         |
| Amounts payable to common controlled entities (note 19) | 424,826        | 360,523        |
| Accruals  | <u>1,499</u>   | <u>2,500</u>   |
|   | <u>463,961</u> | <u>435,730</u> |

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 20 days (2017: 30 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.

**14. FINANCIAL LIABILITIES - BORROWINGS**

|              | 2018<br>£ | 2017<br>£      |
|--------------|-----------|----------------|
| Current:     |           |                |
| Bank loans   | <u>-</u>  | <u>36,764</u>  |
| Non-current: |           |                |
| Bank loans   | <u>-</u>  | <u>102,449</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**15. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND RISKS 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.

|                              | 2018<br>£      | 2017<br>£      |
|------------------------------|----------------|----------------|
| <b>Financial assets</b>      |                |                |
| Cash and cash equivalents    | 37,273         | 29,520         |
| Trade and other receivables  | <u>122,916</u> | <u>226,151</u> |
|                              | <u>160,189</u> | <u>255,671</u> |
| <b>Financial liabilities</b> |                |                |
| Trade and other payables     | 462,462        | 380,478        |
| Bank loans                   | <u>-</u>       | <u>139,213</u> |
|                              | <u>462,462</u> | <u>519,691</u> |

**(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 9). 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 9). 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**

The Company's receivables are in Great British Pounds. Receivables to related entities totalling £15,494 (2017 £53,020) were in currencies other than Great British Pounds.

The Company's payables are in Great British Pounds. Payables to related entities totalling £328 (2017 £2,760) were in currencies other than Great British Pounds.

A sensitivity analysis was carried out and should the Great British Pounds were to weaken/strengthen by +/-10%, impact on the profit and loss account would be £1,517 (2017: £5,026). The 10% is the change in foreign exchange rates that management deems reasonably possible.

**(d) Capital management**

**(i) Risk management**

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2018**

**16. DEFERRED TAX**

|                                   | 2018         | 2017         |
|-----------------------------------|--------------|--------------|
|                                   | £            | £            |
| Balance at 1 July                 | 2,326        | -            |
| (Credit)/charge to profit or loss | (32)         | 2,326        |
| Over provision in prior period    | <u>582</u>   | <u>-</u>     |
| Balance at 30 June                | <u>2,876</u> | <u>2,326</u> |

Deferred tax relates to depreciation charged in excess of capital allowances claimed.

**17. ULTIMATE PARENT COMPANY**

Gutteridge Haskins & Davey Limited is the immediate parent company as at the balance sheet date. The smallest group of undertakings for which group accounts have been drawn up as at 30 June 2018 is that headed by Gutteridge Haskins & Davey Limited, a company registered in England and Wales. The consolidated financial statements of Gutteridge Haskins & Davey Limited have been filed with the Registrar of Companies (England and Wales), and are available from Registrar of Companies (England and Wales), Companies House, Crown Way, Cardiff, CF 14 3UZ.

The directors consider GHD Group Pty Ltd, a company registered in Australia, to have been the ultimate parent company as at the balance sheet date. Copies of GHD Group Pty Ltd & Controlled Entities Consolidated Financial Statements can be obtained on application to the Company Secretary, Level 15, 133 Castlereagh St, Sydney NSW 2000, Australia, which is its registered address.

**18. CAPITAL COMMITMENTS AND CONTINGENCIES**

There are no capital commitment or contingent liabilities at the statement of financial position date.

**19. RELATED PARTY DISCLOSURES**

During the period 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 3 if any. Transactions entered into, and trading balances outstanding at 30 June 2018 with other related parties, are as follows.

| Related party              | Sales to related party<br>£ | Amounts owed by related party<br>£ | Amounts owed to related party<br>£ | Loans from related party<br>£ | Loan repaid to related party<br>£ |
|----------------------------|-----------------------------|------------------------------------|------------------------------------|-------------------------------|-----------------------------------|
| Common controlled entities | 26,538                      | 106,549                            | 424,826                            | -                             | -                                 |

Transactions entered into, and trading balances outstanding at 30 June 2017 with other related parties, are as follows.

| Related party              | Sales to related party<br>£ | Amounts owed by related party<br>£ | Amounts owed to related party<br>£ | Loans from related party<br>£ | Loan repaid to related party<br>£ |
|----------------------------|-----------------------------|------------------------------------|------------------------------------|-------------------------------|-----------------------------------|
| Common controlled entities | 96,670                      | 67,300                             | 360,523                            | -                             | -                                 |

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2018**

**20. EVENTS AFTER THE REPORTING PERIOD**

No matter or circumstance has arisen since 30 June 2018 that has significantly affected or may significantly affect:

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

**INCOME STATEMENT SUMMARIES  
FOR THE YEAR ENDED 30 JUNE 2018**

|  | 2018<br>£       | 2017<br>£      |
|--|-----------------|----------------|
| <b>REVENUE</b>   |                 |                |
| Fees   | <u>391,092</u>  | <u>676,063</u> |
|  | <u>391,092</u>  | <u>676,063</u> |
| <b>COST OF SALES</b>                                       |                 |                |
| Direct costs   | 389,216         | 176,561        |
| Wages  | 8,982           | 96,756         |
| Social security  | -               | 44,809         |
| Pensions   | <u>-</u>        | <u>20,996</u>  |
|  | <u>398,198</u>  | <u>339,122</u> |
| <b>ADMINISTRATIVE EXPENSES</b>                             |                 |                |
| <b>Establishment costs</b>                                 |                 |                |
| Rent and rates   | 17,195          | 16,119         |
| Insurance  | 1,672           | 15,756         |
| Light and heat   | 4,291           | 4,226          |
| <b>Administrative expenses</b>                             |                 |                |
| Indirect wages   | 2,090           | 319,132        |
| Telephone  | 1,733           | 8,709          |
| Postage, stationery and advertising                        | 2,078           | 925            |
| Travel costs   | 4,197           | 13,387         |
| Repairs and renewals                                       | 358             | 4,951          |
| Computer consumables                                       | 2,821           | 2,345          |
| Office and cleaning  | 820             | 9,197          |
| Subscriptions  | 896             | 4,743          |
| Recruitment and training                                   | 762             | 2,876          |
| Sundry expenses  | 6,091           | 1,340          |
| Accountancy  | -               | 410            |
| Management charges   | (82,096)        | -              |
| Legal fees   | -               | 2,916          |
| Auditors' remuneration - audit of the financial statements | -               | 5,364          |
| Corporate statutory charges                                | -               | 24,873         |
| Foreign exchange losses                                    | 687             | 2,597          |
| <b>Admin extra 1</b>                                       |                 |                |
| Entertainment  | -               | 190            |
| <b>Finance costs</b>                                       |                 |                |
| Bank charges   | 284             | 499            |
| <b>Depreciation</b>  |                 |                |
| Buildings  | 11,424          | 11,340         |
| Plant and machinery  | <u>3,460</u>    | <u>1,500</u>   |
|  | <u>(21,237)</u> | <u>453,395</u> |
| <b>FINANCE COSTS</b>                                       |                 |                |
| Bank loan interest   | <u>1,873</u>    | <u>3,590</u>   |
|  | <u>1,873</u>    | <u>3,590</u>   |

This page does not form part of the statutory financial statements